TAFT CITY COUNCIL/SUCCESSOR AGENCY
JOINT REGULAR MEETING AGENDA
TUESDAY, AUGUST 19, 2014
CITY HALL COUNCIL CHAMBERS
209 E. KERN ST., TAFT, CA 93268

AS A COURTESY TO ALL - PLEASE TURN OFF CELL PHONES

Any writings or documents provided to a majority of the City Council regarding any item on this agenda are made available for public inspection in the lobby at Taft City Hall, 209 E. Kern Street, Taft, CA during normal business hours (SB 343).

REGULAR MEETING **6:00 P.M.**

Pledge of Allegiance
Invocation
Roll Call: Mayor Linder
Mayor Pro Tem Krier
Councilmember Miller
Councilmember Noerr
Councilmember Waldrop

CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Government Code Section 54956.9 (a) – City of Taft vs. CDCR.

1. PUBLIC HEARING ON COSTS AND PLACEMENT OF LIENS ON ABATED PROPERTY

Recommendation -
1. Conduct public hearing regarding Statement of Expense.
2. Motion to confirm Statement of Expense as submitted and approve resolutions titled **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT APPROVING AND CONFIRMING THE COSTS FOR THE ABATEMENT OF THE NUISANCE AT ASH AND MARY STREETS, TAFT, CA, APN NUMBER 220-300-17 IN THE AMOUNT OF $1,502.91.**

2. PUBLIC HEARING ON APPROVING THE CITY'S COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM INCOME REUSE AGREEMENT

Recommendation -
1. Conduct public hearing regarding approving the City's Community Development Block Grant (CDBG) Program Income Reuse Agreement.
2. Motion to adopt a resolution entitled **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT APPROVING THE CITY'S COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM INCOME REUSE AGREEMENT**

3. PROCLAMATION PETE GIONOPULOS DAY

4. PRESENTATION – PROPOSED FISCAL YEAR 2014-2015 BUDGET

5. APPROVAL OR FINAL BUDGET FOR FISCAL YEAR 2013-2014 AND PROPOSED BUDGET FOR FISCAL YEAR 2014-2015

Recommendation – Motion to adopt resolution entitled **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT ADOPTING THE CITY OF TAFT FINAL BUDGET FOR FISCAL YEAR 2013-2014 AND PROPOSED BUDGET FOR THE FISCAL YEAR 2014-2015.**

6. CITIZEN REQUESTS/PUBLIC COMMENTS

THIS IS THE TIME AND PLACE FOR THE GENERAL PUBLIC TO ADDRESS THE CITY COUNCIL ON MATTERS WITHIN ITS JURISDICTION. STATE LAW PROHIBITS THE COUNCIL FROM ADDRESSING ANY ISSUE NOT PREVIOUSLY INCLUDED ON THE AGENDA. COUNCIL MAY RECEIVE COMMENT AND SET THE MATTER FOR A SUBSEQUENT MEETING. PLEASE LIMIT COMMENTS TO FIVE MINUTES.

7. COUNCIL STATEMENTS (NON ACTION)

8. DEPARTMENT REPORTS

9. CITY MANAGER STATEMENTS

10. CITY ATTORNEY STATEMENTS

11. FUTURE AGENDA REQUESTS

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CONSENT CALENDAR ITEMS 12 - 25

All items listed on the Consent Calendar shall be considered routine and will be enacted by one roll call vote. There will be no separate discussion of these items unless a member of the City Council requests specific items to be removed from the Consent Calendar for separate action. Any item removed from the Consent Calendar will be considered after the regular business items.

Are there any items on the consent calendar that any member of the public would like to comment on?

12. MINUTES
August 5, 2014 Regular

Recommendation – Approve as submitted.

13. PAYMENT OF BILLS

Warrant#	8-01-2014	Check No. 77946-78021	$325,614.19
Warrant#	8-01-2014A	Check No. 78022-78037	$ 20,745.51
Warrant#	8-01-2014A	Check No. 78038	$ 7,407.14
Warrant#	8/01/2014	Check No. 78039-78040	$ 1,810.83

Recommendation – Approve payment of the bills.

14. TREASURER'S REPORT

Recommendation – Motion to receive and file Treasurer's Report dated August 11, 2014 for the Month of June 2014.

15. TAFT COLLEGE FOUNDATION PETROLEUM PARTNERS MEMBERSHIP

Recommendation - Motion to purchase annual membership to the Taft College Foundation Petroleum Partners Circle in the amount of $1,500.

16. GRANT PURCHASE OF THE SUSTEEN INC SECURE VIEW NEW ULTRA COMPACT

Recommendation - Motion to authorize the Police Chief to sign the agreement with Susteen Inc. and approve the match of $4,999.00 out of the Drug Forfeiture account.

17. REIMBURSEMENT OF ADMIN FUNDS TO CDBG PROGRAM INCOME ACCOUNT

Recommendation - Motion to reimburse the amount of $91,785.32 to the City's CDBG Program Income Account.

18. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT SUPPORTING KERN CITIZENS FOR ENERGY

Recommendation - Motion to direct Staff to register the City of Taft as a member of the Kern Citizens for Energy Coalition and to adopt a resolution entitled **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT SUPPORTING KERN CITIZENS FOR ENERGY**

19. ANNUAL AUDITED FINANCIAL STATEMENTS FOR 2011-2012 AND 2012-2013

Recommendation - Motion to receive and file the Annual Audited Comprehensive Financial Reports for the years ended June 30, 2012 and June 30, 2013.

20. CITY INVESTMENT POLICY ANNUAL REVIEW

Recommendation - Motion to concur with the Finance Committee's recommendation to adopted the policy with no changes.

21. FINANCIAL CONDITION FOR THE QUARTERS ENDING MARCH 31 AND JUNE 30 2014

Recommendation – Informational only.

22. ACCEPT THE LOWEST RESPONSIBLE BID, AWARD THE PROJECT AND TO EXECUTE A CONSTRUCTION AGREEMENT WITH DOD CONSTRUCTION, FOR THE SAFE ROUTES TO SCHOOL VARIOUS LOCATIONS PROJECT – SRTSLNI – 5193 (034)

Recommendation - Motion to accept the lowest responsible bid, award the project and to execute a construction agreement with DOD Construction, for the Safe Routes to School Various Locations Project – SRTSLNI – 5193 (034).

23. AUTHORIZE THE EXECUTION OF PROGRAM SUPPLEMENT AGREEMENT NO. 017-N TO ADMINISTERING AGENCY-STATE AGREEMENT NO. 06-5193R; AND ALLOCATE FUNDS FOR PROJECT

Recommendation - Motion to adopt a resolution entitled **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT APPROVING AND AUTHORIZING THE EXECUTION OF PROGRAM SUPPLEMENT AGREEMENT NO. 017-N TO ADMINISTERING AGENCY-STATE AGREEMENT NO. 06-5193R**; Authorize City Manager to sign said agreements and allocate $12,000 from capital reserves for Rails to Trails Phase 4.

24. CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION CONTRACT AMENDMENT NO. 2

Recommendation - Motion to approve Amendment No. 2 to Agreement No. 5600004097 with the California Department of Corrections and Rehabilitation, and authorize the Mayor to execute the document.

25. KERN EDC ANNUAL MEMBERSHIP

Recommendation - Motion to approve allocation of $5,000 to Kern Economic Development Corporation for annual membership investment.

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CLOSED SESSION

B. CONFERENCE WITH LABOR NEGOTIATOR, CRAIG JONES, CITY MANAGER, Government Code 54957.6 – All units.

C. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Government Code Section 54956.9(b) – one (1) undisclosed case.

ADJOURNMENT

AMERICANS WITH DISABILITIES ACT
(Government Code Section 54943.2)

The City of Taft City Council Chamber is accessible to persons with disabilities. Disabled individuals who need special assistance (including transportation) to attend or participate in a meeting of the Taft City Council may request assistance at the Office of the City Clerk, City of Taft, 209 E. Kern Street, Taft, California or by calling (661) 763-1222. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting material available in alternative formats. Requests for assistance should be made five (5) working days in advance of a meeting whenever possible.

AFFIDAVIT OF POSTING

I, Yvette Mayfield, declare as follows:

That I am the Records Administrator for the City of Taft; that an agenda was posted on a public information bulletin board located near the door of the Civic Center Council Chamber on August 15, 2014, pursuant to 1987 Brown Act Requirements.

I declare under penalty of perjury that the foregoing is true and correct.
Executed August 15, 2014, at Taft, California.

Date/Time_____Signature_____

City of Taft Agenda Report

DATE: **August 19, 2014**

TO: **MAYOR LINDER AND COUNCIL MEMBERS**

AGENDA MATTER:

PUBLIC HEARING ON COSTS AND PLACEMENT OF LIENS ON ABATED PROPERTY

SUMMARY STATEMENT:

The property listed below has had a nuisance abated. The owner of record has been notified by certified mail and by posting on said property in accordance with the City of Taft Municipal Code of the costs incurred during the abatement process.

The owner was also notified of the time and place of a Public Hearing on costs whereby Council will hear any objections or protests from the property owner or other interested parties.

If costs of abatement as submitted or modified for the property listed here is not paid within 5 days from the date of confirmation, the confirmed Statement of Expense shall constitute a lien against the property and all such costs to be made a personal obligation against the property owner pursuant to section 38773 of the California Government Code and Taft Municipal Code section 3-4.5-5 (c) and (d).

The property is a vacant lot located at Ash and Mary Streets, Taft, CA and the abatement amount is $1,502.91.

RECOMMENDED ACTION

1. Conduct hearing re Statement of Expense.
2. Motion to confirm Statement of Expense as submitted and approve resolution titled **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT APPROVING AND CONFIRMING THE COSTS FOR THE ABATEMENT OF THE NUISANCE AT VACANT LOT AT ASH AND MARY STREETS, TAFT, CA, APN NUMBER 220-300-17 IN THE AMOUNT OF $1,502.91.**

IMPACT ON BUDGET (Y/N): Yes (revenue when collected)

ATTACHMENT (Y/N): Yes - Resolution

PREPARED BY: Records Administrator

REVIEWED BY:

CITY CLERK	FINANCE DIRECTOR	CITY MANAGER

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Resolution No. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT APPROVING AND CONFIRMING THE COSTS FOR THE ABATEMENT OF THE NUISANCE AT VACANT LOT AT ASH AND MARY STREETS, TAFT, CA, APN NUMBER 220-300-17

WHEREAS, the City of Taft has been diligently pursuing the betterment of the community; and

WHEREAS, the City of Taft has followed all steps outlined in Section 3-4-9 of the Taft Municipal Code in order to abate nuisance in the community; and

WHEREAS, costs have been incurred during the abatement process and/or demolition of building on said property; and

WHEREAS, the following cost shall constitute a lien upon the property located at and known as **Vacant Lot at Ash and Mary Streets, Taft, CA, APN Number 220-300-17.**

NOW, THEREFORE, BE IT RESOLVED, the City Council of the City of Taft approves and confirms the following costs of $1,502.91 and resolves that these costs shall constitute a lien on said property and shall accrue interest in the amount of 6% per annum on the unpaid balance until paid in full.

PASSED, APPROVED AND ADOPTED this _____ day of _____2014.

_____
Paul Linder, Mayor

ATTEST:

_____
Alina Megerdom
City Clerk

STATE OF CALIFORNIA}
COUNTY OF KERN } SS
CITY OF TAFT }

I, Alina Megerdom, City Clerk of the City of Taft, do hereby certify that the foregoing Resolution was duly and regularly adopted by the City Council of the City of Taft at a regular meeting thereof held on the _____ day of _____, 2014.

AYES: COUNCIL MEMBERS:
NAYS: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

_____
Alina Megerdom, City Clerk

City of Taft Agenda Report

DATE: **AUGUST 19, 2014**

TO: **HONORABLE MAYOR AND COUNCIL MEMBERS**

AGENDA MATTER:

PUBLIC HEARING ON APPROVING THE CITY'S COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM INCOME REUSE AGREEMENT

SUMMARY STATEMENT:

The State CDBG Program recently went through some policy changes to bring the State Program in line with current HUD requirements, and in doing so require all cities receiving CDBG Program Income to update our Program Income Reuse Agreement in order to continue to be able to spend our Program Income on CDBG qualified activities.

RECOMMENDED ACTION:

1. Conduct public hearing regarding approving the City's Community Development Block Grant (CDBG) Program Income Reuse Agreement.
2. Motion to adopt a resolution entitled **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT APPROVING THE CITY'S COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM INCOME REUSE AGREEMENT**

IMPACT ON BUDGET (Y/N): NO

ATTACHMENT (Y/N): YES (Resolution/CDBG Program Income Reuse Agreement)

PREPARED BY: Yvette Mayfield

REVIEWED BY:

CITY CLERK	FINANCE DIRECTOR	CITY MANAGER

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT APPROVING THE CITY'S COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM INCOME REUSE AGREEMENT

WHEREAS, The Housing and Community Development Act of 1974 has provided for discretionary Community Development Block Grants to the nation's smaller cities and counties, and

WHEREAS, the City of Taft is receiving Community Development Block Grant repayments from past activities and administering Housing Programs with those funds, and

WHEREAS, the City is required to have a current adopted and approved Program Income Reuse Agreement in order to keep and reinvest CDBG Program Income in the local community;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Taft as follows:

1) The City has met the CDBG Program Citizen Participation requirement by holding a properly noticed Public Hearing for input from local citizens.

2) The City Council has reviewed and hereby approves the Program Income Reuse Agreement.

PASSED, APPROVED AND ADOPTED on this _____ day of _____, 2014.

_____
Paul Linder, Mayor

ATTEST:

_____
Alina Megerdom
City Clerk

STATE OF CALIFORNIA}
COUNTY OF KERN }SS
CITY OF TAFT }

I, Alina Megerdom, City Clerk of the City of Taft, do hereby certify that the foregoing Resolution was duly and regularly adopted by the City Council of the City of Taft at a special meeting thereof held on the _____ day of _____, 2014, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS

_____
Alina Megerdom, City Clerk

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)
PROGRAM INCOME (PI) REUSE AGREEMENT

Execution of the this PI Reuse Agreement by both the Jurisdiction and the California, State Department of Housing and Community Development (Department) provides official notification of the Department's approval for the Jurisdiction to expend PI funds under the State's administration of the federal Community Development Block Grant Program (CDBG) for (1) state non-entitlement jurisdictions; and (2) former state non-entitlement jurisdictions that are now entitlement jurisdictions;, pursuant to the provisions of 42 U.S. Code (U.S.C.) 5301 et seq., 24 Code of Federal Regulations (CFR) Part 570, Subpart I, and 25 California Code of Regulations (CCR), Sections 7050 et seq. CDBG funding is listed in the Catalog of Federal Domestic Assistance as 14.228 - CDBG Community Development Block Grant Program. The Agreement also includes asset repayments from activities administered under DRI contracts.

By completing this PI Reuse Agreement and signing the end of this document, the Authorized Representative certifies the Jurisdiction has read, understands and will adhere to the Program Income (PI) Reuse Overview and Process discussed in the first section of this document, the Jurisdictional Certifications in the second section of this document, and Department of Housing and Community Development (hereinafter Department) terms and conditions in the third section of this document.

SECTION ONE: OVERVIEW AND PROCESS

JURISDICTION: CITY OF TAFT

GOVERNING BODY ADOPTED ON: August 19, 2014

This PI Reuse Agreement establishes policies and procedures for the administration and utilization of PI received as a direct result of eligible activities funded under CDBG and DRI contracts with the Department. *For payments generated under DRI contracts, while the funding was loaned under DRI, when a payment is received, per DRI regulation, the payment becomes CDBG program income.*

Applicability of this Agreement:

This PI Reuse Agreement between the Jurisdiction and Department is required by CDBG federal regulation. This Agreement allows Jurisdictions receiving repayments from CDBG and DRI assets to spend those PI funds in the absence of an active Department CDBG grant contract. This Agreement applies to all current Department-eligible Non-Entitlement Jurisdictions and HUD Entitlement Jurisdictions that are still receiving Non-Entitlement PI revenue from previous State grants (CDBG and/or DRI).

RECEIPT OF PROGRAM INCOME

Pursuant to the definition of program income found at 24 CFR 570.489(e)(2), repayments of assets generated from use of CDBG funds received by the Jurisdiction from the Department are PI. These repayments of loans, lease payments, and proceeds of asset sales will be deposited into one of three separate local PI accounts depending on what activity generated the PI. It is possible that the Jurisdiction may have up to three separate accounts with which to manage PI.

1. If the Jurisdiction has a Department approved Revolving Loan Fund (RLF) for Housing and/or ED, any PI from Housing or ED activities must be deposited into the RLF associated with the activity that generated the PI.

   This means:

   a. Housing PI must be deposited into the Housing RLF.

   b. ED PI must be deposited into the ED RLF.

   ***Note**: The accounts for each RLF must be separate accounts, however they both must be interest bearing.*

2. If RLF(s) are not approved for use, the Jurisdiction must deposit all CDBG repayments into a single regular PI account which must be separate from either of the RLF accounts, but it must also be interest bearing.

3. If repayment comes from a loan or asset that was originally paid with CDBG and non-CDBG funds, the PI accounting and reporting must reflect the correct amounts and proportions of CDBG PI and non-CDBG funds invested in the asset. Only the CDBG portion of the repayment is deposited into one of the three PI accounts.

OVERVIEW OF WAYS TO USE PROGRAM INCOME

There are five (5) ways to manage PI under the Agreement.

They are:

1. *Expend PI and RLF monies first on active grant contract activities;*
2. *Expend PI General Administration (PI GA) for GA Activities (up to allowable limits)*
3. *Expend through an approved PI Revolving Loan Fund (RLF)*
4. *Expend PI on an approved waiver activity when no active contract is in force;*
5. *Return PI annually to the Department.*

The undersigned Jurisdiction certifies that PI will be expended first when there is an active grant contract with the Department. PI being received when there is no active grant contract will be deposited into separate accounts for approved activities under this Agreement (via GA, PI Waiver or RLF) and only be distributed and expended, as follows:

1. Expend PI and RLF Monies First on Active Grant Contract Activities:

If the undersigned Jurisdiction has an active grant contract with the Department, all PI on hand must be expended on open grant activities, prior to requesting grant funds from the Department.

If the undersigned Jurisdiction has a Department approved PI Revolving Loan Fund (RLF) per this Agreement, and has an active grant contract which includes the same eligible CDBG activity as the RLF, the RLF monies must be expended first before requesting any contract funds from the Department. PI must always be expended first on active contract activities, prior to requesting grant contract funds.

See the Chapter on Program Income and Revolving Loan Funds in the Department's CDBG Grant Management Manual for additional information regarding use of PI to pay costs for activities under an active grant contract in the Department.

2. *Expend PI General Administration (PI GA) for GA Activities (up to allowable limits)*

The undersigned Jurisdiction must track a calculation of up to seventeen percent (17%) of PI received annually for eligible GA costs. However, the seventeen percent (17%) PI GA only applies to PI received that is **not** generated by a RLF activity.

Since all PI must be expended first, GA funds cannot be held and used only as PI GA costs are incurred. All PI must be spent on the next funds request submitted. Thus, the Jurisdiction can choose to keep an accounting of the total amount of PI GA available for use based on all regular PI received.

PI GA funds cannot be used for planning studies or technical assistance activities, these activities can only be funded under awarded grant contracts. See the Program Income Chapter for further details on eligible PI GA activities under this Agreement.

3. Expend PI through an approved PI Revolving Loan Fund (RLF):

To establish one or both of the RLFs discussed below, the undersigned Jurisdiction must submit formal written request for Department approval using the required process included with this Agreement.

The undersigned Jurisdiction agrees to all the Department's RLF requirements as stated in this Agreement and detailed in the GMM Chapter.

The two RLFs and their corresponding definitions, as permitted by this agreement, are:

1) **Housing Revolving Loan Fund (RLF)**

Eligible housing activities under this RLF include:

I. Housing Rehabilitation - Single Unit Residence program for **owner and/or tenant occupied** properties. Matrix code **14A**.

II. Housing Rehabilitation - 2-4 Units program for **tenant occupied** properties. Matrix code **14B**.

III. Housing Acquisition - Single Family program for homebuyer assistance. Matrix code **13**.

2) **Economic Development (ED) Revolving Loan Funds (RLF)**

Eligible ED activities under this RLF include:

i. Business Assistance program (direct financial assistance to a for-profit business). Matrix code**18A**; and

ii. Microenterprise Financial Assistance (loans). Matrix code **18C.**

The undersigned Jurisdiction will provide program guidelines for all eligible RLF activities as part of the approval process when obtaining Department approval of a RLF. Department written approval must be received before incurring any activity or activity delivery costs associated with implementing any activities under the approved RLF. All approved RLF projects, will be required to be reported to the Department via the applicable CDBG Set-up/Completion reports.

4. Expend PI on an Approved PI Waiver Activity when no active contract is in force.

The undersigned Jurisdiction may only utilize the Department's PI Waiver process when it has no active grant contracts with the Department. Once there are no active contracts with the Department, the undersigned Jurisdiction can have up to two active eligible CDBG activities approved by the Department, for which PI may be expended. Waivers will consist of a single program, service or single project activity. If it is a single program activity, it cannot be the same program activity as funded under an approved RLF.

The undersigned Jurisdiction will follow all PI Waiver procedural requirements as stated in the Program Income Chapter of the Grant Management Manual (GMM).

Written Department approval is required before expending any PI funds on a Waiver activity. Each Waiver activity must clear the activity General and any Special Conditions which include federal overlays as posted on Department's webpage.

A PI Waiver project can only be approved if the total project / program cost for

the proposed activity is on hand in the Jurisdiction's PI account. Future PI may not be committed for PI Waivers.

The undersigned Jurisdiction understands that PI Waiver activities are limited to two active projects, services and/or programs, and will remain active until close out has been completed and approved by the Department. Each approved Waiver activity will be set up with the Department using current Set-Up Report.

The undersigned Jurisdiction understands if they receive a subsequent award of CDBG funds, upon execution of the new grant contract all waiver activities are to be completed first, after which, PI must be expended first on the active grant contract activities. PI Waivers will not be included in the grant, because Supplemental activities will be included in contracts.

5. <u>Return PI to the Department</u>

The undersigned Jurisdiction has the option to return PI back to the Department. However, semi-annual and annual reports are still required to confirm PI being returned.

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SECTION TWO: CERTIFICATION FOR PROCESS AND USE OF PROGRAM INCOME

Since CDBG is a federal funding source, Citizen Participation is required when utilizing any of the five (5) ways to use PI listed above. Those requirements are incorporated below.

The CITY OF TAFT **certifies that:**

1. **Resolution:**

   The PI Reuse Agreement was formally adopted via resolution on August 19, 2014 by the Jurisdiction's Governing Body, executed by the Authorized Representative and submitted to Department with certified copy of the approving resolution attached for full execution.

2. **Citizen Participation:**

   Each of the processes discussed in this Agreement will be carried out in compliance with the CDBG Citizen Participation process as specified in federal regulations at 24 CFR 570.486, and Jurisdiction's public hearing requirements.

3. **Governing Compliance:**

   The undersigned Jurisdiction certifies the administration of all CDBG eligible activities conducted under the above described Ways to Spend PI, will be conducted in compliance with all current State and federal regulations and policies, including all applicable Grant Management Manual (GMM) chapters and Department Management Memos.

4. **Ineligible Activities and Costs:**

   The undersigned Jurisdiction acknowledges that if ineligible activities or costs are paid for with CDBG PI, those funds must be returned to the Jurisdiction's PI or RLF account (whichever account expended ineligible funds) using local Jurisdiction funds.

   The undersigned Jurisdiction acknowledges that ineligible activities or costs paid for with PI under an active grant contract must be repaid to the Department using local non-federal funds.

5. **Jurisdictions Leaving the State Non-Entitlement Program and Jurisdictions Entering the State Non-Entitlement Program:**

The undersigned Jurisdiction certifies that it will follow these procedures when leaving or entering the State CDBG Program:

A. 24 CFR 570.489(e)(3)(iii) *Transfer of program income to Entitlement program.*

Jurisdictions that are entitlement communities or part of an urban agreement, or grantees that at a later date become an entitlement community or join a urban agreement, have the following options for PI and RLFs:

PI not associated with a RLF, the jurisdiction must:

1) Complete the process to certify they will be reporting the State PI into the Entitlement Programs process, including receipting the CDBG proceeds into IDIS, or,

2) Return all State CDBG Program Income to the Department, the amounts on hand once the HUD agreement is signed and as it is received until all PI generated by State CDBG funding has been returned.

PI in an approved RLF:

Entitlement jurisdictions and those who are part of an urban agreement may keep their RLF(s) and monies within an RLF as long as the following is met:

1) They have a State Reuse Plan (Agreement) signed by the Department and the City/County Authorized Representative.

2) Agree to operate the RLF under the Department's RLF rules going forward

3) Report all expenditure, and accounting of RLF(s) as required by the Department.

4) The Jurisdiction shall be required to have loan servicing policies and asset management policies and procedures, pursuant to the Department's Grant Management Manual Chapter on Asset and Real Property Management

B. 24 CFR 570.489(e)(3) (iv) *Transfer of program income of grantees losing Entitlement status.*

Upon entry into the State CDBG program, a unit of general local

government that has lost or relinquished its Entitlement status must submit a letter to the department, signed by the Authorized Representative stating which of the following options the jurisdiction will be implementing. Keep in mind, that retaining Entitlement PI while participating in the State CDBG program will require PI reporting for both sets of funding. Entitlement PI and any PI generated by State CDBG fund cannot be comingled.

Within 90 days of leaving the Entitlement Program to join the State CDBG program, the jurisdiction must certify that it will either:

1) Retain program income generated under Entitlement grants and continue to comply with Entitlement program requirements for program income, including reporting it into IDIS or the urban county; or
2) Retain the program income and transfer it to the State CDBG program, in which case the jurisdiction must comply with the State's rules for PI and RLF address within this Memo, the Reuse Plan and Chapter 14 of the Grant Management Memo.

6. Requirements of Program Income

This PI Reuse Agreement is intended to satisfy the requirements specified in federal statute and regulation at Section 104(j) of the Housing and Community Development Act ("the Act"), as amended in 1992 and 24 CFR 570.489(e) and (f). These statutory and regulatory sections permit a unit of local government to retain PI for CDBG-eligible activities, with Department approval. Under federal guidelines adopted by the State of California's CDBG Program, local governments are permitted to retain PI as long as the local government has received advance approval from the State of a local Agreement that will govern the expenditure of the PI. This Agreement has been developed to meet that requirement when an active contract between the Department and the undersigned Jurisdiction is not in force.

The undersigned Jurisdiction certifies their PI will be used to fund eligible CDBG activities that meet a National Objective and any public benefit requirements. Eligible activities, National Objective and public benefit requirements are specified in Federal Statute at Sections 104(b), 105(a) of The Housing and Community Development Act of 1974, and in Federal Regulations at 24 CFR 570.482 and 24 CFR 570.483. The Jurisdiction understands, if it is determined that an activity/project funded with PI that does not meet a National Objective and/or meet the public benefit requirement, the Jurisdiction will be required to use its own local funds to repay the PI Account.

7. Definition of Program Income

"Program Income" means gross income earned by the Jurisdiction from grant-funded activities and is subject to CDBG regulatory requirements pursuant to

24 CFR, Part 570.489(e) - Program Administrative Requirements as amended in the CDBG Final Rule, 24 CFR, Part 570.504 - Program Income, 24 CFR Part 85 – Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments, and OMB Circulars A-87 and A-122 as applicable. These regulations include the requirement that the Jurisdiction record the receipt and expenditure of PI as part of the financial transactions of the grant activity(ies).

For activities generating PI that are only partially funded with CDBG funds, such income is prorated to reflect the actual percentage of CDBG participation. Examples of PI include but are not limited to: payments of principal and interest on housing rehabilitation or business loans made using CDBG funds; interest earned on PI pending its disposition; interest earned on funds that have been placed in a revolving loan account; net proceeds from the disposition by sale or long-term lease of real property purchased or improved with CDBG funds; and, income (net of costs that are incidental to the generation of the income) from the use or rental of real property that has been acquired, constructed or improved with CDBG funds and that is owned (in whole or in part) by the participating Jurisdiction or Sub-recipient.

8. Fiscal Reporting of Program Income Receipts, Deposits and Disbursements

The undersigned Jurisdiction certifies that CDBG PI will be accounted for using the Department's fiscal year timeframe (July 1 to June 30). All receipts of PI or RLF revenue (and the depositing of those funds into separate account(s)) and expenditures of PI in accordance with this PI Reuse Agreement will be monitored and reported per the Department's fiscal year cycle. The undersigned Jurisdiction certifies that they will report using the Department's reports/forms and will submit them in a timely manner.

9. Duration of This Program Income Reuse Agreement

The undersigned Jurisdiction certifies that it and its Governing Body understand that this document is effective for five (5) years from the execution date by the authorized CDBG Representative listed in this Agreement. At that time unless here are no further CDBG PI assets generating repayments, or the Jurisdiction has become a HUD entitlement Jurisdiction and uses these funds for entitlement activities, a new PI Reuse Agreement will be submitted to the Department. The Department has the Authority to void the Agreement with notice for cause.

10. Program Income General Administration (PI GA)

A. After the PI Reuse Agreement is executed, the Jurisdiction reserves the right to calculate and track up to seventeen percent (17%) of PI received pursuant to Section 1, item 2 above, for payment of eligible PI GA costs. PI GA will not

be calculated for any RLF deposits. PI GA funds will not be used until General Conditions for PI GA are cleared and Departmental written approval is received. As noted above, these funds cannot be set aside since all PI must be expended first on whatever CDBG cost must be paid next, however tracking the amount of PI GA generated by the Jurisdiction's PI revenue permits the Jurisdiction to use that amount on eligible CDBG costs that don't have to meet a national objective, and ensures the Department is not exceeding the administrative funding cap of twenty percent (20%), as set by federal statute.

B. If more funds are expended than what is available under PI GA calculation, the Jurisdiction will be required to return the over-expended PI GA amount back into their PI Account.

C. Ineligible PI GA costs will be required to be returned to their PI Account.

D. PI GA funds, once approved for use, may be used to pay for costs associated with receiving Department approval of PI activities funded under this agreement. Before submitting any proposed PI activities (Waivers or RLF) for Department approval, the Jurisdiction must hold at least one formal public hearing to discuss eligible activities and proposed PI activities. Department recommends that this public hearing be conducted to review current fiscal year PI activities and proposed and possible activities for future Department applications.

11. Revolving Loan Funds (RLFs)

A. Pursuant to the criteria noted below, the undersigned Jurisdiction may be eligible to apply for the Housing RLF and/or the ED RLF.

B. RLFs listed under the Agreement will only be utilized after the Jurisdiction submits written certification as well as the required guideline documents, and receives written Departmental approval certifying that the proposed RLF meets the Department's definition as follows:

1) There are existing loans and assets from past RLF eligible activities that can be reasonable expected to generate repayments.

2) The existing loans and assets have generated at least one loan repayment in the current fiscal year.

C. The two RLFs and their respective CDBG eligible activities listed in this Agreement will be administered under the guidance and requirements provided in this Agreement and in the Department's current GMM Chapter on Program Income, and any subsequent policy, regulation, or statutory guidance, from the Department.

D. Pursuant to Management Memorandum 14-05, the undersigned Jurisdiction

certifies acknowledgement that the Department reserves the right to cancel the grantee's RLF and require the funds to be returned to the Department as a corrective action for significant, ongoing non-compliance with RLF rules.

E. The two (2) RLFs listed below each have a multiple eligible CDBG program activities. All CDBG rules pertaining to eligible RLF program activities will be followed.

1) <u>Housing Revolving Loan Fund</u>

There are three (3) housing programs that must be made available under this RLF. The Jurisdiction will get written Department approval for all three programs as part of Housing RLF approval.

Eligible housing activities under this RLF include:

i. <u>Housing Rehabilitation - Single Unit Residence</u> program for owner and/or tenant occupied properties. Matrix code **14A**.

ii. <u>Housing Rehabilitation - 2-4 Units</u> program for owner and/or tenant occupied properties. Matrix code **14B**.

iii. <u>Housing Acquisition - Single Family</u> program for homebuyer assistance. Matrix code **13**.

2) <u>Economic Development (ED) Revolving Loan Funds (RLF)</u>

Eligible ED activities under this RLF include:

i. Business Assistance program (direct financial assistance to a for-profit business). Matrix code**18A**; and

ii. Microenterprise Financial Assistance. Matrix code **18C.**

F. Each approved RLF will offer <u>all</u> eligible activities under the RLF definition.

G. Separate and formally adopted program guidelines for each eligible activity will be provided to the Department as part of General Conditions for all eligible RLF activities when obtaining Department approval of a RLF.

H. The undersigned Jurisdiction acknowledges that although all eligible activities under each approved RLF must be available, the Jurisdiction has the discretion to fund RLF loans for the activity or activities they deem to address the greatest need in their community.

I. RLF receipts on deposit may be used for one or both single family housing program activities. Although both activities are required to be approved by the Department for use under the RLF, the Jurisdiction may choose to only operate one program at time or both simultaneously.

J. In addition, each approved RLF will meet the following criteria:

1) RLFs will operate on a fiscal year of July 1 to June 30 for accounting and performance reporting.

2) Jurisdictions will set up RLFs as separate accounts (Housing and ED RLF accounts must be separate) with separate fund and transaction numbers. All other CDBG funds received as PI must be accounted for in a separate account.

3) All accounts set up pursuant to 2.G.2 will be interest bearing.

4) RLF monies will be expended first when the same RLF activity is funded under an awarded active grant contract.

5) RLF projects may be funded with both RLF monies and an active grant contract.

6) RLFs will be expended primarily on loans since RLFs must revolve. Thus, activities under an active contract that are funded using only grants rather than loans, will use contract funds not RLF monies to pay for the activity. Microenterprise grants, home repair grants and closing cost grants, that do not have loans associated with them, will not become RLF assets and therefore will not require RLF funds to be spent first on the active grant activities.

7) The RLFs will primarily provide financing instruments that will revolve, (i.e. loans), RLFs cannot fund projects primarily or solely with grants or forgivable loans.

8) RLF receipts from loans or assets generated from the same program activity, (i.e. single family housing rehabilitation loan repayments will only be deposited into a Housing RLF). Thus, repayments from the same program activities that go into an RLF must be used for originating loans for the same program activities.

9) RLF PI balances will not be moved to another approved RLF account or to the Jurisdiction's regular PI account. The Department may use a state or federal disaster declaration to formally allow for re-purposing of PI funds by the Jurisdiction. Funds approved by the Department for re-purposing to meet an urgent need are considered PI and must be expended first under active grant contracts or under approved waivers if there is no active contract.

10) RLFs that become depleted of funds and do not have additional asset repayments to sustain revolving activities, such that no longer meeting the Departments RLF definition, will be canceled by the Department.

11) RLF PI received and deposited is not allowable for PI GA expenses thus, seventeen percent (17%) cannot be set aside as with Jurisdictions with separate PI accounts.

12) RLFs with no annual revolving activities, (i.e. approved loans), are not able to be used by the Jurisdiction for reimbursement of non-revolving

costs therefore, activity delivery (AD) costs are not eligible. **AD costs are only eligible if one or more projects are funded and accomplishment data (i.e. beneficiaries), for those activity(ies), on an annual basis, are reported**.

13) RLF projects must be documented as meeting a national objective. If a project does not meet a national objective, then all expenses associated with the project (activity and activity delivery funds) must be repaid to the RLF with non-federal funds.

14) Given that RLF revenue cannot be "banked", to remain eligible, a RLF must revolve. To meet the definition of revolving, the undersigned Jurisdiction will not have more than $100,000 on deposit in an RLF within a fiscal year without making at least one loan. Nor will the undersigned Jurisdiction have more than $500,000 on hand even if making loans, each fiscal year.

15) The undersigned Jurisdiction certifies they are aware that the Department will address excess funds and revolving compliance by issuing finding letters to the grantee which could result in the Department cancelling the grantee's RLF, which immediately converts the funds to PI; and, therefore, must be used prior to drawing down grant funds.

16) RLF activity delivery funds (AD) may be used to pay for loan servicing costs.

17) Citizens of the Jurisdiction must be the primary beneficiaries of all RLF program activities.

18) Financial and performance reporting, on RLF projects will be done using current eligible activity set up, performance and completion reports for National Objective data and beneficiary demographics as HUD required accomplishment information.

19) Additional financial reports for RLF PI deposits and expenditures will be done twice a year using the Department's current PI fiscal reporting forms.

20) The Jurisdiction will be required to repay the RLF account for ineligible costs or activities with local non-federal funds.

21) RLF programs will meet the CDBG National Objective of benefit to Low/Moderate-income (Low/Mod) households. per 24 CFR Part 5, and in accordance with the Department's Income Manual.

22) Loan servicing costs under the RLFs are not eligible as PI GA costs but are eligible AD costs. As such, loan servicing costs are only eligible if one or more loans are made fiscally.

K. Activity Specific Requirements:

1) **Housing RLF:**

a. All Housing Rehabilitation and Homeownership Assistance programs will only fund projects that meet a National Objective and comply with other State and federal requirements, including Department Management Memorandums and GMM Chapters on Housing Rehabilitation, Multi-Family Rehabilitation (2-4 units), and Homeownership Assistance.

b. No more than nineteen percent (19%) of funds expended for **Housing Rehabilitation** in the RLF will be used for AD costs on an annual fiscal basis.

c. No more than eight percent (8%) of funds expended in a fiscal year for **Homeownership Assistance** will be used to reimburse eligible AD costs.

d. AD costs are not eligible until one loan is approved, closed and project beneficiary information is submitted.

e. Projects cannot be solely funded as a grant.

2) **ED RLF:**

a. Both ED programs will only fund projects that meet a National Objective and comply with other State and federal requirements, including Department Management Memorandums and GMM Chapters on Microenterprise and BA program.

b. Income eligibility must be met per 24 CFR Part 5 and in accordance with the Department's Income Manual.

c. No more than 15 percent (15%) of the total funds expended for **BA or Microenterprise financial assistance** activities shall be used to reimburse Jurisdiction for eligible activity delivery (AD) costs on an annual fiscal basis.

d. Annual AD costs are not eligible until one loan is approved, closed and project beneficiary information is submitted.

e. For **Business Assistance (BA)**, local review and underwriting of business assistance projects requesting a CDBG loan under this RLF shall be conducted under the Business Assistance Program Guidelines that have been adopted by the Governing Body of the undersigned Jurisdiction and approved in writing by the Department, as part of RLF approval.

f. For **Microenterprise Assistance (ME)** The CDBG eligible activity

of direct financial assistant to eligible Microenterprise businesses will be conducted under this RLF. Local review and approval of microenterprise business assistance projects requesting a CDBG loan under this RLF shall be conducted under the Microenterprise Financial Assistance Program Guidelines that have been adopted by the Governing Body of the undersigned Jurisdiction and approved in writing by the Department as part of the General Conditions clearance. ***Note:*** *this subsection applies to ME loans only, not ME grants. Financial Assistance that is solely a grant cannot be made through an RLF.*

12. Loan Portfolio and Asset Management Policies and Costs

A. The undersigned Jurisdiction certifies that it has asset management policies and loan portfolio servicing policies that are in compliance with HUD standards per 24 CFR Part 570, OMB Circulars A-87, A-122 A-133, and 24 CFR Part 85.

B. The use of CDBG funds creates public financial assets. The public financial assets created can be in the form of loans or other repayment instruments which result in PI. Financial assets may also be in the form of real property or chattel (equipment and fixtures). All assets created from the use of CDBG funds must be administered in compliance with OMB Circulars A-87, A-122 A-133, 24 CFR Part 85. These policies will be used for managing all CDBG assets, including those which generate PI and RLF PI.

C. General Administration PI funds may be used to reimburse the Jurisdiction for loan servicing and asset management costs. If the Jurisdiction has no PI GA available, GA funds from active grant contracts may be used to pay for eligible loan servicing costs.

13. Program Income Waivers

A. The PI Waiver Submission Process will only be conducted when the undersigned Jurisdiction has no active grant contract(s) with the Department.

B. The process below will be followed if a PI Waiver is to be requested:

1) All PI Waiver requests will be submitted on approved Departmental forms for the Department's written approval.

2) After the Department's review of the activity for eligibility and national objective compliance, the PI Waiver will be formally adopted via public hearing and resolution of the Jurisdiction's Governing Body, as part of the PI Waiver General (and Special Conditions if applicable) Clearance process.

3) Expenditure of PI Waiver funds will not commence until clearance of all

required General and Special Conditions have been met, and written Departmental approval has been issued to the Jurisdiction.

4) Possible Waiver activities will be discussed at a properly noticed public hearing, held in front of the Jurisdiction's Governing Body, prior to submission of a Certified Resolution as part of a PI Waiver Request to the Department.

5) The PI Waiver request must be submitted in accordance with current Department policy, and any subsequent policy, regulation, or statutory guidance.

6) PI Waiver activity reporting will be submitted per current Departmental policies and includes financial accounting of all PI received and expended, including PI Waivers and PI Waiver activity performance.

7) PI Waiver activities must be fully funded with program income already on hand.

8) Only two (2) PI Waivers may be open and active at any one time.

9) RLF funds will not be used for PI Waivers, since RLF monies must be expended on the activity that generated the payments.

10) PI Waivers will not be approved for the same program activities for approved RLFs.

C. PI GA and PI Waiver financial and performance reporting will be done using current eligible activity set up and completion reports which will collect national objective data and beneficiary demographics for HUD required accomplishment information.

D. Additional financial reports for PI GA, PI Waivers, PI deposits and expenditures will be done semi-annually using the Department's current PI fiscal reporting forms.

E. Ineligible costs will be required to be repaid to the PI Account. In some cases with ongoing significant compliance issues, the Department reserves the right to require the jurisdiction return all PI to the Department until it is satisfied that the jurisdiction has resolved all compliance issues.

14. Program Income Not Associated with an RLF

A. Provided the undersigned Jurisdiction has made the Department aware at the beginning of the fiscal year they intend to exercise the $35,000 rule, PI which is received annually that has a cumulative amount up to $35,000 (RLF receipts are not included in the $35,000 calculation) may be "re-categorized" as non-CDBG funds. In electing to exercise the $35,000 rule, the Jurisdiction agrees not to expend CDBG revenue until either the fiscal year ends or the amount received goes above $35,000, at which point the jurisdiction must consider the revenue as CDBG PI and must use it, first prior to drawing CDBG contract funds.

B. The undersigned Jurisdiction certifies that it acknowledges if it has PI on hand and has not applied for or been awarded CDBG funds with the past three NOFAs, the Jurisdiction will be required to submit a PI Expenditure Plan for its PI on hand. The plan must be submitted via the CDBG PI Waiver process. If the Jurisdiction does not initiate the request, the Department will send the Jurisdiction a letter requiring submission of the plan within a set time frame. If the Jurisdiction does not respond to the Department's letter, the Jurisdiction will be required to return all PI on hand to the Department, regardless of the amount of PI.

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SECTION THREE: DEPARTMENT TERMS, CONDITIONS AND AUTHORIZATION

TERMS AND CONDITIONS: The undersigned Jurisdiction certifies that all terms and conditions listed below have been read and understood, and will be implemented and followed:

1. Authority & Purpose

This Agreement provides official notification of the Jurisdiction's PI Reuse Agreement's approval under the State's administration of the Federal CDBG for Non-entitlement Jurisdictions pursuant to the provisions of 42 U.S. Code (U.S.C.) 5301 et seq., 24 Code of Federal Regulations (CFR) Part 570, Subpart I, and 25 California Code of Regulations (CCR), Sections 7050 et seq. The Program is listed in the Catalog of Federal Domestic Assistance as 14.228 - CDBG Community Development Block Grant Program.

In accepting the PI Reuse Agreement approval, the Jurisdiction agrees to comply with the terms and conditions of this Agreement, all exhibits hereto and the representations contained in the Jurisdiction's PI Reuse Agreement. Any changes made to the PI Reuse Agreement after this Agreement is accepted must receive prior written approval from the Department.

2. Distribution for Reuse of PI

A. The Jurisdiction shall perform PI funded activities as described in the Distribution for Reuse in the PI Reuse Agreement. All written materials or alterations submitted as addenda to the original PI Reuse Agreement and which are approved in writing by the Department are hereby incorporated as part of the PI Reuse Agreement.

The Department reserves the right to require the Jurisdiction to modify any or all parts of the PI Reuse Agreement in order to comply with CDBG requirements. The Department reserves the right to review and approve all work to be performed by the Jurisdiction in relation to this Agreement. Any proposed revision to the work must be submitted in writing for review and approval by the Department and may require an amendment to this Agreement. Approval shall not be presumed unless such approval is made in writing by the Department.

B. The PI funded activities shall principally benefit Low/Mod-income persons or households residing in the Jurisdiction. HUD defines Low/Mod as having an annual income that is no more than 80 percent (80%) of the

county median area income, adjusted for household size.

3. Sufficiency of Funds and Termination

The Department may terminate this Agreement at any time for cause. . The Jurisdiction will have at least 14 days upon receipt of the Departments written notice. Termination shall consist of violations of any terms and/or conditions of this Agreement, upon the request of HUD, or withdrawal of the Department's expenditure authority.

The Department reserves the right, for any significant on-going non-compliance with RLF or Program Income rules, to cancel any RLF and require, all RLF and PI funds, to be returned to the Department.

4. Meeting National Objectives

All activities performed under this Agreement must meet one of the National Objectives determined by the HUD regulations as included in the Application authorized under Title I of the Housing and Community Development Act of 1974, as amended.

A. Benefit to HUD defined Low/Mod-income person or household (LMI). The term Low/Mod-income is defined under CDBG as no more than 80 percent (80%) of the median area income, as determined by HUD, per Federal Regulation 24 CFR, Part 570.483(b); and/or;

B. Prevention or elimination of slums or blight. In order for an activity to meet the National Objective of elimination of slums and blight, the activity must take place in an area that meets the definition of a blighted area and the project must be shown to eliminate blight or prevent further blight per Federal Regulation 24 CFR, Part 570.483(c).

C. For Microenterprise Assistance activities, the Jurisdiction must only meet the benefit to Low/Mod-income person or household (LMI) National Objective.

5. Inspections of Activities

A. The Department reserves the right to inspect any activity(ies) performed hereunder to verify that the activity(ies) is in accordance with the applicable federal, State and/or local requirements and this Agreement.

B. The Jurisdiction shall inspect any activity performed by contractors and subrecipients hereunder to ensure that the activity(ies) is in accordance with the applicable federal, State and/or local requirements and this Agreement.

The Jurisdiction agrees to require that all activity(ies) found by such inspections not to conform to the applicable requirements be corrected, and to withhold payment to its contractor or subcontractor, respectively, until it is so corrected.

6. Insurance

The Jurisdiction shall have and maintain in full force and effect during the term of this Agreement such forms of insurance, at such levels as may be determined by the Jurisdiction and the Department to be necessary for specific components of the activity(ies) described in this Reuse Agreement.

7. Contractors and Subrecipients

A. The Jurisdiction shall not enter into any agreement, written or oral, with any contractor or subrecipient without the prior determination that the contractor or subrecipient is eligible to receive CDBG funds and is not listed on the Federal Consolidated List of Debarred, Suspended, and Ineligible Contractors.

1) Contractors are defined as program operators or construction contractors who are procured competitively.

2) Subrecipients are defined as public or private non-profit agencies or organizations and certain (limited) private for-profit entities who receive CDBG funds from an awarded Jurisdiction to undertake eligible activities.

B. An agreement between the Jurisdiction and any contractor or subrecipient shall require:

1) Compliance with the applicable State and federal requirements of this Agreement, which pertain to, among other things, labor standards, non-discrimination, Americans with Disabilities Act, Equal Employment Opportunity, and Drug-Free Workplace; and, Compliance with the applicable provisions relating to Labor Standards/Prevailing Wages. In addition to these requirements, all contractors and subcontractors shall comply with the applicable provisions of the California Labor Code.

2) Maintenance of, at minimum, the State-required Workers' Compensation Insurance for those employees who will perform the activity(ies) or any part of it.

3) Maintenance of, if so required by law, unemployment insurance, disability insurance and liability insurance, which is reasonable to compensate any person, firm, or corporation, who may be injured

or damaged by the contractor, or any subcontractor in performing the activity(ies) or any part of it.

4) Compliance with the applicable Equal Opportunity Requirements described in this Agreement.

C. Contractors shall:

1) Perform the activity(ies) in accordance with federal, State and local housing and building codes, as are applicable.

2) Provide security to assure completion of the project by furnishing the borrower and construction lenders with Performance and Payment Bonds, or other security approved in advance in writing by the Department.

D. Subrecipients shall:

1) Retain all books, records, accounts, documentation, and all other materials relevant to this Agreement for a period of five (5) years from date of termination of this Agreement, or five (5) years from the conclusion or resolution of any and all audits or litigation relevant to this Agreement, and any amendments, whichever is later.

2) Permit the State, federal government, the Bureau of State Audits, the Department and/or their representatives, upon reasonable notice, unrestricted access to any or all books, records, accounts, documentation, and all other materials relevant to the agreement for the purpose of monitoring, auditing, or otherwise examining said materials.

8. Obligations of the Jurisdiction with Respect to Certain Third Party Relationships

The Jurisdiction shall remain fully obligated under the provisions of this Agreement notwithstanding its designation of any third party or parties for the undertaking of all or any part of the Activities funded under this agreement with respect to which assistance is being provided under this Agreement to the Jurisdiction.

The Jurisdiction shall comply with all lawful requirements of the Department necessary to ensure that the Program, with respect to which assistance is being provided under this Agreement to the Jurisdiction, is carried out in accordance with the Department's Assurance and Certifications, including those with respect

to the assumption of environmental responsibilities of the Department under Section 104(g) of the Housing and Community Development Act of 1974.

9. Periodic Reporting Requirements

During the term of this Agreement, the Jurisdiction must submit the following reports by the dates identified, respectively, or as otherwise required at the discretion of the Department. The Jurisdiction's performance under this Agreement will be based, in part, on whether it has submitted the reports on a timely basis.

A. Semi-Annual PI Expenditure/Performance Report: Submit by January 31 and July 31 of each year regardless of whether or not the Jurisdiction has any unexpended PI. PI Waivers or open Grants with no accomplishment are not excluded to the reporting requirement.

B. Annual Federal Overlay Reporting: Submit by July 31 starting from the contract effective date to subsequent June 30, and for each State Fiscal Year. Annual Reporting includes but is not limited to: Section 3, and Minority Owned Business/Women Owned Business (MBE/WBE).

C. Wage Compliance Reports: Semi-annual Wage Compliance Reports are to be submitted by October 7 and April 7 during the entire construction period. The final Wage Compliance Report is to be submitted thirty (30) days after construction is completed.

D. Any other reports that may be required as a Special Condition of this Agreement.

10. Monitoring Requirements

The Department shall perform a program and/or fiscal monitoring of the activity(ies). The Jurisdiction shall be required to resolve any monitoring findings to the Department's satisfaction by the deadlines set by the Department. If findings are not adequately resolved in a timely manner, the Department may deduct points from the Jurisdiction’s performance score on future applications.

Additionally, the Department reserve the right to suspend a Jurisdiction’s authority to expend PI (Waiver, RLF and/or PI attached to an open grant) based on significant compliance issues, reporting concerns or serious lack of cooperation in clearing PI monitoring findings.

11. Signs

If the Jurisdiction places signs stating that the Department is providing financing, it shall indicate in a typeface and size commensurate with the Department's

funding portion of the project that the Department is a source of financing through the CDBG Program.

12. Audit/Retention and Inspection of Records

A. The Jurisdiction must have intact, auditable fiscal records at all times. If the Jurisdiction is found to have missing audit reports from the SCO during the term of this Agreement, the Jurisdiction will be required to submit a Agreement to the State, with task deadlines, for submitting the audit to the SCO. If the deadlines are not met, the Jurisdiction will be subject to termination of this Agreement and disencumbrance of the funds awarded. The Jurisdiction's audit completion Agreement is subject to prior review and approval by the Department.

B. The Jurisdiction agrees that the Department or its designee will have the right to review, obtain, and copy all records pertaining to performance of this Agreement. The Jurisdiction agrees to provide the Department or its designee with any relevant information requested and shall permit the Department or its designee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with California Public Contract Code (PCC) Section 10115 et seq., Government Code (GC) Section 8546.7 and 2 CCR 1896.60 et seq. The Jurisdiction further agrees to maintain such records for a period of five (5) years after final payment under this Agreement. The Jurisdiction shall comply with the caveats and be aware of the penalties for violations of fraud and for obstruction of investigation as set forth in PCC 10115.10.

C. An expenditure which is not authorized by this Agreement or which cannot be adequately documented shall be disallowed and must be reimbursed to the Department or its designee by the Jurisdiction.

D. Absent fraud or mistake on the part of the Department, the determination by the Department of allowable expenditures shall be final.

E. For the purposes of annual audits under OMB Circular A-133 (The United States Office of Management and Budget Circular for Audits of States and Local Governments), Jurisdiction shall use the Federal Catalog Number 14.228 for the State CDBG Program.

F. Notwithstanding the foregoing, the Department will not reimburse the Jurisdiction for any audit cost incurred after the expenditure deadline of this Agreement.

G. The Jurisdiction understands that the expenditure of PI is covered under the OMB A-133 Single Audit Requirements and will meet all these requirements and report said PI Expenditure along with grant funds each fiscal year.

13. Conflict of Interest of Members, Officers, or Employees of Contractors, Members of Local Governing Body, or other Public Officials

Pursuant to 24 CFR 570.611, no member, officer, or employee of the Jurisdiction, or its designees or agents, no member of the Governing Body of the locality in which the program is situated, and no other public official of such locality or localities who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to a CDBG-assisted activity or its proceeds, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one (1) year thereafter. The Jurisdiction shall incorporate, or cause to be incorporated, in all such contracts or subcontracts a provision prohibiting such interest pursuant to the purposes of this Section.

14. Waivers

No waiver of any breach of this Agreement shall be held to be a waiver of any prior or subsequent breach. The failure of the Department to enforce at any time the provisions of this Agreement or to require at any time performance by the Jurisdiction of these provisions shall in no way be construed to be a waiver of such provisions nor to affect the validity of this Agreement or the right of the Department to enforce these provisions.

15. Litigation

A. If any provision of this Agreement, or an underlying obligation, is held invalid by a court of competent Jurisdiction, such invalidity, at the sole discretion of the Department, shall not affect any other provisions of this Agreement and the remainder of this Agreement shall remain in full force and effect. Therefore, the provisions of this Agreement are, and shall be, deemed severable.

B. The Jurisdiction shall notify the Department immediately of any claim or action undertaken by or against it which affects or may affect this Agreement or the Department, and shall take such action with respect to the claim or action as is consistent with the terms of this Agreement and the interests of the Department.

16. Lead-Based Paint Hazards

Activity(ies) performed with assistance provided under this Agreement are subject to lead-based paint hazard regulations contained in Title 8 (Industrial Relations) and Title 17 (Public Health) of the CCR and 24 CFR, Part 35 (Lead Disclosure). Any grants or loans made by the Jurisdiction with assistance provided under this Agreement shall be made subject to the provisions for the elimination or mitigation of lead-based paint hazards under these Regulations. The Jurisdiction shall be responsible for the notifications, inspections, and clearance certifications required under these Regulations.

17. Prevailing Wages

A. Where funds provided through this Agreement are used for construction work, or in support of construction work, the Jurisdiction shall ensure that the requirements of California Labor Code (LC), Chapter 1, commencing with Section 1720, Part 7 (pertaining to the payment of prevailing wages and administered by the California Department of Industrial Relations) are met.

B. For the purposes of this requirement "construction work" includes, but is not limited to rehabilitation, alteration, demolition, installation or repair done under contract and paid for, in whole or in part, through this Agreement. All construction work shall be done through the use of a written contract with a properly licensed building contractor incorporating these requirements (the "construction contract"). Where the construction contract will be between the Jurisdiction and a licensed building contractor, the Jurisdiction shall serve as the "awarding body" as that term is defined in the LC. Where the Jurisdiction will provide funds to a third party that will enter into the construction contract with a licensed building contractor, the third party shall serve as the "awarding body." Prior to any disbursement of funds, including but not limited to release of any final retention payment, the Department may require a certification from the awarding body that prevailing wages have been or will be paid.

18. Compliance with State and Federal Laws and Regulations

A. The Jurisdiction agrees to comply with all State laws and regulations that pertain to construction, health and safety, labor, fair employment practices, equal opportunity, and all other matters applicable to the Jurisdiction, its subcontractors, contractors or subcontractors, and the Reuse activity(ies), and any other State provisions as set forth in this Agreement.

B. The Jurisdiction agrees to comply with all federal laws and regulations applicable to the CDBG Program and to the activity(ies), and with any other federal provisions as set forth in this Agreement.

19. Anti-Lobbying Certification

The Jurisdiction shall require that the language of this certification be included in all contracts or subcontracts entered into in connection with this activity(ies) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and no more than $100,000 for such failure.

"The undersigned certifies, to the best of his or her knowledge or belief, that:

A. No federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement; and,

B. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions."

20. Bonus or Commission, Prohibition Against Payments of

The assistance provided under this Agreement shall not be used in the payment of any bonus or commission for the purpose of:

A. Obtaining the Department's approval of the Application for such assistance; or,

B. The Department's approval of the Applications for additional assistance; or,

C. Any other approval or concurrence of the Department required under this Agreement, Title I of the Housing and Community Development Act of

1974, or the State regulations with respect thereto; provided, however, that reasonable fees for bona fide technical, consultant, managerial or other such services, other than actual solicitation, are not hereby prohibited if otherwise eligible as program costs.

21. Citizen Participation

The Jurisdiction is subject to the requirements concerning citizen participation contained in Federal Regulations at 24 CFR, Part 570.486, Local Government Requirements, Part 91.105 and 91.115.

22. Clean Air and Water Acts

This Agreement is subject to the requirements of the Clean Air Act, as amended, 42 USC 1857 et seq., the Federal Water Pollution Control Act, as amended, 33 USC 1251et seq., and the regulations of the Environmental Protection Agency with respect thereto, at 40 CFR, Part 15, as amended from time to time.

23. Conflict of Interest of Certain Federal Officials

No member of or delegate to the Congress of the United States, and no resident commissioner, shall be admitted to any share or part of this Agreement or to any benefit to arise from the same. The Jurisdiction shall report all perceived or actual conflicts of interest cases to the State for review before financial benefits are given.

24. Environmental Requirements

The Jurisdiction shall comply with the provisions of the National Environmental Policy Act (NEPA) by following the procedures contained in 24 CFR, Part 58. The Jurisdiction shall not undertake any activity that would have an adverse environmental impact or limit the choice of reasonable alternatives under 24 CFR, Part 58.22 until HUD or the Department has issued an environmental clearance.

25. Equal Opportunity

A. The Civil Rights, Housing and Community Development, and Age Discrimination Acts Assurances

During the performance of this agreement, the Jurisdiction assures that no otherwise qualified person shall be excluded from participation or employment, denied program benefits, or be subjected to discrimination based on race, color, national origin, sex, age, handicap, religion, familial status, or religious preference, under any activity funded by this Agreement, as required by Title VI of the Civil Rights Act of 1964, Title I of the Housing and Community Development Act of 1974, as amended, the

Age Discrimination Act of 1975, the Fair Housing Amendment Act of 1988, and all implementing regulations.

B. Rehabilitation Act of 1973 and the "504 Coordinator"

The Jurisdiction further agrees to implement the Rehabilitation Act of 1973, as amended, and its regulations, 24 CFR, Part 8, including, but not limited to, for Jurisdiction's with fifteen (15) or more permanent full or part time employees, the local designation of a specific person charged with local enforcement of this Act, as the "504 Coordinator."

C. The Training, Employment, and Contracting Opportunities for Business and Lower-Income Persons Assurance of Compliance

1) The activity(ies) to be performed under this Agreement are subject to the requirements of Section 3 of the HUD Act of 1968, as amended, 12 U.S.C. 1701u. Recipients, contractors and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in 24 CFR, Part 135.34(a)(2).

2) The parties to this Agreement will comply with the provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of HUD set forth in 24 CFR, Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this Agreement. The parties to this Agreement certify and agree that they are under no contractual or other disability which would prevent them from complying with these requirements.

3) The Jurisdiction will include these Section 3 clauses in every contract and subcontract for Work in connection with the activity(ies) and will, at the direction of the Department, take appropriate action pursuant to the contract or subcontract upon a finding that the Jurisdiction or any contractor or subcontractor is in violation of regulations issued by the Secretary of HUD, 24 CFR, Part 135 and, will not let any contract unless the Jurisdiction or contractor or subcontractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

4) Compliance with the provisions of Section 3, the regulations set forth in 24 CFR, Part 135, and all applicable rules and orders of the Department issued thereunder prior to the execution of this Agreement shall be a condition of the federal financial assistance provided to the activity(ies), binding upon the Jurisdiction, its successors, and assigns. Failure to fulfill these requirements shall

subject the Jurisdiction, its contractors and subcontractors and its successors, to such sanctions as are specified by 24 CFR, Part 135 and those sanctions specified by this Agreement.

D. Assurance of Compliance with Requirements Placed on Construction Contracts of $10,000 or More

The Jurisdiction hereby agrees to place in every contract and subcontract for construction exceeding $10,000 the Notice of Requirement for Affirmative Action to ensure Equal Employment Opportunity (Executive Order 11246), the Standard Equal Employment Opportunity, and the Construction Contract Specifications. The Jurisdiction furthermore agrees to insert the appropriate Goals and Timetables issued by the U.S. Department of Labor in such contracts and subcontracts.

26. Flood Disaster Protection

A. This Agreement is subject to the requirements of the Flood Disaster Protection Act (FDPA) of 1973 (Public Law 93-234). No portion of the assistance provided under this Agreement is approved for acquisition or construction purposes as defined under FDPA, Section 3 (a) of said Act, for use in an area identified by the Secretary of HUD as having special flood hazards which is located in a community not then in compliance with the requirements for participation in the national flood insurance program pursuant to FDPA, Section 102(d) of said Act.

B. The use of any assistance provided under this Agreement for such acquisition or construction in such identified areas in communities then participating in the national flood insurance program shall be subject to the mandatory purchase of flood insurance requirements of FDPA, Section 102(a) of said Act.

C. Any contract or agreement for the sale, lease, or other transfer of land acquired, cleared or improved with assistance provided under this Agreement shall contain certain provisions. These provisions will apply if such land is located in an area identified by the Secretary of HUD as having special flood hazards and in which the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, as amended, 42 U.S.C. 4001 et seq.

D. These provisions shall obligate the transferee and its successors or assigns to obtain and maintain, during the ownership of such land, such flood insurance as required with respect to financial assistance for acquisition or construction purposes under FDPA, Section 102(s) of the Flood Disaster Protection Act of 1973. Such provisions shall be required notwithstanding the fact that the construction on such land is not itself funded with assistance provided under this Agreement.

27. Federal Labor Standards Provisions

The Jurisdiction shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of:

A. Davis-Bacon Act (40 U.S.C. 3141-3148) requires that workers receive no less than the prevailing wages being paid for similar work in their locality. Prevailing wages are computed by the Federal Department of Labor and are issued in the form of federal wage decisions for each classification of work. The law applies to most construction, alteration, or repair contracts over $2,000.

B. "Anti-Kickback Act of 1986" (41 U.S.C. 51-58) prohibits any person from (1) providing, attempting to provide, or offering to provide any kickback; (2) soliciting, accepting, or attempting to accept any kickback; or (3) including directly or indirectly, the amount of any kickback prohibited by clause (1) or (2) in the contract price charged by a subcontractor to a prime contractor or a higher tier subcontractor or in the contract price charged by a prime contractor to the United States.

C. Contract Work Hours and Safety Standards Act - CWHSSA (40 U.S.C. 3702) requires that workers receive "overtime" compensation at a rate of one to one-half (1-1/2) times their regular hourly wage after they have worked forty (40) hours in one week.

D. Title 29, Code of Federal Regulations CFR, Subtitle A, Parts l, 3 and 5) are the regulations and procedures issued by the Secretary of Labor for the administration and enforcement of the Davis-Bacon Act, as amended.

The Jurisdiction shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the Department for review upon request.

28. Procurement

The Jurisdiction shall comply with the procurement provisions in 24 CFR, Part 85.36: Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments.

29. Non-Performance

The Department shall review the actual National Objective and/or Public Benefit achievements of the Jurisdiction. In the event that the National Objective and/or Public Benefit requirements are not met, the Department will require the recapture of the entire PI expended on that project/activity. Additional remedies

may include suspending the Jurisdiction's authority to use PI funds until the Jurisdiction has developed capacity to ensure future PI funds will be used for eligible activities that will meet a National Objective.

30. Relocation, Displacement, and Acquisition

The provisions of the Uniform Relocation Act, as amended, 49 CFR, Part 24, and Section 104(d) of the Housing and Community Development Act of 1974 shall be followed where any acquisition of real property is carried out by the Jurisdiction and assisted in whole or in part by funds allocated by CDBG.

31. Uniform Administrative Requirements

The Jurisdiction shall comply with applicable Uniform Administrative Requirements as described in 24 CFR, Section 570.502, including cited Sections of 24 CFR, Part 85.

32. Section 3

The Jurisdiction will comply with Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing Regulations at 24 CFR, Part 135.

33. Affirmatively Furthering Fair Housing

The Jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the Jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

34. General Contract Conditions

The following conditions apply to all activities, including set aside activities. The Jurisdiction must meet the conditions within ninety (90) days of this Agreement's execution. Failure to meet the following Special Conditions may result in termination of this Agreement.

A. Environmental Compliance

The Jurisdiction shall have satisfied all National Environmental Policy Act (NEPA) requirements and California Environmental Quality Act (CEQA) requirements. CEQA shall be approved by the Jurisdiction. The level of compliance varies by activity. NEPA review must be completed by the Jurisdiction for each activity and approved in writing by Department staff prior to incurring costs on the activity(ies).

B. Acquisition/Relocation Compliance

The Jurisdiction must document its compliance with the Uniform Relocation Act, Section 104(d) before release of funds by the Department. The Jurisdiction must submit a specific relocation assistance Agreement for each activity which may result in temporary or permanent displacement. For projects where there will be temporary or permanent displacement, the Jurisdiction must submit signed General Information Notices (GINs) from each tenant who was residing in the project at the time of Application submittal. If the Jurisdiction believes that there will be no displacement as a result of their activities, they must submit a letter explaining why no displacement or relocation will occur, which will be subject to written approval by the Department.

C. Site Control

The Jurisdiction shall demonstrate site control of the proposed project property by submitting evidence of one or more of the following to the Department:

1) Fee title;

2) A leasehold interest on the project property with provisions that enable the lessee to make improvements on and encumber the property provided that the terms and conditions of any proposed lease shall permit compliance with all Program requirements;

3) An option to purchase or lease;

4) A disposition and development agreement with a public agency;

5) A land sale contract, or other enforceable agreement for the acquisition of the property; or,

6) All easements and right-of-ways (required for completion of the CDBG project) must be obtained.

D. Funding Commitments and Project Cost Estimates

All funding required for project completion must be documented and committed. If all funding is not committed, the Department shall terminate this Agreement. If the Jurisdiction has applied for other funding prior to the execution of this Agreement, the Jurisdiction must notify the Department as soon as that application is approved or denied. If the Jurisdiction must apply for other funding after the execution date of this Agreement, the Jurisdiction must apply at the earliest possible opportunity offered by the

other funding source(s) and notify the Department as soon as that application is approved or denied.

A current third-party cost estimate must be provided by the engineer or architect for the project.

E. Activity Administration Documentation

There are four methods of administering and/or completing RLF activities:

1) Use of in-house staff only;

2) Subrecipient agreement(s) with qualified non-profit(s);
3) Consultants/contractors/others obtained through federal procurement procedures; and,

4) Any combination of the above methods.

The Jurisdiction must provide the following documentation demonstrating that one or more of these methods were used for the GA of the RLF and for all activities carried out under this Agreement.

1) Use of in-house staff only: If not previously provided in the Application, submit staff resumes and duty statements that clearly identify that Jurisdiction staff has capacity and experience to complete administration of the proposed activities in the Application.

2) Subrecipient agreement(s) with qualified non-profit(s): Sub-recipients and their respective agreements with the Jurisdiction must adhere to all Program requirements. Submit the subrecipient agreement that was executed between the non-profit and the Jurisdiction. (Submitting draft documents for review prior to execution is recommended.) The scope of work in the subrecipient agreement must match the description of activity in this Agreement. Any parts of the activity description in this Agreement not covered by the subrecipient agreement must have separate procurement information. If the subrecipient is using CDBG funds to hire other consultants or subrecipients to do part or all of the Work then the procurement documentation or additional subrecipient agreements must be provided to the Department for review and approval.

3) Consultants: Submit procurement documentation that all third-party consultants are procured in accordance with Federal Procurement Procedures and the Grant Management Manual, as follows:

a. A copy of the document used to notify prospective consultants, such as a Request for Proposal or similar document.

b. A list of all bid respondents, showing respondents' contact information and the dollar amount of each proposal.

c. A brief description of the process used to select the consultant/ contractor/other, including the rationale for the selection.

d. Additional information may be found in the Grant Management Manual, Program Operators.

F. Compliance With All Loans and/or Grant Agreements

Pursuant to this Agreement, the Jurisdiction must comply with State and Federal Laws and Regulations that pertain to matters applicable to the Jurisdiction. Prior to disbursement of any funds under this Agreement, the Jurisdiction shall be in compliance with all loan and/or grant agreements to which it is a party, which are administered by the Department.

G. Easements and Rights-of-Way

If required for the completion of a CDBG project, the Jurisdiction must obtain all easements and rights-of-ways required for completion of the CDBG project within twelve (12) months of execution of this Agreement. Failure to obtain these may result in termination of this Agreement.

H. Section 504 Accessibility Requirements

1) Section 504 Regulations apply when CDBG funds are used on a new construction housing or public facility project or when an existing public facility or housing project with fifteen (15) or more units is being purchased and/or "substantially" rehabilitated. Qualified CDBG assisted housing projects are required to have a certain percentage of the units designed for and accessible to persons with mobility and sensory impairments.

2) For a federally assisted new construction housing project, Section 504 requires five percent (5%) of the dwelling units, or at least one unit, whichever is greater, to meet Uniform Federal Accessibility Standards or a standard that is equivalent or stricter, for persons with mobility disabilities. An additional two percent (2%) of the dwelling units, or at least one unit, whichever is greater, must be accessible for persons with hearing or visual disabilities.

3) Under Section 504, alterations are substantial (i.e. substantially rehabilitated) if they are undertaken to a housing project that has 15 or more units and the cost of the alterations is seventy-five percent (75%) or more of the replacement cost of the completed facility; and require that a minimum of five percent (5%) of the dwelling units, or at least one unit, whichever is greater, shall be made accessible to persons with mobility disabilities and an additional two percent (2%) of the dwelling units, or at least one unit, whichever is greater, shall be made accessible to persons with hearing or visual disabilities.

4) The Jurisdiction shall provide documentation satisfactory to the Department verifying that the required housing units or public facility described in the project comply with the accessibility standards. CDBG funds will not be released until the necessary documentation is provided. All CDBG funded programs must, to the greatest degree possible, be conducted in buildings which meet Section 504 accessibility standards.

I. Grantee's Data Universal Numbering System (DUNS)

The Jurisdiction shall provide the Department with a DUNS number for any contractor or subcontractor prior to release of any funds under this Agreement.

35. Community Development Activity Conditions

A. Homeownership Assistance

If the Work to be performed under this Agreement involves Homeownership Assistance, the following additional special conditions apply:

1) Program Guidelines: The Jurisdiction must submit a copy of its Homeownership Assistance Program Guidelines and its PI Re-Use Agreement to the Department for review and approval within ninety (90) days of the execution date of this Agreement.

2) If the Jurisdiction proposed to assist homebuyers to purchase newly constructed units in its CDBG application under the Homeownership Assistance activity, the following requirements must be met:

a) The units must have been available for sale to the general public;

b) Development of the new subdivision must not be dependent upon the funding of the homebuyer loan;

c) CDBG funds shall not be used for construction; and,

d) Homeownership Assistance loans will not be approved prior to the foundation of the housing being in place.

B. Housing Rehabilitation

If the Work to be performed under this Agreement involves Housing Rehabilitation, the following additional special conditions apply:

1) Program Guidelines: The Jurisdiction must submit a copy of its Housing Rehabilitation Program Guidelines and its PI Re-Use Agreement to the Department for review and approval.

2) Affordable Rent: If the Jurisdiction's Housing Rehabilitation Program provides for rehabilitating rental properties, the Jurisdiction must submit to the Department its provisions for assuring affordable rent for the LMI occupants. Jurisdiction may include this information as part of the Housing Rehabilitation Program Guidelines.

36. Economic Development Activity-Specific Conditions

A. Restrictions on CDBG-Assisted Public Property

CDBG funds can be used by the Jurisdiction to purchase or rehabilitate public property. The change of use of real property provisions contained in 24 CFR 570.489(i) apply to real property within the unit of general local government's control (including activities undertaken by subrecipients), which was acquired or improved in whole or in part using CDBG funds in excess of the threshold for small purchase procurement (currently $100,000). The restrictions shall apply from the date CDBG funds are first expended for the property until five (5) years after completion of the project. See the Federal Regulations for the full text of this regulation. The Jurisdiction must provide documentation of proper restriction on assisted property.

B. Business Assistance Activity

1) Jurisdictions implementing Business Assistance (BA) Loans, shall submit program guidelines that ensure compliance with CDBG underwriting requirements as described in 24 CFR 570, Appendix

A, "Guidelines and Objectives for Evaluating Project Costs and Financial Requirements" and with public benefit requirements contained in 24 CFR 570.482(f).

2) Jurisdictions implementing a BA loan shall provide a written Employment Agreement required to be executed between the Jurisdiction and the business owner [requirements of the Employment Agreement are described in 24 CFR 570.506 (b), (5), and (6)]. The written Employment Agreement must include a commitment by the business that the jobs are to be created or retained by the termination date of this Agreement and that at least fifty-one percent (51%) of all jobs created or retained (on a FTE basis) will be held by LMI persons. The Employment Agreement shall specify that, prior to receiving assistance, the business shall agree to:

a) Provide a listing, by job title, of the permanent jobs projected to be created;

b) Identify which jobs, if any, are part-time and the annual hours of work for each position;

c) Identify which jobs are projected to be filled by LMI; and,

d) Provide periodic reporting (semi-annual) not limited to: listing jobs, by job title, of all the permanent jobs actually filled, and which of those jobs are held by members of the LMI.

C. <u>Microenterprise Assistance Activities</u>

1) Jurisdictions implementing a Microenterprise Assistance activity for technical assistance and/or microenterprise loans, shall submit program guidelines that ensure compliance with CDBG requirements. Specifically, guidelines must ensure that all beneficiaries of the program are eligible micro enterprises, per HUD definitions. A microenterprise must:

a) Have all owners of the business documented as meeting HUD family income eligibility standards; and,

b) Have documentation that the business's owners and employees are five (5) or fewer in number.

2) When implementing a Microenterprise Program, the program guidelines shall include the proposed benefits, eligible activities and ongoing evaluation of program services. The guidelines will include

a Beneficiary Tracking Agreement, which defines the goals; identifies the roles and responsibilities of the service providers; identifies the market and focuses the outreach; defines the screening and referral process; and, tracks the beneficiaries through the program's level of service. The Beneficiary Tracking Agreement shall also describe the roles and responsibilities of the Jurisdiction and/or program operator for meeting the reporting requirements of the State CDBG Program.

3) When implementing a Microenterprise Program that is part of an integrally-related component of a larger project where non-LMI persons will be extended training and supportive services, shall submit guidelines including the methodology describing how CDBG funds will only be used towards the assistance of LMI to LMI persons under the Jurisdiction's activity.

4) Jurisdictions implementing a Microenterprise activity for loans to microenterprises made with Grant funds or PI funds, shall submit guidelines that ensure compliance with CDBG underwriting requirements as described in 24 CFR, Part 570, Appendix A, "Guidelines and Objectives for Evaluating Project Costs and Financial Requirements."

5) If under this Agreement, a Microenterprise Façade Improvement activity is being implemented, the Jurisdiction shall submit program guidelines that ensure compliance with CDBG National Objective requirements, as described in 24 CFR 570, Appendix A, "Guidelines and Objectives for Evaluating Project Costs and Financial Requirements."

D. <u>Required Agreements for Assisted Businesses</u>

The Jurisdiction shall execute a written agreement between the Jurisdiction and the business receiving CDBG funds (loans or grants) under this Agreement to ensure compliance with CDBG State and federal regulations. The written agreement shall contain language to ensure each business complies with the terms of this Agreement, Exhibit A, as well as each of the criteria as set forth in 24 CFR 570.506 (b)(4) and (c).

1) Each agreement between the Jurisdiction and the business(es) shall be submitted to the Department for review and written approval, prior to execution by the business and the Jurisdiction.

2) Each agreement shall require the business to report employee information periodically to the Jurisdiction, so that the Jurisdiction can comply with its reporting requirements to the Department. The

report shall list each job position by job title and number of annual hours worked and LMI status. The report shall list all the permanent jobs actually created or retained, and identify which of those job positions are held by members of the LMI. Additionally, the report shall include the demographics of job holders (ethnicity/race, disability, status, gender, and head of household status).

3) Each agreement shall require the business(es) submit a Data Universal Numbering System (DUNS) number and be verified as not being on the current federal debarred list, prior to receiving any CDBG financial assistance. The agreement shall require proof of proper insurance for secured collateral and protecting the Jurisdiction. The agreement shall reference this Agreement between the Department and the Jurisdiction. The agreement shall contain all other special conditions as directed by the Department or local loan committee.

37. Community and Economic Development Agreement Activities

Non Implementation Activities and Planning activities are not allowed under this agreement using PI.

A. Implementation Activity

Implementation Activities are not permitted under this Agreement using PI GA funds.

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please continue to the next page.

☐ **Certified Approving Resolution Is Attached**

I certify that the foregoing is true and correct and the CITY OF TAFT ***will follow all requirements of this agreement. I understand that my certification also acknowledges that serious compliance issue with the above requirements could result in the State suspending the authority of the*** CITY OF TAFT ***to expend PI or may require*** CITY OF TAFT ***to return unused PI to the State until the*** CITY OF TAFT ***clears the serious compliance issues.***

August 19,2014

Signature of Authorized Representative — Date Signed

Craig Jones, City Manager

Name and Title of Authorized Representative

Signature of CDBG Section Chief — Date Signed

Thomas Brandeberry

Name of CDBG Section Chief

City of Taft
State of California

Proclaiming August 23, 2014
"Pete Gianopulos Day"

WHEREAS, Pete Gianopulos was born, raised, and educated in Taft. He received his Associates Degree from Taft College, his Bachelor's Degree from Fresno State College, and his Master's Degree from Fresno State College. He completed graduate work at UCLA, UC Santa Barbara, Cal State Bakersfield, and Cal State Fresno; and

WHEREAS, During World War I I he served in the 41st Infantry Division in the Intelligence and Reconnaissance Platoon in New Guinea and the Philippine Islands and when the war was over he was assigned to the Occupational forces near Hiro, Kure and Hiroshima, Japan; and

WHEREAS, after college, Pete taught one year at Lincoln Jr. High School and 35 years for the Taft Union High School District as an Industrial Arts teacher, a counselor and as the Director of Guidance. He retired in 1986 after 36 years of service to the students of Taft; and

WHEREAS, Gianopulos served his community as City Council member from June of 1961 through April 1962, and as mayor from April 1962 through April of 1966. He has also served as a member of the Chamber of Commerce, Oildorado Committee, Kern County Water District, Kern View Community Mental Health Center Committee, and State of California Resource Agency, Department of Water Resources; and

WHEREAS, Pete has held memberships in the Taft-Midway Masonic Lodge, Taft High Twelve, Bakersfield Bodies Ancient and Accepted Scottish Rite of the Southern jurisdiction, Taft American Legion, and Veterans of Foreign Wars; and

WHEREAS, Pete Gianopulos is most well-known as the originator, host and producer of "Taft Heritage" in cooperation with Taft High School and the West Kern Oil Museum, as well as his syndicated weekly newspaper column titled "Remember When".

NOW, THEREFORE, the Taft City Council takes great pleasure in recognizing Pete Gianopulos as he celebrates his 90th Birthday, and hereby proclaims August 23, 2014 as Pete Gianopulos Day.

Dated this 19th day of August, 2014.

Paul Linder, Mayor

Orchel Krier
Mayor Pro Tem

Randy Miller
Council Member

Dave Noerr
Council Member

Ron Waldrop
Council Member

City of Taft Agenda Report

DATE: **AUGUST 19, 2014**

TO: **MAYOR LINDER AND COUNCIL MEMBERS**

AGENDA MATTER:

APPROVAL OF FINAL BUDGET FOR FISCAL YEAR 2013-2014 AND PROPOSED BUDGET FOR FISCAL YEAR 2014-2015

SUMMARY STATEMENT:

Attached hereto are the final operating and capital expenditure budgets for the Fiscal Year 2013-2014 and the proposed operating and capital expenditure budgets for the Fiscal Year 2014-2015. These budgets maintain the conservative fiscal policies of the City Council.

These budgets were reviewed by the Finance Committee on August 14, 2014 and were recommended to be presented to the Council for adoption.

The budgets with respect to certain grant funds, which are multi-year fixed agreed amounts for specific activities to be performed in accordance with contract agreements with state and federal agencies, are controlled by the guidelines, laws and regulations of the grant agreements; hence, they are not included in these budgets.

RECOMMENDED ACTION:

Motion to adopt resolution entitled **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT ADOPTING THE CITY OF TAFT FINAL BUDGET FOR FISCAL YEAR 2013-2014 AND PROPOSED BUDGET FOR THE FISCAL YEAR 2014-2015.**

IMPACT ON BUDGET (Y/N): N/A

ATTACHMENT (Y/N): Yes, Budget Document

PREPARED BY: *Teresa Binkley, Finance Director*

REVIEWED BY:

CITY CLERK	FINANCE DIRECTOR	CITY MANAGER

RESOLUTION NO._____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT ADOPTING THE CITY OF TAFT FINAL BUDGET FOR FISCAL YEAR 2013-2014 AND PROPOSED BUDGET FOR THE FISCAL YEAR 2014-2015

WHEREAS, the City Manager has prepared and presented to the City Council of the City of Taft the final budget for fiscal year 2013-2014 and the proposed budget for fiscal year 2014-2015; and

WHEREAS, the City Council has studied these budgets at length; and

WHEREAS, all changes and necessary modifications have been made to said budgets.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Taft, California as follows:

That the final budget for fiscal year 2013-2014 and the proposed budget for fiscal year 2014-2015, with the exception of certain grant budgets, are hereby adopted and by reference made a part hereof. The City Clerk is hereby directed to keep a copy of these budgets in her office for public inspection and provide a copy of said budgets for filing with the Finance Director.

PASSED, APPROVED AND ADOPTED on this _____ day of _____, 2014.

_____
Paul Linder, Mayor

ATTEST:

_____
Alina Megerdom
City Clerk

STATE OF CALIFORNIA }
COUNTY OF KERN }SS
CITY OF TAFT }

I, Alina Megerdom, City Clerk of the City of Taft, do hereby certify that the foregoing Resolution was duly and regularly adopted by the City Council of the City of Taft at a regular meeting thereof held on the _____ day of _____, 2014, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Alina Megerdom
City Clerk

CITY OF TAFT
SUMMARY OF REVENUE AND EXPENDITURES DETAIL 2012-2014
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 RECEIVED	2011-2012 RECEIVED	2012-2013 RECEIVED	2013-2014 ORIGINAL BUDGET	2013-2014 RECEIVED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	TOTAL REVENUE	$5,763,937	$5,650,948	$5,621,121	$6,536,718	$2,999,144	$6,429,238	($121,203)	$6,712,089
	TOTAL EXPENDITURES	($6,203,783)	($7,177,398)	($6,481,910)	($5,951,272)	($4,604,827)	($6,429,237)	($472,260)	($6,712,089)
	DIFFERENCE	($439,846)	($1,526,450)	($860,789)	$585,447	($1,605,683)	$0	($593,463)	$0
	RATIO	7.63%	27.01%	15.31%	-8.96%	53.54%	0.00%	-489.65%	0.00%
	TOTAL EXPENDITURES	$6,203,783	$7,177,398	$6,481,910	$5,951,272	$4,604,827	$6,429,237	$472,260	$6,712,089
	CAPITAL PROJECT	($330,665)	($603,015)	($955,600)	($72,500)	($283,295)	($415,359)	($342,859)	($234,950)
	NET TOTAL OPERATING EXP.	**$5,873,118**	**$6,574,383**	**$5,526,310**	**$5,878,772**	**$4,321,532**	**$6,013,878**	**$129,401**	**$6,477,139**
	ANNUAL APPROPRIATION LIMITS	$6,679,891	$6,671,219	$6,685,905	$6,685,905	$0	$6,685,905	$0	$6,534,787
	OVER(UNDER) ANNUAL APPROPRIATION L	($806,773)	($96,837)	($1,159,595)	($807,133)	$4,321,532	($672,027)	$129,401	($57,648)
	CAPITAL PROJECT	($330,665)	($603,015)	($955,600)	($72,500)	($283,295)	($415,359)	($342,859)	($234,950)
	TRNSFR-IN FRM GF CAP	$0	$0	$0	$0	$0	$0	$0	$0
	CAPITAL PURCHASES COVERED W/CURRNET REVENUE OR GRANTS	($330,665)	($603,015)	($955,600)	($72,500)	($283,295)	($415,359)	($342,859)	($234,950)
	GRANT FUNDS						$45,912		

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13-Aug-14
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CITY OF TAFT
REVENUE DETAIL 2012-2014
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 RECEIVED	2011-2012 RECEIVED	2012-2013 RECEIVED	2013-2014 ORIGINAL BUDGET	2013-2014 RECEIVED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	PROPERTY TAXES - 10301								
00001	CURRENT YEAR-SECURED	$510,791	$580,902	$593,157	$609,822	$251,154	$593,157	($16,665)	$609,822
00002	CURRENT YEAR-UNSECURED	$27,337	$42,509	$39,066	$59,356	$43,517	$59,356	$0	$59,356
00003	PRIOR YEARS - SEC / UNSEC	($9,246)	($7,903)	($6,213)	($7,070)	($3,278)	($4,292)	$2,778	($7,070)
00004	PENALTY AND COSTS	$72	$162	$36	$0	$0	$25	$25	$0
00005	INTEREST	$224	$209	$187	$200	$120	$766	$566	$200
00006	SUPPLEMENT	$29,355	$19,253	$36,852	$37,922	$14,960	$120,509	$82,587	$37,922
00008	AIRCRAFT TAXES	$1,443	$354	$1,776	$789	$1,818	$1,818	$1,029	$808
00009	TEETER BUYOUT	$721	$8,302	$7,431	$6,867	$0	$6,243	($624)	$6,089
00010	UNSECURED-PIPELINE PROPERTY TAX	$34,600	$24,835	$19,639	$31,159	$23,280	$23,560	($7,599)	$23,560
00011	PROPERTY TAX ADMIN.	($32,892)	($32,844)	$84,337	($32,844)	($1,865)	($7,461)	$25,383	($7,461)
00015	PROPERTY HO TAX RELIEF	$793	$0	$742	$0	$1,516	$3,032	$3,032	$3,032
00024	AERA REFUND	$4,315	$845	$0	$0	$0	$0	$0	$0
00033	LAFCO CHARGES	($2,145)	($2,851)	($3,225)	($4,925)	($3,397)	($3,397)	$1,528	($4,925)
00042	CALAVERAS 01 & 02 LIEN REFUND	$308	$729	$0	$0	$0	$0	$0	$0
00054	CHEVRON 2006 LIEN REFUNDS	$0	$188	$0	$0	$0	$0	$0	$0
00055	CAL CITY RDA JUDGEMENT	$367	$0	$0	$0	$0	$0	$0	$0
00056	MISC CURRENT SECURED	$268	$3,110	$306	$0	$0	$0	$0	$0
00057	SUPPORT AMOUNT FROM SCHOOLS	$34	$0	$0	$0	$0	$0	$0	$0
00200	PROPERTY TAX RESERVE	$9,176	$0	$0	$0	$0	$0	$0	$0
00201	ESTIMATED CONTINGENT LIAB. ADJ.	($54,119)	$20,327	($13,962)	$20,000	$0	$0	($20,000)	$0
	SUBTOTAL PROPERTY TAXES	$521,402	$658,127	$760,131	$721,276	$327,825	$793,316	$72,040	$721,333

CITY OF TAFT
REVENUE DETAIL 2012-2014
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 RECEIVED	2011-2012 RECEIVED	2012-2013 RECEIVED	2013-2014 ORIGINAL BUDGET	2013-2014 RECEIVED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	SALES TAX & OTHER TAXES - 10311								
00001	SALES AND USE TAX	$1,308,148	$1,430,640	$1,321,913	$1,323,048	$771,382	$1,277,312	($45,736)	$1,220,374
00002	PROPERTY TAX IN-LIEU OF SALES TAX	$319,661	$500,040	$429,017	$400,014	$237,507	$475,014	$75,000	$430,933
00003	R.E. PROPERTY TRANS. TAX	$6,981	$6,209	$9,143	$8,165	$6,592	$8,673	$508	$8,673
00004	TRANSIENT LODGING	$64,330	$56,493	$40,318	$41,674	$31,443	$50,030	$8,356	$45,030
00011	SALES TAX ADMIN COST	($12,928)	($17,398)	($13,271)	($13,271)	($13,744)	($17,650)	($4,379)	($13,271)
	SUBTOTAL SALES TAXES & OTHER TAXES	$1,686,192	$1,975,984	$1,787,121	$1,759,630	$1,033,180	$1,793,379	$33,749	$1,691,739
	LICENSES & PERMITS - 10321								
00001	BUSINESS LICENSES	$54,061	$53,109	$143,881	$148,723	$126,870	$138,723	($10,000)	$141,302
00003	SB1186 ST OF CA FEE	$0	$0	$68	$0	$61	$68	$68	$0
00010	BINGO PERMITS	$0	$40	$10	$20	$20	$20	$0	$20
00013	MASSAGE THERAPIST/ESTABLISHMENT	$506	$408	$272	$68	$68	$68	$0	$68
	SUBTOTAL LICENSES & PERMITS	$54,567	$53,557	$144,231	$148,811	$127,019	$138,879	($9,932)	$141,390

CITY OF TAFT
REVENUE DETAIL 2012-2014
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 RECEIVED	2011-2012 RECEIVED	2012-2013 RECEIVED	2013-2014 ORIGINAL BUDGET	2013-2014 RECEIVED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	REVENUE FOR ENTERPRISE ZONE								
00001	REV-ENTERPRISE ZONE	$0	$1,120	$11,760	$10,000	$11,375	$12,075	$2,075	$0
00002	DEPT. APPLICATION FEE	$0	$130	($1,260)	($1,335)	($1,335)	($1,560)	($225)	$0
	SUBTOTAL ENTERPRISE ZONE	$0	$1,250	$10,500	$8,665	$10,040	$10,515	$1,850	$0
	STATE HWY. M.V. IN LIEU & OTHER TAXES - 10335								
00001	PROPERTY TAX IN-LIEU OF VLF	$683,422	$720,499	$722,165	$693,844	$332,761	$693,844	$0	$693,844
00005	HOMEOWNER PRPTY TX RELIEF	$4,498	$5,341	$4,206	$6,623	$650	$650	($5,973)	$1,283
00013	VEHICLE LICENSE COLL.	$37,395	$9,395	$0	$0	$3,957	$3,957	$3,957	$4,000
	SUBTOTAL STATE HWY. M.V. IN LIEU & OTHER TAXES	$725,315	$735,235	$726,371	$700,467	$337,368	$698,451	($2,016)	$699,127
	CURRENT SERVICE FEES & CHARGES - 10341								
00009	OTHER CURRENT CHARGES	$963	$10,828	$16,630	$2,695	$2,437	$2,437	($258)	$2,695
00014	GEN. ADM. OH CHG. (65, 66, & 67)	$73,451	$73,451	$48,752	$62,364	$46,773	$76,605	$14,241	$78,413
00017	CCF SERVICE FEE (51)	$0	$0	$0	$867,600	$0	$403,756	($463,844)	$378,061
00018	CCF ADMIN. OVERHEAD (51)	$0	$0	$0	$417,600	$0	$392,639	($24,961)	$1,061,181
00019	GEN. ADM. OH CHG (38,60,61,62,70)	$237,606	$237,606	$283,949	$335,184	$239,300	$281,216	($53,968)	$378,882
00022	GEN. ADM. OH CHG. (25, 39, 40, 41, 48)	$32,187	$32,187	$32,187	$18,597	$13,948	$18,597	$0	$18,597
00023	GEN. ADM. OH CHG. (53)	$22,963	$9,865	$2,039	$0	$0	$0	$0	$0
00024	GEN. ADM. OH CHG. (59)	$13,735	$13,734	$15,487	$15,487	$12,953	$15,487	$0	$15,912
00025	GEN. ADM. OH CHG. (58)	$57,010	$57,010	$69,638	$69,638	$40,934	$69,638	$0	$93,584
00026	PROJECT GEN. ADM. REIMB. (81)	$0	$0	$0	$0	$0	$0	$0	$0
00050	CASH SHORT / OVER	($17)	($17)	($236)	$0	$179	$183	$183	$0
	SUBTOTAL CURRENT SERVICE FEES & CHARGES	$437,898	$434,664	$468,447	$1,789,165	$356,524	$1,260,558	($528,607)	$2,027,325

CITY OF TAFT
REVENUE DETAIL 2012-2014
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 RECEIVED	2011-2012 RECEIVED	2012-2013 RECEIVED	2013-2014 ORIGINAL BUDGET	2013-2014 RECEIVED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	OTHER REVENUE - 10360								
00001	MISCELLANEOUS REFUNDS	$3,118	$15,782	$9,993	$2,500	$270	$9,087	$6,587	$2,500
00002	SB-90 REFUNDS	$1,948	$0	$0	$0	$428	$428	$428	$14,175
00003	SALE OF REAL / PERSONAL PROPERTY	$728	$796	$41,486	$8,000	$6,000	$8,000	$0	$8,000
00004	BAD DEBT RECOVERIES	$5,050	$1,173	($657)	$2,500	$1,825	$2,500	$0	$2,500
00005	DUI COST RECOVERY-NEW	$4,434	$1,477	$725	$1,500	$0	$0	($1,500)	$1,500
00012	RESTITUTION PAID - NEW ACCT	$770	$0	$425	$0	$230	$230	$230	$0
00013	DONATION/MOVIE PRODUCTION	$0	$0	$11,027	$0	$7,135	$8,834	$8,834	$0
00015	DONATION/MISC	$7,213	$0	$0	$0	$900	$900	$900	$0
00100	MISC INCOME	$6,371	$86	$253	$200	$12,275	$12,275	$12,075	$200
00102	CA SOLAR INITIATIVE	$0	$0	$25,369	$25	$30,151	$39,824	$39,799	$0
00202	COBRA 2% ADMIN. FEE	$99	$25	$76	$25	$172	$237	$212	$0
00205	SB1186-CASp SERVICES A	$0	$0	$0	$0	$54	$54	$0	$0
00300	DISCOUNTS TAKEN FROM VENDORS	$0	$0	$0	$0	$82	$82	$82	$100
00999	EMPLOYEE RECOGNITION DINNER	$0	$1,768	$0	$0	$2,987	$0	$0	$0
	SUBTOTAL OTHER REVENUE	$29,731	$21,107	$88,698	$14,750	$62,509	$82,451	$67,647	$28,975
	REVENUE FROM USE OF MONEY - 10361								
00001	INTEREST INCOME	$23,411	$19,271	$5,741	$18,043	$3,984	$3,984	($14,059)	$3,950
00005	TCDA INTEREST INCOME	$344,522	$0	$0	$0	$0	$0	$0	$0
00006	RENTAL INCOME	$141,632	$120,475	$217,557	$102,200	$158,985	$217,557	$115,357	$102,200
00007	OXY/VINTAGE SURFACE COORD RENT	$0	$0	$0	$1,500	$1,500	$1,500	$0	$0
	SUBTOTAL FROM USE OF MONEY	$509,565	$139,746	$223,298	$121,743	$164,469	$223,041	$101,298	$106,150

CITY OF TAFT
REVENUE DETAIL 2012-2014
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 RECEIVED	2011-2012 RECEIVED	2012-2013 RECEIVED	2013-2014 ORIGINAL BUDGET	2013-2014 RECEIVED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	REVENUE FOR POLICE DEPT. - 10372								
00001	COURT FINES / PENALTIES	$2,065	$996	$2,235	$996	$268	$295	($701)	$300
00002	PARKING FINES PAID	$3,173	$750	$1,386	$750	$793	$960	$210	$750
00003	POLICE DEPT. SERVICES	$11,028	$14,104	$19,220	$38,354	$39,087	$20,736	($17,618)	$38,354
00004	MISC. FINES	$0	$0	$9	$0	$3	$9	$9	$0
00005	DONMESTIC VIOLENCE RESTRAIN/ORD	$80	$49	$21	$100	$0	$0	($100)	$0
00006	PUBLIC SAFETY SALES TAX	$27,877	$31,684	$38,854	$23,550	$28,219	$42,850	$19,300	$23,550
00008	LAW ENFORCEMENT/MARICOPA	$4,150	$0	$0	$0	$0	$0	$0	$0
00009	MISC. REV. / LIVESCAN UNC	$0	$0	$0	$0	$0	$0	$0	$0
00010	SRO - HIGH SCHOOL CONTRACT	$0	$0	$68,111	$100,000	$45,638	$114,095	$14,095	$114,095
00011	P.O.S.T. REIMBURSE	$347	$405	$0	$0	$0	$0	$0	$0
00012	SRO - TAFT COLLEGE	$0	$0	$16,311	$100,000	$56,385	$77,319	($22,681)	$115,000
00013	SRO - TAFT CITY SCHOOL	$0	$0	$0	$100,000	$58,333	$100,000	$0	$100,000
00017	CCF SERVICE FEE	$438,490	$133,124	$0	$0	$0	$0	$0	$0
00018	CCF ADMIN. OVERHEAD	$438,399	$145,833	$0	$0	$0	$0	$0	$0
00019	DONATION / BICYCLE PROJECT	$0	$0	$0	$0	$0	$0	$0	$0
00020	AB109 SAFETY MONIES	$0	$0	$0	$0	$0	$115,265	$115,265	$141,746
00040	MISC. REV / CCF FOOD CONTRACT	$0	$0	$0	$0	$0	$0	$0	$0
00053	KC SHERIFF GRNT MH01010150	$0	$0	$0	$0	$0	$0	$0	$0
00054	AVOID 11 DUI - SHAFTER GRANT AL 0681	$4,011	$1,162	$471	$3,692	$3,692	$3,692	$0	$3,692
00055	STREET INTERDICTION TEA	$1,251	$1,779	$8,692	$0	$0	$7,236	$7,236	$0
00056	KC DISTRICT ATTORNEY - KERN	$106,452	$75,239	$0	$0	$0	$0	$0	$0
	SUBTOTAL FOR POLICE DEPT.	$1,037,323	$405,125	$155,310	$367,442	$232,418	$482,457	$115,015	$537,487

CITY OF TAFT
REVENUE DETAIL 2012-2014
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 RECEIVED	2011-2012 RECEIVED	2012-2013 RECEIVED	2013-2014 ORIGINAL BUDGET	2013-2014 RECEIVED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	REVENUE FOR ANIMAL REGULATION - 10374								
00003	DOG LICENSES	$1,685	$3,333	$2,803	$3,000	$2,391	$3,128	$128	$3,000
00004	ANIMAL CONTROL SVC/MARICOPA	$1,605	$0	$0	$0	$0	$0	$0	$0
00014	DONATIONS/ANIMAL SHELTER	$0	$508	$2	$0	$0	$2	$2	$0
00015	PETSMART SPRAY/NUETER GRANT	$0	$0	$0	$25,100	$25,100	$32,235	$7,135	$17,965
00020	ANIMAL NEUTER / SPAYED VIOLATIONS	$595	$772	$840	$490	$515	$840	$350	$490
00021	ANIMAL IMPOUND / ADOPTION FEES	$3,355	$3,630	$3,511	$3,330	$1,695	$3,630	$300	$3,330
00022	ANIMAL DISPOSAL FEES	$267	$331	$211	$275	$460	$211	($64)	$275
	SUBTOTAL FOR ANIMAL REGULATION	$7,507	$8,574	$7,367	$32,195	$30,161	$40,046	$7,851	$25,060
	REVENUE FOR STREETS/HWY/DRAINS - 10376								
00003	FRANCHISE FEES	$334,738	$336,586	$345,561	$355,274	$212,447	$356,010	$736	$355,274
00004	STREET / SIDEWALK SERVICES	$2,385	$1,910	$2,640	$1,348	$1,280	$1,760	$412	$1,348
00005	STATE HIGHWAY MAINT.	$6,206	$4,964	$4,964	$4,964	$2,482	$4,964	$0	$4,964
00007	STREET PROJ CST REIMBURSE.	$1,765	$2,771	$44	$200	$466	$2,111	$1,911	$1,765
00013	HES(HAZARD ELIMINATION SFTY PROG)	$19,119	$0	$0	$0	$0	$0	$0	$0
00017	CMAQ BUS SHELTERS VAR	$0	$17,263	$0	$0	$5,360	$0	$0	$0
00022	RSTP5193 (23) RAILS TO TRAILS	$0	$37,001	$0	$0	$0	$0	$0	$0
00023	6TH ST KERN / WARREN STPL 5193	$0	$0	$7,737	$0	$0	$0	$0	$0
00024	6TH KERN / WARREN ARRA S	$84,471	$0	$0	$0	$0	$0	$0	$0
00025	6th ST WARREN / ASH STPL	$0	$240,843	$1	$0	$0	$0	$0	$0
00026	10th ST PROJ KERN ST TO ASH ST	$0	$28,485	$304,335	$0	$0	$0	$0	$0
00027	EECBG (ENERGY EFF LIGHTING)	$0	$47,882	$0	$0	$0	$0	$0	$0
00028	CALRECYCLE TIRE DERIVED	$0	$0	$150,000	$0	$0	$0	$0	$0
00030	RSTP5193 (33) R&T HILL	$0	$0	$0	$0	$13,668	$13,668	$0	$0
00031	CAMERAS RAIL TO TRAILS (USDA/	$10,000	$93,756	$64	$0	$0	$0	$0	$0
00032	FEDERAL SAFE ROUTE TO SCHOOL	$0	$0	$10,515	$0	$0	$28,003	$28,003	$0
00033	CENTER STREET RESURFACING PROJECT	$0	$0	$0	$0	$0	$17,909	$17,909	$0
	SUBTOTAL FOR STREET/HWY/DRAINS	$458,684	$811,461	$825,861	$361,786	$235,703	$424,425	$48,971	$363,351

CITY OF TAFT
REVENUE DETAIL 2012-2014
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 RECEIVED	2011-2012 RECEIVED	2012-2013 RECEIVED	2013-2014 ORIGINAL BUDGET	2013-2014 RECEIVED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	REVENUE FOR PLANNING DEPT - 10377								
00001	ZONING / SUBDIVISION FEES	$4,005	$6,419	$24,422	$7,157	$4,736	$7,475	$318	$7,475
00002	ENGINEERING FEES	$0	$0	$0	$0	$0	$3,394	$3,394	$1,000
00003	KCOG GRANT-GEN PLN & ENVRNMT STY	$0	$0	$0	$0	$0	$0	$0	$0
00004	BUILDING PERMITS	$19,237	$61,267	$57,335	$50,080	$34,515	$76,716	$26,636	$50,080
00005	PLAN CHECK FEES	$2,395	$27,495	$13,622	$27,495	$23,824	$25,824	($1,671)	$27,495
00006	ELECTRICAL PERMITS	$927	$3,613	$7,564	$5,598	$4,598	$20,312	$14,714	$5,598
00007	PLUMBING PERMITS	$413	$1,797	$1,886	$1,800	$1,612	$28,058	$26,258	$1,800
00008	S.M.I.	$0	$0	$26	$65	$84	$17	($48)	$65
00009	MECHANICAL PERMITS	$1,074	$2,761	$5,367	$3,456	$2,900	$3,745	$289	$3,456
00010	GREEN BUILDING STANDARDS	$1	$0	$12	$45	$59	$73	$28	$45
00011	MISC. BUILDING PERMITS	$174	$0	$127	$1,291	$316	$9,661	$8,370	$1,300
00012	DEMOLISH BUILDING	$515	$0	$572	$0	$1,144	$1,452	$1,452	$0
00013	ABATEMENT RECOVERY (LIENS)	$15,050	$23,679	$98,863	$20,000	$2,086	$22,893	$2,893	$20,000
00015	ARS COUNCIL OF KRN GRNT/R&T	$0	$500	$0	$0	$0	$0	$0	$0
00016	SIGNAGE APPLICATION FEE	$1,075	$3,160	$2,840	$2,500	$1,940	$2,605	$105	$2,500
	SUBTOTAL PLANNING DEPT	$44,866	$130,691	$212,635	$119,487	$77,813	$202,225	$82,738	$120,814
	OPERATING TRANSFERS-IN - 10378								
00022	TRANSFER-IN FRM GAS TAX (22)	$218,627	$255,252	$203,694	$252,686	$0	$269,461	$16,775	$239,838
00023	TRNSF IN FRM ASSET FORFEI	$11,204	$9,693	$0	$4,115	$4,115	$4,115	$0	$0
00024	TRANSFER-IN FRM TRAFFIC SAFETY(20)	$16,401	$10,482	$7,457	$8,500	$0	$5,919	($2,581)	$8,500
00025	TRANSFER-IN FRM SEWER FD	$3,325	$0	$0	$0	$0	$0	$0	$0
00028	TRANSFER-IN FRM GF CAPITAL (93)	$0	$0	$0	$0	$0	$0	$0	$0
00030	TRANSFER-IN FRM TRFFC CNGSTN (24)	$0	$0	$0	$0	$0	$0	$0	$0
00031	TRANSFER-IN FRM TRANSIT FD (62)	$1,330	$0	$0	$0	$0	$0	$0	$0
00034	TRANSFER-IN FRM TDA FUND (21)	$0	$0	$0	$1,000	$0	$0	($1,000)	$1,000
00035	TRANSFER-IN FRM TDA FUND (23)	$0	$0	$0	$125,000	$0	$0	($125,000)	$0
00039	RESIDUAL EQUITY TRANSFER-IN	$0	$0	$0	$0	$0	$0	$0	$0
	SUBTOTAL FOR OPERATING TRANSF-IN	$250,887	$275,427	$211,151	$391,301	$4,115	$279,495	($111,806)	$249,338
	TOTAL REVENUE	$5,763,937	$5,650,948	$5,621,121	$6,536,718	$2,999,144	$6,429,238	($121,203)	$6,712,089

CITY OF TAFT
EXPENDITURE DETAIL 2013-2015
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 Budget	2014-2015 PROPOSED BUDGET
	CITY COUNCIL - 411								
01301	PERSONAL SERVICES	$4,500	$18,000	$5,100	$5,100	$12,600	$18,000	$12,900	$18,000
01400	O.A.S.D.I. / FICA	$279	$669	$279	$316	$502	$670	$354	$1,116
01410	O.A.S.D.I. / MEDICARE	$65	$157	$65	$74	$117	$157	$83	$261
01411	UNEMPLOYMENT INS (UI)	$0	$0	$0	$326	$245	$337	$11	$326
01412	EMPLOYMENT TRAINING TA	$0	$0	$0	$10	$7	$10	$0	$10
	SUBTOTAL PERSONAL SERVICES	$4,844	$18,826	$5,444	$5,826	$13,471	$19,174	$13,337	$19,377
02000	TRAINING & DEVELOPMENT	$3,288	$4,495	$453	$1,500	$2,485	$2,525	$1,025	$2,525
02001	TRAINING ETHICS	$724	$0	$0	$700	$0	$0	($700)	$700
02100	SUBSCRIPTIONS & DUES	$4,862	$4,582	$4,562	$5,000	$5,038	$5,038	$38	$5,000
02200	COMMUNICATION	$0	$1,050	$56	$0	$0	$0	$0	$0
03000	PROFESSIONAL SERVICES	$32,040	($136)	$50	$0	$0	$2,979	$2,979	$0
03001	PRFSSNL SRV / CHROMA TELEPROD	$8,400	$6,300	$7,412	$7,300	$4,837	$6,937	($363)	$7,300
06000	GENERAL OFFICE EXPENSE	$330	$658	$331	$150	$30	$78	($72)	$150
06500	POSTAGE	$612	$573	$420	$600	$183	$227	($373)	$300
09200	PROMOTION & PUBLICITY	$8,066	$7,385	$8,106	$7,600	$3,638	$5,189	($2,411)	$5,200
09300	CHAMBER OF COMMERCE	$16,083	$24,123	$10,080	$10,419	$7,098	$12,507	$2,089	$11,258
09500	MISCELLANEOUS	$2,025	$3,128	$4,222	$4,100	$4,685	$9,097	$4,997	$4,100
	SUBTOTAL NON-PERSONAL	$76,430	$52,158	$35,691	$37,369	$27,994	$44,577	$7,209	$36,533

CITY OF TAFT
EXPENDITURE DETAIL 2013-2015
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	CITY COUNCIL - 511								
10018	FORT PRESERVATION SOCIETY	$0	$0	$0	$0	$0	$0	$0	$0
	SUBTOTAL CAPITAL PURCHASES	$0	$0	$0	$0	$0	$0	$0	$0
	TOTAL EXPENDITURES	$81,274	$70,984	$41,136	$43,195	$41,465	$63,751	$20,551	$56,078

CITY OF TAFT
EXPENDITURE DETAIL 2013-2015
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	RECORDS ADMIN / CITY CLERK'S OFFICE - 412								
01101	PERSONAL SERVICES	$74,936	$70,713	$65,480	$77,262	$34,422	$46,230	($31,032)	$80,513
01109	VACATION	$15,275	$5,274	$5,346	$0	$11,365	$12,044	$12,044	$0
01110	SICK	$2,887	$3,626	$3,476	$0	$12,144	$12,288	$12,288	$0
01400	O.A.S.D.I. / FICA	$5,769	$4,895	$4,565	$4,790	$3,572	$4,375	($415)	$4,992
01410	O.A.S.D.I. / MEDICARE	$1,349	$1,145	$1,068	$1,120	$835	$1,023	($97)	$1,167
01411	UNEMPLOYMENT INS (UI)	$0	$0	$224	$476	$284	$217	($259)	$286
01412	EMPLOYMENT TRAINING	$0	$0	$7	$14	$8	$7	($7)	$8
01420	P.E.R.S.	$13,354	$14,091	$12,752	$12,904	$7,316	$8,564	($4,340)	$16,520
01430	EMPLR PD MEMBER CONTR.	$5,155	$4,956	$38	$0	$0	$0	$0	$0
01440	BENEFITS ALLOC/ WORKER'S COMP.	$1,285	$1,508	$2,332	$2,001	$1,419	$1,841	($160)	$2,335
01441	LIFE INSURANCE ALLOC.	$50	$55	$55	$228	$19	$39	($189)	$132
01445	HEALTH INSURANCE ALLOC.	$9,432	$6,851	$9,901	$9,698	$15,611	$15,956	$6,258	$16,571
01499	COMPENSATED ABSENCE	($1,761)	$312	$73	$0	$0	$312	$312	$0
	SUBTOTAL PERSONAL SERVICES	$127,731	$113,426	$105,315	$108,494	$86,995	$102,896	($5,598)	$122,524
02000	TRAINING & DEVELOPMENT	$1,968	$189	$908	$1,000	$651	$1,618	$618	$6,000
02100	SUBSCRIPTIONS & DUES	$962	$345	$448	$375	$0	$235	($140)	$400
02200	COMMUNICATIONS	$227	$236	$1,760	$250	$1,407	$1,451	$1,201	$1,800
03000	PROFESSIONAL SERVICES	$2,500	$1,853	$1,173	$2,500	$1,837	$1,837	($663)	$2,500
03500	ELECTIONS	$1,089	$184	$4,507	$6,000	$88	$88	($5,912)	$6,000
04150	COMPUTER MAINT / UPGRADE	$15,398	$9,332	$10,273	$12,000	$10,968	$11,242	($758)	$12,000
06000	GENERAL OFFICE EXP.	$787	$853	$926	$500	$1,038	$1,377	$877	$1,000
06500	POSTAGE	$230	$280	$248	$250	$161	$216	($34)	$250
08600	ADVERTISING & PRINTING	$1,679	$3,237	$1,246	$3,500	$2,733	$3,538	$38	$3,500
09500	MISCELLANEOUS EXPENDITURE	$148	$52	$217	$150	$404	$459	$309	$200
	SUBTOTAL NON-PERSONAL	$24,988	$16,561	$21,707	$26,525	$19,287	$22,061	($4,464)	$33,650

CITY OF TAFT
EXPENDITURE DETAIL 2013-2015
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	RECORDS ADMIN / CITY CLERK'S OFFICE - 512								
10002	CAPITAL OUTLAY-COMPUTER EQUIP	$0	$0	$0	$0	$1,870	$1,870	$1,870	$0
10003	COMPUTER HARDWARE / SOFTWARE	$1,266	$0	$0	$0	$0	$0	$0	$0
	SUBTOTAL CAPITAL PURCHASES	$1,266	$0	$0	$0	$1,870	$1,870	$1,870	$0
	TOTAL EXPENDITURES	$153,985	$129,987	$127,022	$135,019	$108,152	$126,827	($8,192)	$156,174

CITY OF TAFT
EXPENDITURE DETAIL 2013-2015
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	CITY ADMINISTRATION - 413								
01101	PERSONAL SERVICES	$137,503	$116,732	$76,688	$92,730	$58,248	$82,120	($10,610)	$136,270
01102	OVERTIME	$558	$331	$0	$0	$0	$0	$0	$0
01105	PERSONAL SERV/STRAIGHT OT	$155	$1	$0	$0	$0	$0	$0	$0
01109	VACATION	$21,551	$33,519	$1,987	$0	$2,184	$3,434	$3,434	$0
01110	SICK	$3,616	$3,131	$3,342	$0	$1,774	$2,881	$2,881	$0
01201	PERSONAL SERVICES - P.T.	$12,383	$0	$0	$0	$0	$0	$0	$0
01400	O.A.S.D.I./FICA	$9,512	$7,451	$5,131	$5,749	$3,612	$5,483	($266)	$8,449
01410	O.A.S.D.I./MEDICARE	$2,614	$2,368	$1,219	$1,345	$925	$1,282	($62)	$1,976
01411	UNEMPLOYMENT INS (UI)	$0	$0	$364	$340	$702	$363	$23	$507
01412	EMPLOYMENT TRAINING	$0	$0	$11	$10	$21	$11	$1	$15
01420	P.E.R.S.	$28,067	$21,422	$13,588	$17,027	$11,578	$14,879	($2,148)	$28,791
01430	P.E.R.S. EMPLR PD MEMBER	$6,882	$3,738	$194	$0	$0	$0	$0	$0
01440	BENEFITS ALLOC/ WORKER'S COMP.	$2,003	$3,021	$2,722	$2,882	$1,818	$2,203	($679)	$4,271
01441	LIFE INSURANCE ALLOC.	$98	$87	$67	$97	$57	$84	($13)	$139
01445	HEALTH INSURANCE ALLOC.	$28,243	$22,470	$9,697	$9,839	$10,254	$12,530	$2,691	$20,299
01499	COMPENSATED ABSENCE	($320)	($5,429)	$678	$0	$0	$678	$678	$0
	SUBTOTAL PERSONAL SERVICES	$252,865	$208,842	$115,688	$130,019	$91,173	$125,948	($4,071)	$200,717
02000	TRAINING & DEVELOPMENT	$8,108	$4,190	$449	$5,000	$256	$256	($4,744)	$5,000
02100	SUBSCRIPTIONS & DUES	$5,578	$3,080	$2,426	$2,500	$2,701	$3,465	$965	$3,500
02200	COMMUNICATIONS	$3,125	$2,748	$2,308	$4,000	$2,085	$2,715	($1,285)	$3,000
03000	PROFESSIONAL SERVICES	$3,461	$244	$54	$275	$0	$0	($275)	$0
04100	OFFICE EQUIPMENT MAINT	$4,469	$4,582	$5,004	$4,443	$5,185	$6,294	$1,851	$4,500
04150	COMPUTER MAINT / UPGRADE	$2,620	$1,625	$2,725	$1,000	$6,260	$6,829	$5,829	$6,000
04200	VEH.MAINT-DIRECT CHG	$0	$0	$30	$0	$71	$81	$81	$0
04250	MOTOR FUEL	$186	$188	$0	$200	$40	$40	($160)	$0
04500	CAR ALLOWANCE	$7,800	$5,200	$0	$0	$0	$0	$0	$0
04501	PHONE ALLOWANCE	$1,200	$800	$0	$0	$0	$0	$0	$0
06000	GENERAL OFFICE EXP.	$8,870	$7,218	$4,588	$6,000	$4,834	$8,821	$2,821	$8,000
06200	MATERIALS & SUPPLIES	$340	$56	$25	$100	$64	$64	($36)	$100
06500	POSTAGE	$276	$89	$581	$100	$68	$94	($6)	$100
07101	SURETY BONDING INSURANCE	$100	$100	$0	$0	$0	$0	$0	$0
08600	ADVERTISING AND PRINTING	$817	$75	$0	$100	$1,227	$1,411	$1,311	$1,000

CITY OF TAFT
EXPENDITURE DETAIL 2013-2015
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	CITY ADMINISTRATION (CONTINUED) - 413								
09500	MISCELLANOUS EXPENDITURES	$1,998	$2,185	$5,041	$2,830	$3,755	$4,150	$1,320	$2,500
10010	TRANSF OUT TO RES CAP (51)	$0	$592,413	$0	$0	$0	$0	$0	$0
								$0	
	SUBTOTAL NON-PERSONAL	$48,948	$624,793	$23,231	$26,548	$26,566	$34,220	$7,672	$33,700
	CITY ADMINISTRATION - 513								
10001	OFFICE EQUIPMENT	$1,600	$681	$0	$0	$4,031	$4,031	$4,031	$0
10002	CONTINGENCY	$0	$619	$0	$2,000	$0	$0	($2,000)	$2,000
10005	VEHICLES	$0	$0	$0	$0	$0	$30,310	$30,310	$40,000
10006	FURNITURES & FIXTURES	$0	$0	$0	$0	$0	$0	$0	$9,000
	SUBTOTAL CAPITAL PURCHASES	$1,600	$1,300	$0	$2,000	$4,031	$34,341	$32,341	$51,000
	TOTAL EXPENDITURES	$303,413	$834,935	$138,918	$158,567	$121,770	$194,509	$35,942	$285,417

CITY OF TAFT
EXPENDITURE DETAIL 2013-2015
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	CITY ATTORNEY - 414								
02000	TRAINING AND DEVELOPMENT	$304	$0	$0	$0	$0	$0	$0	$0
02100	SUBSCRIPTIONS & DUES	$738	$0	$0	$0	$0	$0	$0	$0
02200	COMMUNICATIONS	$11	$36	$0	$0	$0	$36	$36	$0
02999	CDCR LEGAL/CITY ATTRY-	$0	$0	($91,813)	($125,000)	($51,397)	($130,337)	($5,337)	$0
03000	PROFESSIONAL SERVICES	$53,986	$83,954	$109,823	$96,000	$65,265	$97,957	$1,957	$98,400
03001	CAVES & ASSOCIATES UNION NEG	$4,951	$17,406	$1,755	$15,000	$0	$224	($14,776)	$5,000
03002	CITY ATTOR / UNION NEG	$0	$6,533	$4,403	$5,000	$0	$669	($4,331)	$600
03003	CITY ATTOR / CODE ENFORCEMENT	$0	$35,863	$8,143	$10,000	$0	$0	($10,000)	$2,500
03004	CITY CCF VS CDC	$0	$0	$91,813	$125,000	$114,346	$130,337	$5,337	$0
03029	SIERRA CLUB VS TAFT	$37,669	$7,701	$1,806	$5,000	$2,584	$5,443	$443	$5,000
03030	CITY ATTOR / PITCHESS MOTION	$0	$4,842	$10,717	$0	$1,847	$1,958	$1,958	$5,000
06500	POSTAGE	$58	$20	$0	$0	$0	$0	$0	$0
09500	MISCELLANEOUS REIMB.	$26	$20	$0	$0	$0	$0	$0	$0
10002	CONTINGENCIES	$6,078	$3,211	$4,993	$3,000	$1,487	$7,685	$4,685	$3,000
	SUBTOTAL NON-PERSONAL	$103,821	$159,586	$141,639	$134,000	$134,132	$113,972	($20,028)	$119,500
	TOTAL EXPENDITURES	$103,821	$159,586	$141,639	$134,000	$134,132	$113,972	($20,028)	$119,500

CITY OF TAFT
EXPENDITURE DETAIL 2013-2015
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	PLANNING - 415								
01101	PERSONAL SERVICES	$124,421	$103,986	$99,642	$100,569	$57,173	$91,871	($8,698)	$100,569
01102	OVERTIME	$2,153	$2,989	$222	$0	$0	$0	$0	$0
01105	PERSONAL SERV / STRA	$355	$1	$103	$0	$0	$0	$0	$0
01109	VACATION	$7,052	$1,920	$21,965	$0	$1,187	$7,569	$7,569	$0
01110	SICK	$5,773	$4,296	$4,412	$0	$1,309	$2,347	$2,347	$0
01111	WORKCOMP-4850	$1,985	$4,056	($6,543)	$0	$0	$0	$0	$0
01201	PERSONAL SERVICES/ P.T. REG.	$22,042	$0	$2,236	$0	$0	$0	$0	$0
01301	PERSONAL SERV ELECTED OFFICER'S	$5,400	$1,750	$2,450	$0	$1,600	$2,500	$2,500	$0
01400	O.A.S.D.I./FICA	$9,777	$7,544	$8,082	$6,235	$3,670	$6,466	$231	$6,235
01410	O.A.S.D.I./MEDICARE	$2,287	$1,770	$1,890	$1,458	$858	$1,512	$54	$1,458
01411	UNEMPLOYMENT INS (UI)	$0	$0	$442	$476	$1,230	$804	$328	$476
01412	EMPLOYMENT TRAINING	$0	$0	$13	$14	$42	$27	$13	$14
01420	P.E.R.S.	$23,572	$20,523	$18,335	$18,686	$7,327	$9,795	($8,891)	$21,325
01430	P.E.R.S. PD MEM. CONTR.	$7,004	$4,030	$561	$0	$0	$0	$0	$0
01440	BENEFITS ALLOC/ WORKER'S COMP.	$2,715	$2,249	$3,006	$3,185	$1,708	$1,907	($1,278)	$3,185
01441	LIFE INSURANCE ALLOC.	$160	$77	$130	$78	$72	$116	$38	$78
01445	HEALTH INSURANCE ALLOC.	$13,852	$10,453	$24,940	$24,023	$10,001	$12,392	($11,631)	$3,588
01499	COMPENSATED ABSENCE	$280	$2,035	($5,901)	$0	$0	$0	$0	$0
	SUBTOTAL PERSONAL SERVICES	$228,828	$167,679	$175,983	$154,725	$86,177	$137,306	($17,419)	$136,929
02000	TRAINING & DEVELOPMENT	$5,232	$2,974	$426	$2,000	$2,118	$2,653	$653	$3,500
02100	SUBSCRIPTIONS & DUES	$1,641	$1,644	$795	$1,300	$438	$438	($862)	$750
02200	COMMUNICATIONS	$2,451	$2,263	$3,123	$3,500	$3,768	$4,145	$645	$4,000
02300	TEMPORARY SERVICES	$0	$11,543	$7,035	$0	$0	$0	$0	$0
03000	PROFESSIONAL SRV/ GRANT	$0	$45,470	$81,943	$36,000	$100,063	$110,923	$74,923	$0
03006	PROF SRV / GENERAL PLAN UPDATE	$36,427	$28,764	$0	$0	$0	$0	$0	$5,000

CITY OF TAFT
EXPENDITURE DETAIL 2013-2015
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	PLANNING (CONTINUED) - 415								
03013	PROF SRV / GIS CONSULTING SRV	$11,165	$56,262	$6,800	$9,000	$6,475	$8,900	($100)	$9,000
03014	PROF SRV / ASSISTANT PLANNER	$1,981	$10,638	$0	$0	$0	$0	$0	$0
03021	KC CEQA DOCUMENT HANDLING FEES	$100	$0	$0	$0	$0	$0	$0	$0
03050	ANNEXATION	$0	$0	$0	$0	$0	$0	$0	$1,000
03200	SOFTWARE MAINT.	$2,375	$5,882	$2,709	$3,000	$0	$2,709	($291)	$3,000
04100	OFFICE EQUIPMENT MAINT	$2,002	$2,081	$2,784	$1,750	$1,636	$1,636	($114)	$1,500
04150	COMPUTER MAINT / UPGRADE	$8,647	$1,746	$3,508	$2,046	$4,272	$4,957	$2,911	$3,500
04200	VEHICLE MAINTENANCE	$733	$905	$360	$500	$429	$548	$48	$500
04201	VEHICLE MAINT. LABOR, OTHER. PARTS	$7,556	$1,945	$57	$1,945	$277	$277	($1,668)	$500
04250	MOTOR FUEL & LUBE	$1,884	$1,050	$561	$600	$646	$1,274	$674	$1,000
06000	GENERAL OFFICE EXP.	$4,372	$2,340	$2,339	$3,000	$1,100	$2,090	($910)	$3,000
06200	MATERIALS & SUPPLIES	$110	$292	$11	$300	$0	$0	($300)	$300
06500	POSTAGE	$396	$404	$575	$500	$436	$470	($30)	$1,500
08100	UTILITIES	$0	$0	$0	$0	$434	$434	$434	$0
08600	ADVERTISING & PRINTING	$1,206	$708	$2,682	$1,000	$1,376	$2,444	$1,444	$4,000
08601	ADVERTISING & PRINTING / ECON DEV	$0	$0	$491	$0	$0	$0	$0	$0
08700	CDBG LEVERAGE MATCH EXP.	$0	$4,550	$0	$0	$0	$0	$0	$0
08701	EDBG LEVERAGE MATCH EXP	$0	$0	$13,525	$0	$0	$0	$0	$0
09500	MISCELLANEOUS EXPENDITURE	$334	$3,062	$821	$1,000	($63)	$72	($928)	$500
09501	MISCELLANEOUS EXP / ECON DEV	$0	$122	$0	$0	$0	$0	$0	$0
09502	MISCELLANEOUS EXP/ DEV RAILRD	$0	$0	$3,300	$0	$0	$0	$0	$0
09626	ARBOR DAY TREE PURCHASE	$0	$208	$37	$0	$0	$204	$204	$200
10010	MILEAGE REIMB / MEETING (NON-EDU)	$159	$11	$0	$96	$0	$0	($96)	$100
	SUBTOTAL NON-PERSONAL	$88,771	$184,864	$133,882	$67,537	$123,405	$144,174	$76,637	$42,850

CITY OF TAFT
EXPENDITURE DETAIL 2013-2015
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	PLANNING - 515								
10022	PRINTER & PLOTTER	$6,651	$0	$0	$0	$0	$0	$0	$0
	SUBTOTAL CAPITAL PURCHASES	$6,651	$0	$0	$0	$0	$0	$0	$0
	TOTAL EXPENDITURES	$324,250	$352,543	$309,866	$222,262	$209,582	$281,480	$59,218	$179,779

CITY OF TAFT
EXPENDITURE DETAIL 2013-2015
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	CIVIC CENTER - 416								
01101	PERSONAL SERVICES	$80,651	$96,211	$89,351	$105,170	$68,254	$95,040	($10,130)	$105,170
01102	PERSONAL SERV / O.T.	$5,594	$2,134	$4,172	$0	$3,063	$4,285	$4,285	$0
01105	PERSONAL SERV / S.T. O.T.	$273	$0	$81	$0	$181	$228	$228	$0
01106	PERSONAL SERV / STAN	$2,220	$1,310	$2,480	$0	$2,390	$4,000	$4,000	$0
01107	PERSONAL SERV / INMATE SUPERV.	$2,673	$798	$104	$0	$0	$0	$0	$0
01109	VACATION	$8,367	$3,096	$610	$0	$1,956	$2,350	$2,350	$0
01110	SICK	$2,141	$2,388	$3,971	$0	$1,600	$1,808	$1,808	$0
01400	O.A.S.D.I./FICA	$6,573	$6,439	$6,398	$6,521	$4,819	$6,678	$158	$6,521
01410	O.A.S.D.I./MEDICARE	$1,537	$1,506	$1,496	$1,525	$1,127	$1,562	$37	$1,525
01411	UNEMPLOYMENT INS (UI)	$0	$0	$499	$512	$964	$884	$372	$512
01412	EMPLOYMENT TRAINING	$0	$0	$15	$15	$28	$26	$11	$15
01420	P.E.R.S.	$11,741	$14,039	$17,733	$19,082	$13,795	$18,327	($755)	$21,776
01430	EMPLR PD MEMBER CONTR.	$5,293	$5,873	$817	$0	$0	$0	$0	$0
01440	BENEFITS ALLOC/ WORKER'S COMP.	$6,777	$5,895	$4,441	$7,905	$3,977	$4,743	($3,162)	$7,905
01441	LIFE INSURANCE ALLOC.	$45	$43	$87	$129	$56	$84	($45)	$129
01445	HEALTH INSURANCE ALLOC.	$1,842	$3,721	$5,852	$16,191	$5,957	$7,183	($9,008)	$18,160
01500	UNIFORM ALLOWANCE	$0	$0	$0	$0	$800	$800	$0	$0
01499	COMPENSATED ABSENCE	($1,525)	($1,230)	$4,318	$0	$0	$0	$0	$0
	SUBTOTAL PERSONAL SERVICES	$134,202	$142,223	$142,425	$157,050	$108,967	$147,998	($9,852)	$161,713

CITY OF TAFT
EXPENDITURE DETAIL 2013-2015
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	CIVIC CENTER (CONTINUED) - 416								
02200	COMMUNICATIONS	$1,043	$1,418	$1,054	$1,200	$739	$990	($210)	$1,100
04000	EQUIPMENT MAINTENANCE	$4,288	$2,200	$2,054	$1,500	$1,216	$1,716	$216	$1,750
04150	COMPUTER MAINT/UPGRADES	$0	$0	$789	$100	$1,780	$2,054	$1,954	$1,000
04200	VEHICLE MAINTENANCE	$5,391	$1,916	$537	$1,000	$1,579	$2,242	$1,242	$2,200
04201	VEHICLE MAINT. LABOR, OTHER. PARTS	$12,190	$4,554	$713	$5,943	$1,186	$2,416	($3,527)	$2,500
04250	MOTOR FUEL & LUBE	$4,542	$5,470	$5,698	$4,000	$4,073	$5,982	$1,982	$5,500
04999	BUILDING MAINT 801 CENTER ST	$1,790	$4,261	$534	$750	$670	$791	$41	$750
05000	BUILDING IMPROVEMENTS	$9,146	$10,925	$7,942	$6,000	$2,821	$4,235	($1,765)	$5,000
05001	HEATING & AIR MAINT. / HONEYWELL	$2,911	$0	$2,190	$0	$3,931	$11,292	$11,292	$3,000
05002	HEATING & AIR MAINT. / ENERGY MGMT	$6,130	$12,803	$1,850	$2,000	$0	$0	($2,000)	$0
06000	OFFICE SUPPLIES	$456	$550	$513	$500	$371	$414	($86)	$500
06200	MATERIALS & SUPPLIES	$9,258	$5,307	$6,751	$5,000	$7,794	$10,591	$5,591	$5,000
06201	MTRLS & SPPLS- RAILS & TRAILS	$8,626	$5,409	$5,332	$5,000	$2,330	$3,628	($1,372)	$4,000
06202	MTRLS & SPPLS- OILWORKERS MN	$0	$9	$179	$1,000	$0	$0	($1,000)	$0
06400	JANITORIAL SUPPLIES	$17,214	$14,443	$16,710	$14,000	$12,079	$17,493	$3,493	$17,000
06500	POSTAGE	$0	$21	$0	$25	$0	$0	($25)	$0
06730	SECURITY SERVICES	$2,261	$1,887	$686	$2,000	$194	$398	($1,602)	$400
07250	PROPERTY TAX / RAILS	$34	$34	$35	$35	$37	$37	$2	$0
08100	UTILITIES	$37,955	$35,494	$39,623	$36,000	$23,110	$35,065	($935)	$36,000
08101	UTILITIES/ RAILS & TRAILS	$11,388	$10,618	$10,899	$11,000	$6,933	$11,370	$370	$11,000
08102	WATER RAILS & TRAILS	$27,690	$30,847	$26,904	$25,000	$25,037	$34,905	$9,905	$35,000
08103	UTILITIES/ TRNST TRNSFR STTN	$971	$0	$0	$0	$0	$0	$0	$0
08500	SMALL TOOLS & MINOR EQUIP.	$1,475	$765	$316	$750	$1,557	$1,557	$807	$750
08850	"A" ST. MAINT. PER AGREEMENT	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$0	$15,000
	SUBTOTAL NON-PERSONAL	$179,759	$163,931	$146,310	$137,803	$112,437	$162,176	$24,373	$147,450

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GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	CIVIC CENTER - 516								
10001	VEHICLES	$0	$0	$0	$0	$0	$11,499	$11,499	$0
10010	LAWN MOWER	$0	$9,505	$0	$0	$0	$0	$0	$0
10011	WEEDEATER/LEAFBLOWER/SMALL EQUIP	$1,813	$503	$0	$2,000	$0	$0	($2,000)	$2,000
10018	EECBG (ENERGY EFF LIGHTING)	$0	$55,985	$0	$0	$0	$0	$0	$0
10022	REPLACEMENT OF PLAYGROUND EQUI	$2,198	$0	$0	$0	$0	$0	$0	$0
10029	EQUIPMENT PURCHASE	$1,857	$0	$0	$2,000	$0	$0	($2,000)	$2,000
10031	CAMERAS RAILS TO TRAILS	$24,153	$116,623	$0	$0	$0	$0	$0	$0
	SUBTOTAL CAPITAL PURCHASES	$30,021	$182,616	$0	$4,000	$0	$11,499	$7,499	$4,000
	TOTAL EXPENDITURES	$343,982	$488,770	$288,735	$298,853	$221,404	$321,673	$22,020	$313,163

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GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	FINANCE DEPARTMENT / TREASURER - 419								
01101	PERSONAL SERVICES	$189,436	$194,510	$143,300	$130,924	$96,283	$131,347	$423	$144,524
01102	OVERTIME	$1,287	$12	$0	$10,000	$0	$83	($9,917)	$10,000
01105	STRIGHT TIME	$0	$0	$0	$0	$0	$0	$0	$0
01109	VACATION	$13,406	$11,219	$19,327	$0	$3,399	$8,737	$8,737	$0
01110	SICK	$9,699	$13,278	$6,417	$0	$3,475	$4,272	$4,272	$0
01111	WORKCOMP-4850	$0	$34	$0	$0	$0	$0	$0	$0
01118	SPANISH FLUENCY INCENT	$0	$0	$200	$0	$200	$200	$200	$0
01201	PERSONAL SERV / P.T.	$0	$0	$0	$0	$0	$1,764	$1,764	$0
01301	CITY TREASURER	$3,600	$3,600	$3,600	$3,600	$2,700	$3,600	$0	$3,600
01400	O.A.S.D.I./FICA	$13,410	$13,176	$11,068	$8,960	$6,578	$9,588	$628	$9,804
01410	O.A.S.D.I./MEDICARE	$3,205	$3,215	$2,588	$2,096	$1,544	$2,248	$152	$2,293
01411	UNEMPLOYMENT INS (UI)	$0	$0	$786	$1,345	$1,375	$1,429	$84	$1,345
01412	EMPLOYMENT TRAINING	$0	$0	$23	$40	$40	$42	$2	$40
01420	P.E.R.S.	$36,637	$39,658	$25,874	$24,137	$17,936	$24,137	$0	$27,546
01430	EMPLR PD MEMBER CONTR.	$14,476	$14,490	$1,464	$0	$0	$0	$0	$0
01440	BENEFITS ALLOC/ WORKER'S COMP.	$3,277	$4,126	$5,353	$4,169	$3,001	$4,169	$0	$4,169
01441	LIFE INSURANCE ALLOC	$213	$210	$174	$228	$74	$228	$0	$228
01445	HEALTH INSURANCE ALLOC	$24,494	$21,646	$28,167	$20,706	$17,768	$28,167	$7,461	$23,967
01450	CONTRACT ADJ. CONTINGEN	$0	$0	$0	$0	$0	$0	$0	$0
01499	COMPENSATED ABSENCE	$518	($1,372)	($3,427)	$0	$0	$0	$0	$0
	SUBTOTAL PERSONAL SERVICES	$313,658	$317,802	$244,913	$206,205	$154,373	$220,011	$13,806	$227,515
02000	TRAINING & DEVELOPMENT	$13,894	$405	$2,053	$18,000	$1,197	$1,247	($16,753)	$18,000
02100	SUBSCRIPTIONS & DUES	$609	$723	$728	$850	$670	$850	$0	$850
02200	COMMUNICATIONS	$4,336	$3,358	$2,721	$4,150	$2,408	$3,369	($781)	$4,185
02300	TEMPORARY SERVICES	$0	$0	$5,400	$0	$0	$0	$0	$0
02997	PROF SRV/ HDL - CONTRA ACCOUNT	($1,065)	($1,008)	($945)	($1,216)	($803)	($803)	$413	($1,216)
02998	PROF SRV/COLLECTION-CONTR	($3,472)	($3,198)	($1,628)	($3,198)	$0	$0	$3,198	($3,198)
02999	PROF SERVICE/AUDIT-CONTRA	($32,948)	($33,127)	($28,148)	($32,786)	$0	($17,541)	$15,245	($24,098)
03000	PROFESSIONAL SERV / AUDIT & ACCTG.	$42,375	$40,247	$41,454	$46,500	$14,000	$46,500	$0	$34,425
03001	PROFESSIONAL SERV / HDL	$16,382	$13,021	$37,896	$29,420	$8,978	$15,379	($14,041)	$29,420
03002	PROF SERV/DMG MXMS/SB90 CLAIMS	$4,100	$1,900	$1,900	$1,900	$1,900	$1,900	$0	$1,900

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OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	FINANCE DEPARTMENT / TREASURER (CONTINUED) - 419								
03003	PROFESSIONAL SERV / COLLECTION	$11,491	$10,466	($13,659)	$10,500	$0	$0	($10,500)	$10,500
03005	PROFESSIONAL SERV / WEB SITE	$1,902	$1,200	$4,810	$5,000	$3,940	$5,000	$0	$5,000
03008	PROF SRV/TOT AUDIT SE	$0	$0	$0	$0	$4,900	$4,900	$0	$0
03007	PROF SERV / FEE STUDY	$27,535	$37,625	$0	$0	$0	$0	$0	$0
03008	PROF SERV/ TOT AUDIT SERVICES	$0	$0	$0	$0	$4,900	$4,900	$4,900	$0
03009	COST ANALYSIS- FRANCHISE FEES	$0	$4,075	$0	$0	$0	$0	$0	$0
04100	OFFICE EQUIPMENT MAINTENANCE.	$550	$577	$635	$635	$0	$635	$0	$635
04150	COMPUTER MAINT / UPGRADE	$85,166	$66,983	$73,975	$54,000	$53,098	$57,594	$3,594	$63,914
04151	COMPUTER MAINT ALLOC	($22,854)	($24,613)	($30,729)	($34,000)	($25,204)	($28,864)	$5,136	($34,000)
04250	MOTOR FUEL	$0	$41	$0	$50	$0	$0	($50)	$0
06000	GENERAL OFFICE EXPENSE	$5,619	$5,268	$4,063	$3,000	$5,139	$7,194	$4,194	$3,100
06500	POSTAGE	$2,568	$2,645	$2,570	$3,100	$2,000	$2,711	($389)	$3,500
07101	SURETY BONDING INSURANCE	$780	$0	$0	$0	$0	$0	$0	$0
08600	ADVERTISING & PRINTING	$120	$0	$0	$125	$0	$251	$126	$350
09350	MERCHANT FEES - CREDIT CARD	$925	$949	$1,884	$1,850	$1,134	$1,197	($653)	$0
09351	WEST AMERICA BK-COMP SR	$0	$0	$70	$70	$0	$70	$0	$70
09450	BAD DEBT WRITE OFF	$39,689	$15,638	$4,646	$5,000	$0	$0	($5,000)	$5,000
09500	MISC. EXPENSE	$4,549	$2,563	$3,014	$4,000	$1,815	$8,701	$4,701	$4,000
10010	MILEGE REIMBURSEMENT NO	$48	$0	$0	$96	$0	$0	($96)	$96
	SUBTOTAL NON-PERSONAL	$202,299	$145,738	$112,711	$117,046	$80,072	$115,190	($6,756)	$122,433

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GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	FINANCE DEPARTMENT / TREASURER - 519								
10000	OFFICE FURNITURE & FIXTURES	$0	$3,295	$0	$0	$0	$0	$0	$0
10001	OFFICE EQUIPMENT	$0	$0	$0	$10,000	$0	$0	($10,000)	$15,000
10003	COMPUTER WORKSTATIONS	$29,008	$0	$0	$0	$0	$0	$0	$0
10018	BUDGETING SOFTWARE / PROGRAM	$0	$0	$0	$0	$0	$0	$0	$0
10022	PRINTER	$0	$0	$0	$0	$868	$0	$0	$0
10023	GIS STORAGE SERVER & UPDATES	$17,497	$0	$0	$0	$0	$0	$0	$0
10025	MUNIS & OTHER S&HDWARE UPGRADE	$0	$0	$9,575	$20,000	$0	$0	($20,000)	$20,000
	SUBTOTAL CAPITAL PURCHASES	$46,505	$3,295	$9,575	$30,000	$868	$0	($30,000)	$35,000
	TOTAL EXPENDITURES	$562,462	$466,835	$367,199	$353,251	$235,313	$335,201	($22,950)	$384,948

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GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	PERSONNEL / RISK MGMT - 420								
01101	PERSONAL SERVICES	$77,616	$80,430	$96,051	$111,334	$73,102	$102,623	($8,711)	$111,334
01102	PERSONAL SERVICES F.T.O.T.	$389	$0	$0	$0	$0	$0	$0	$0
01103	HOLIDAY PAY	$27	$0	$0	$0	$0	$0	$0	$0
01105	PERSONAL SERV/STRAIGHT	$42	$0	$0	$0	$0	$0	$0	$0
01109	VACATION	$7,520	$2,787	$2,286	$0	$2,025	$4,065	$4,065	$0
01110	SICK	$3,500	$1,411	$2,975	$0	$3,493	$4,593	$4,593	$0
01201	PERSONAL SERVICE P.T. REG	$11,145	$0	$0	$0	$0	$0	$0	$0
01400	O.A.S.D.I./FICA	$5,429	$4,493	$6,216	$6,903	$4,723	$6,899	($3)	$6,903
01410	O.A.S.D.I./MEDICARE	$1,409	$1,194	$1,495	$1,614	$1,136	$1,614	($1)	$1,614
01411	UNEMPLOYMENT INS (UI)	$0	$0	$382	$386	$852	$381	($5)	$386
01412	EMPLOYMENT TRAINING	$0	$0	$11	$11	$25	$11	$0	$11
01420	P.E.R.S.	$17,137	$18,591	$16,686	$21,097	$14,270	$21,097	$0	$24,076
01430	EMPLR PD MEMBER CONTR.	$4,059	$3,718	$79	$0	$0	$79	$79	$0
01440	BENEFITS ALLOC/ WORKER'S COMP.	$1,560	$1,366	$1,797	$3,528	$2,139	$3,528	$0	$3,528
01441	LIFE INSURANCE ALLOC	$83	$96	$108	$101	$58	$101	$0	$101
01445	HEALTH INSURANCE ALLOC	$17,227	$11,093	$14,827	$16,435	$14,139	$16,435	$0	$17,081
01499	COMPENSATED ABSENCE	($688)	($1,527)	$286	$0	$0	$0	$0	$0
	SUBTOTAL PERSONAL SERVICES	$146,455	$123,652	$143,199	$161,409	$115,962	$161,426	$17	$165,034
02000	TRAINING & DEVELOPMENT	$4,396	$2,341	$670	$2,000	$180	$815	($1,185)	$2,000
02100	SUBSCRIPTIONS & DUES	$2,298	$1,731	$1,194	$1,000	$488	$700	($300)	$1,000
02200	COMMUNICATIONS	$317	$561	$2,320	$500	$2,145	$2,231	$1,731	$2,300
02500	MEDICAL EXAMS & TESTS	$3,687	$5,782	$7,121	$4,000	$5,662	$6,455	$2,455	$5,000
02501	DMV PHYSICAL & LICENSE	$0	$0	$0	$1,500	$0	$0	($1,500)	$1,500
02600	LABOR RELATIONS	$0	$0	$0	$1,000	$0	$0	($1,000)	$0
02625	EMPLOYEE APPREC DINNER/LUNCH	$2,575	$2,921	$2,659	$2,346	$7,201	$4,203	$1,857	$5,000
03000	PROFESSIONAL SERVICES	$0	$24,980	$0	$0	$0	$0	$0	$0
04150	COMPUTER MAINT / UPGRADE	$47	$213	$352	$255	$890	$1,027	$772	$300
04250	MOTOR FUEL	$0	$225	$30	$250	$41	$41	($209)	$250
06000	OFFICE EXPENSE	$966	$1,203	$700	$1,000	$744	$750	($250)	$1,000
06500	POSTAGE	$323	$331	$769	$350	$579	$631	$281	$600
07000	RMA-EMPLOYEE ASSISTANCE	$4,705	$4,583	$2,555	$2,555	$1,325	$1,325	($1,230)	$2,500
07050	EDUCATION REIMBURSE.	$0	$0	$59	$0	$0	$0	$0	$0
07100	RMA-LIABILITY INSURANCE	$32,914	$31,628	$34,814	$35,638	$29,404	$39,207	$3,569	$77,959

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OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	PERSONNEL / RISK MGMT (CONTINUED) - 420								
07101	SURETY BONDING INSURANCE	$0	$465	$824	$824	$824	$824	$0	$1,016
07110	RMA-VEHICLE INSURANCE	$0	$1,222	$7,342	$2,157	$7,584	$7,584	$5,427	$11,873
07120	RMA-PROPERTY PROGRAM	$27,151	$37,701	$22,603	$32,223	$52,780	$52,780	$20,557	$52,642
07130	EMP RISK MGMT AUTHORITY PRO	$40,616	$36,454	$23,207	$23,207	$20,583	$20,583	($2,624)	$22,046
07200	W/C RETROSPECTIVE ADJUST	$20,777	$0	$57,367	$0	$0	$0	$0	$0
07210	RMA-GENERAL ADMIN.	$10,028	$11,133	$13,479	$13,479	$12,059	$12,059	($1,420)	$15,174
07500	UNEMPLOYMENT	$0	$12,134	$825	$12,500	$6,291	$6,291	($6,209)	$7,500
08600	PERSONNEL ADVERTISING	$1,444	$5,655	$5,364	$5,000	$2,465	$5,559	$559	$5,000
09500	MISCELLANEOUS EXPENDITURES	$60	$321	$728	$500	$400	$890	$390	$750
09930	CLAIMS	$0	$179	$975	$1,500	$0	$0	($1,500)	$1,500
10010	MILEAGE REIMBURSEMENT NON TRAININ(	$0	$105	$0	$150	$0	$0	($150)	$150
	SUBTOTAL NON-PERSONAL	$152,304	$181,868	$185,957	$143,934	$151,645	$163,955	$20,021	$217,060
	PERSONNEL / RISK MGMT - 520								
10001	P.C. COMPUTER & PRINTER	$0	$0	$0	$0	$0	$0	$0	$0
10006	FURNITURE & FIXTURES	$0	$0	$0	$0	$0	$915	$915	$0
	SUBTOTAL CAPITAL PURCHASE	$0	$0	$0	$0	$0	$915	$915	$0
	TOTAL EXPENDITURES	$298,759	$305,520	$329,156	$305,343	$267,607	$326,296	$20,953	$382,094

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OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	POLICE DEPARTMENT - 421								
01101	PERSONAL SERVICES	$1,014,963	$1,024,561	$966,113	$1,418,897	$768,928	$1,087,205	($331,692)	$1,418,897
01102	OVERTIME	$91,555	$93,288	$89,127	$0	$81,860	$119,120	$119,120	$119,000
01103	HOLIDAY PAY	$46,613	$46,719	$42,367	$54,863	$33,605	$44,727	($10,136)	$54,863
01105	PERSONAL SERV / STRA	$2,324	$2,409	$1,879	$0	$874	$1,672	$1,672	$0
01106	COURT ON CALL PAY	$315	$810	$1,395	$0	$315	$450	$450	$450
01109	VACATION	$61,190	$83,590	$54,143	$0	$46,172	$62,106	$62,106	$0
01110	SICK	$34,494	$49,228	$34,708	$0	$21,637	$25,129	$25,129	$0
01111	WORKCOMP-4850	$2,171	$43,059	$29,326	$0	$0	$8,121	$8,121	$0
01112	ADMIN LEAVE	$12,870	$0	$0	$0	$0	$0	$0	$0
01115	POST / SP. ASSN. / FIRE	$12,950	$14,910	$14,047	$0	$8,896	$12,664	$12,664	$12,664
01116	SEVERANCE PAY	$0	$0	$0	$0	$0	$0	$0	$0
01117	TAXABLE WORKCOMP-SETTLEMENT	$0	$0	$0	$0	$0	$0	$0	$0
01118	SPANISH FLUENCY INCENTIVE	$3,500	$3,600	$3,600	$4,600	$2,900	$4,000	($600)	$4,600
01201	PART-TIME SALARIES	$3,363	$3,977	$4,360	$0	$19,842	$25,698	$25,698	$20,000
01400	O.A.S.D.I./FICA	$76,873	$79,824	$75,008	$91,658	$61,931	$91,658	($0)	$99,036
01410	O.A.S.D.I./MEDICARE	$18,094	$18,840	$17,542	$20,641	$14,527	$20,641	$0	$22,366
01411	UNEMPLOYMENT INS (UI)	$0	$0	$4,326	$0	$11,223	$5,659	$5,659	$6,000
01412	EMPLOYMENT TRAINING	$0	$0	$127	$0	$330	$166	$166	$170
01420	P.E.R.S.	$321,583	$376,497	$323,925	$435,945	$264,649	$435,945	$0	$537,187
01430	EMPLR PD MEMBER CONTR.	$79,888	$83,208	$20,357	$1,175	$757	$1,175	$0	$1,175
01440	BENEFITS ALLOC/ WORKER'S COMP.	$51,740	$61,819	$50,468	$104,362	$62,362	$104,362	$0	$104,362
01441	LIFE INSURANCE ALLOC	$821	$741	$918	$1,320	$538	$1,320	$0	$1,320
01445	HEALTH INSURANCE ALLOC	$134,081	$115,448	$154,818	$154,855	$127,265	$156,918	$2,063	$188,166
01499	COMPENSATED ABSENCE	($1,078)	($1,413)	$4,596	$0	$0	$4,596	$4,596	$0
01500	UNIFORM ALLOWANCE	$19,583	$18,212	$17,437	$19,850	$18,351	$19,850	$0	$19,850
01501	BULLETPROOF VESTS	$1,813	$563	$4,647	$1,500	$0	$0	($1,500)	$1,500
	SUBTOTAL PERSONAL SERVICES	$1,989,706	$2,119,890	$1,915,235	$2,309,666	$1,546,962	$2,233,182	($76,484)	$2,611,607
02000	TRAINING & DEVELOPMENT	$5,608	$4,956	$4,371	$5,000	$6,771	$7,278	$2,278	$25,000
02100	SUBSCRIPTIONS & DUES	$1,046	$695	$1,070	$910	$680	$1,082	$172	$910
02200	COMMUNICATIONS	$27,995	$28,563	$28,135	$25,000	$18,486	$24,434	($566)	$25,000
04100	OFFICE EQUIPMENT MAINT	$10,984	$11,037	$7,466	$11,037	$9,500	$11,338	$301	$11,037

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	POLICE DEPARTMENT (CONTINUED) - 421								
04150	COMPUTER MAINT. / UPGRADE	$13,258	$4,618	$18,834	$5,000	$17,847	$20,697	$15,697	$20,000
04200	VEHICLE MAINTENANCE	$16,290	$13,522	$22,547	$15,000	$18,265	$24,751	$9,751	$20,000
04201	VEHICLE MAINT. LABOR, OTHER. PARTS	$27,064	$27,387	$28,410	$28,700	$27,092	$27,092	($1,608)	$30,000
04250	MOTOR FUEL & LUBE	$33,002	$35,255	$41,049	$35,000	$28,065	$40,957	$5,957	$40,000
05000	BUILDING MAINTENANCE	$8,862	$2,055	$5,948	$7,000	$6,710	$11,946	$4,946	$15,000
06000	GENERAL OFFICE EXP.	$9,041	$7,146	$8,668	$6,000	$7,795	$10,922	$4,922	$10,000
06200	MATERIALS & SUPPLIES	$529	$3,521	$4,409	$3,000	$4,015	$4,054	$1,054	$4,000
06400	JANITORIAL SUPPLIES	$0	$10	$371	$4,000	$1,212	$1,689	($2,311)	$3,000
06500	POSTAGE	$988	$771	$774	$800	$518	$635	($165)	$800
07500	UNEMPLOYMENT INSURANCE	$3,608	$0	$4,950	$0	$0	$3,929	$3,929	$0
08100	UTILITIES	$30,212	$29,103	$38,677	$35,000	$21,128	$30,210	($4,790)	$35,000
09000	JAIL SUPPLIES	$3,368	$3,981	$3,968	$5,000	$2,692	$4,987	($13)	$5,000
09400	BUILDING OCCUPANCY	$0	$1,350	$5,400	$5,400	$4,950	$5,400	$0	$5,400
09500	MISCELLANEOUS	$2,759	$2,120	$12,482	$2,500	$3,724	$5,639	$3,139	$5,000
09850	LEASE-RADIO TOWER	$3,000	$3,000	$3,000	$3,000	$2,250	$3,000	$0	$3,000
10500	FACILITY LEASE	$122,405	$0	$122,500	$122,500	$0	$124,600	$2,100	$121,410
	SUBTOTAL NON-PERSONAL	$320,019	$179,090	$363,027	$319,847	$181,700	$364,640	$44,793	$379,557

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	POLICE DEPARTMENT - 521								
10002	POLICE VEHICLES	$24,668	$40,583	$0	$0	$0	$35,498	$35,498	$80,000
10004	COMPUTERS	$0	$0	$3,026	$0	$1,138	$1,138	$1,138	$10,000
10007	DISPATCHER CHAIR	$19,998	$2,765	$0	$0	$0	$0	$0	$0
10009	RADIOS / PAGERS/ CAMERAS	$0	$2,091	$0	$0	$0	$0	$0	$0
10018	BUILDING IMPROVEMENTS	$9,135	$0	$3,104	$0	$0	$0	$0	$10,000
10019	RADIO REPEATER	$11,474	$0	$0	$0	$0	$0	$0	$0
10025	STORAGE CONTAINERS	$3,752	$0	$0	$0	$0	$0	$0	$0
10031	BREAK ROOM APPLIANCES	$0	$1,369	$0	$0	$0	$0	$0	$0
10032	FIRST AID / MEDICAL KITS	$0	$3,468	$0	$0	$0	$0	$0	$0
	SUBTOTAL CAPITAL PURCHASES	$69,027	$50,276	$6,130	$0	$1,138	$36,636	$36,636	$100,000
	TOTAL EXPENDITURES	$2,378,752	$2,349,256	$2,284,392	$2,629,513	$1,729,800	$2,634,458	$4,945	$3,091,164

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OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	FIRE DEPARTMENT - 422								
01420	P.E.R.S.	$4,081	$21,985	$24,138	$28,495	$28,495	$28,495	$0	$38,211
	SUBTOTAL PERSONAL SERVICES	$4,081	$21,985	$24,138	$28,495	$28,495	$28,495	$0	$38,211
09999	CONTRACT SERVICES	$384,118	$405,245	$390,515	$411,993	$308,660	$411,993	$0	$433,737
10010	TRANSFER OUT TO FD RESERVE	$0	$0	$0	$0	$0	$0	$0	$0
	SUBTOTAL NON-PERSONAL	$384,118	$405,245	$390,515	$411,993	$308,660	$411,993	$0	$433,737
	FIRE DEPARTMENT - 522								
10003	OFFICE FURNITURE	$0	$0	$0	$0	$0	$0	$0	$0
	SUBTOTAL CAPITAL PURCHASES	$0	$0	$0	$0	$0	$0	$0	$0
	TOTAL EXPENDITURES	$388,199	$427,230	$414,653	$440,488	$337,155	$440,488	$0	$471,948

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OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	BUILDING - 424								
01101	PERSONAL SERVICES	$34,771	$60,462	$0	$67,563	$40,015	$59,501	($8,062)	$66,131
01109	VACATION	$1,718	$3,370	$0	$0	$19,621	$19,621	$19,621	$0
01110	SICK	$14,065	$2,569	$0	$0	$4,566	$4,717	$4,717	$0
01111	WORKCOMP-4850	$0	$835	$30,706	$0	$515	$515	$515	$0
01400	O.A.S.D.I./FICA	$4,144	$3,906	$0	$4,189	$3,968	$5,181	$992	$4,100
01410	O.A.S.D.I./MEDICARE	$969	$914	$0	$980	$928	$1,212	$232	$959
01411	UNEMPLOYMENT INS (UI)	$0	$0	$41	$0	$929	$673	$673	$238
01412	EMPLOYMENT TRAINING	$0	$0	$1	$0	$27	$20	$20	$7
01420	P.E.R.S.	$10,961	$12,265	$1,224	$12,476	$7,751	$10,288	($2,188)	$14,238
01430	P.E.R.S. PD MEM. CONTR.	$2,159	$1,106	$0	$0	$0	$0	$0	$0
01440	BENEFITS ALLOC/ WORKER'S COMP.	($154)	$1,261	$0	$2,146	$0	$648	($1,498)	$2,110
01441	LIFE INSURANCE ALLOC.	$6	$41	$41	$75	$3	$14	($61)	$60
01445	HEALTH INSURANCE ALLOC.	$8,090	$7,593	$9,153	$16,796	$5,234	$6,163	($10,633)	$4,799
01499	COMPENSATED ABSENCE	$0	$0	$4,776	$0	$0	$4,776	$4,776	$0
	SUBTOTAL PERSONAL SERVICES	$76,729	$94,322	$45,942	$104,225	$83,557	$113,329	$9,104	$92,642
02000	TRAINING & DEVELOPMENT	$285	$1,414	$0	$0	$1,582	$1,662	$1,662	$1,750
02100	SUBSCRIPTIONS & DUES	$1,468	$135	$0	$0	$125	$125	$125	$200
02200	COMMUNICATIONS	$721	$309	$366	$257	$1,066	$1,407	$1,150	$1,300
03000	PROF SERVICES/BUREAU VERITAS	$3,943	$0	$0	$0	$0	$17,444	$17,444	$10,000
03005	SHARED INSPCTN. AGRMNT. / KC	$4,249	$4,358	$22,726	$5,000	$3,917	$3,917	($1,083)	$0
04100	OFFICE EQUIPMENT MAINT	$0	$0	$0	$0	$0	$0	$0	$1,000
04150	COMPUTER MAINT / UPGRADE	$43	$3,521	$3,836	$0	$4,445	$4,582	$4,582	$4,000
04200	VEHICLE MAINTENANCE	$636	$457	$161	$125	$532	$532	$407	$500

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OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	BUILDING (CONTINUED) - 424								
04201	VEHICLE MAINT. LABOR, OTHER. PARTS	$1,590	$368	$181	$181	$164	$181	$0	$200
04250	MOTOR FUEL & LUBE	$707	$990	$0	$0	$51	$128	$128	$150
06000	GENERAL OFFICE EXP.	$119	$186	$1	$0	$4,776	$5,130	$5,130	$1,000
06200	MATERIALS & SUPPLIES	$0	$0	$0	$0	$89	$90	$90	$200
06500	POSTAGE	$0	($2)	$0	$0	$26	$65	$65	$500
09500	MISCELLANEOUS EXPENDITURE	$0	$21	$0	$0	$0	$0	$0	$100
	SUBTOTAL NON-PERSONAL	$13,761	$11,757	$27,271	$5,563	$16,773	$35,263	$29,700	$20,900
	BUILDING - 524								
10004	COMPUTER HARDWARE/SOFTWARE	$0	$0	$0	$0	$0	$0	$0	$0
	SUBTOTAL CAPITAL PURCHASES	$0	$0	$0	$0	$0	$0	$0	$0
	TOTAL EXPENDITURES	$90,490	$106,079	$73,213	$109,788	$100,330	$148,592	$38,804	$113,542

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OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	CODE ENFORCEMENT - 425								
01101	PERSONAL SERVICES	$56,013	$56,045	$56,019	$56,469	$35,766	$50,902	($5,567)	$56,469
01102	OVERTIME	$108	$0	$0	$0	$0	$0	$0	$0
01109	VACATION	$0	$0	$0	$0	$2,585	$3,744	$3,744	$0
01110	SICK	$54	$0	$0	$0	$1,508	$1,643	$1,643	$0
01400	O.A.S.D.I./FICA	$3,143	$3,159	$3,381	$3,501	$2,438	$3,436	($65)	$3,501
01410	O.A.S.D.I./MEDICARE	$735	$739	$791	$819	$570	$803	($16)	$819
01411	UNEMPLOYMENT INS (UI)	$0	$0	$238	$238	$440	$238	$0	$238
01412	EMPLOYMENT TRAINING	$0	$0	$7	$7	$13	$7	$0	$7
01420	P.E.R.S.	$9,722	$10,437	$9,732	$10,608	$7,484	$9,971	($637)	$12,106
01430	P.E.R.S. PD MEM. CONTR.	$3,809	$3,808	$527	$0	$0	$0	$0	$0
01440	BENEFITS ALLOC/ WORKER'S COMP.	$2,328	$959	$921	$1,787	$1,060	$1,301	($486)	$1,787
01441	LIFE INSURANCE ALLOC.	$40	$41	$41	$60	$27	$41	($19)	$60
01445	HEALTH INSURANCE ALLOC.	$8,336	$7,616	$13,261	$14,418	$13,125	$15,855	$1,437	$16,380
01499	COMPENSATED ABSENCE	$0	$931	$484	$0	$0	$0	$0	$0
01500	UNIFORM ALLOWANCE	$0	$0	$0	$0	$450	$450	$450	$450
	SUBTOTAL PERSONAL SERVICES	$84,288	$83,735	$85,402	$87,907	$65,466	$88,391	$484	$91,817
02000	TRAINING & DEVELOPMENT	$0	$0	$0	$0	$461	$461	$461	$500
02100	SUBSCRIPTIONS & DUES	$75	$75	$0	$75	$0	$0	($75)	$0
02200	COMMUNICATIONS	$1,377	$1,368	$1,126	$1,400	$707	$943	($457)	$1,400
03001	ABATE NOTICE/LOT BOOK FEES	$15,194	$18,735	$56,458	$0	$11,682	$12,088	$12,088	$12,000
04100	OFFICE EQUIPMENT MAINT	$388	$0	$0	$0	$0	$0	$0	$0
04150	COMPUTER MAINT / UPGRADE	$6,245	$1,482	$6,449	$1,600	$6,816	$6,953	$5,353	$7,000
04200	VEHICLE MAINTENANCE	$77	$35	$152	$1,000	$127	$127	($873)	$500

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	CODE ENFORCEMENT (CONTINUED) - 425								
04201	VEHICLE MAINT. LABOR, OTHER. PARTS	$5,012	$505	$133	$2,500	$745	$767	($1,733)	$1,000
04250	MOTOR FUEL & LUBE	$284	$571	$0	$600	$0	$0	($600)	$500
06000	GENERAL OFFICE EXP.	$260	$0	$304	$0	$602	$602	$602	$700
06200	MATERIALS & SUPPLIES	$9	$25	$0	$0	$238	$238	$238	$300
06500	POSTAGE	$0	$0	$373	$0	$486	$519	$519	$600
06501	POSTAGE BILLED TO COUNTY	$0	$0	$0	$400	$15	$15	($385)	$100
08100	UTILITIES	$616	$0	$0	$0	$0	$0	$0	$0
08600	ADVERTISING & PRINTING	$0	$0	$1,178	$0	$170	$170	$170	$200
09500	MISCELLANEOUS EXPENDITURE	$13	$0	$450	$0	$0	$0	$0	$100
	SUBTOTAL NON-PERSONAL	$29,550	$22,796	$66,621	$7,575	$22,049	$22,883	$15,308	$24,900
	CODE ENFORCEMENT - 525								
10004	COMPUTER HARDWARE/SOFTWARE	$0	$0	$0	$0	$0	$0	$0	$0
	SUBTOTAL CAPITAL PURCHASES	$0	$0	$0	$0	$0	$0	$0	$0
	TOTAL EXPENDITURES	$113,838	$106,531	$152,023	$95,482	$87,515	$111,274	$15,792	$116,717

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OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	ENTERPRISE ZONE - 427								
01101	PERSONAL SERVICES	$5,575	$14,379	$36,711	$43,540	$25,956	$37,416	($6,124)	$0
01102	OVERTIME	$690	$306	$0	$0	$0	$0	$0	$0
01105	PERSONAL SERV/STRAIGHT OT	$18	$1	$0	$0	$0	$0	$0	$0
01109	VACATION	$294	$454	$1,189	$0	$1,871	$2,540	$2,540	$0
01110	SICK	$98	$582	$1,739	$0	$579	$1,133	$1,133	$0
01400	O.A.S.D.I./FICA	$410	$846	$2,430	$2,699	$1,736	$2,513	($186)	$0
01410	O.A.S.D.I./MEDICARE	$96	$199	$568	$631	$406	$588	($43)	$0
01411	UNEMPLOYMENT INS (UI)	$0	$0	$155	$167	$343	$155	($12)	$0
01412	EMPLOYMENT TRAINING	$0	$0	$5	$5	$10	$5	$0	$0
01420	P.E.R.S.	$946	$546	$6,777	$8,202	$5,410	$7,344	($858)	$0
01430	EMPLR PD MEMBER CONTR.	$405	$500	$115	$0	$0	$0	$0	$0
01440	BENEFITS ALLOC/ WORKER'S COMP.	$41	$130	$1,009	$1,389	$794	$990	($399)	$0
01441	LIFE INSURANCE ALLOC	$5	$2	$2	$42	$19	$28	($14)	$0
01445	HEALTH INSURANCE ALLOC	$317	$176	$8,105	$9,752	$8,350	$10,151	$399	$0
01499	COMPENSATED ABSENCE	$0	$102	$88	$0	$0	$0	$0	$0
	SUBTOTAL PERSONAL SERVICES	$8,895	$18,223	$58,894	$66,428	$45,474	$62,863	($3,565)	$0
02000	TRAINING/DEVELOPMENT	$1,883	$4,985	$2,891	$3,000	$0	$0	($3,000)	$0
02100	SUBSCRIPTIONS & DUES	$0	$0	$334	$0	$0	$0	$0	$0
03000	PROFESSIONAL SERVICES	$120	$0	$0	$0	$0	$0	$0	$0
04150	COMPUTER MAINT / UPGRADE	$0	$0	$352	$0	$718	$718	$718	$0
04250	MOTOR FUEL	$103	$108	$0	$0	$0	$0	$0	$0
06000	GENERAL OFFICE SUPPLIES	$0	$126	$5,049	$100	$97	$138	$38	$0
06500	POSTAGE	$31	$0	$0	$32	$0	$0	($32)	$0
08600	ADVERTISING AND PRINTING	$900	$710	$7,086	$8,886	$5,973	$5,973	($2,913)	$0
08601	PROMOTIONAL ACTIVITIES	$0	$7,337	$5,875	$11,240	$12,737	$13,677	$2,437	$0
	SUBTOTAL NON-PERSONAL	$3,037	$13,266	$21,588	$23,258	$19,525	$20,506	($2,752)	$0
	TOTAL EXPENDITURES	$11,932	$31,489	$80,482	$89,686	$64,999	$83,369	($6,317)	$0

CITY OF TAFT
EXPENDITURE DETAIL 2013-2015
GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	ANIMAL CONTROL - 431								
01101	PERSONAL SERVICES	$56,941	$38,360	$34,399	$38,208	$23,553	$33,918	($4,290)	$38,208
01102	OVERTIME	$217	$2,189	$3,487	$0	$0	$0	$0	$0
01104	VACATION / SICK PAY	($2,308)	$0	$0	$0	$0	$0	$0	$0
01105	PERSONAL SERV/STRAIGHT OT	$0	$70	$145	$0	$0	$0	$0	$0
01109	VACATION	$4,058	$4,418	$2,090	$0	$2,196	$2,596	$2,596	$0
01110	SICK	$6,182	($252)	$953	$0	$944	$1,216	$1,216	$0
01111	WORKCOMP 4850	$1,975	$10,569	$13,657	$0	$5,433	$5,433	$5,433	$0
01201	PERSONAL SERVICES P.T.	$0	$0	$0	$0	$1,982	$6,924	$6,924	$0
01400	O.A.S.D.I./FICA	$3,710	$2,577	$2,440	$2,369	$1,744	$2,715	$346	$2,369
01410	O.A.S.D.I./MEDICARE	$868	$603	$571	$554	$408	$635	$81	$554
01411	UNEMPLOYMENT INS (UI)	$0	$0	$312	$238	$528	$637	$399	$238
01412	EMPLOYMENT TRAINING	$0	$0	$9	$7	$16	$19	$12	$7
01420	P.E.R.S.	$11,965	$8,296	$6,536	$7,078	$5,011	$6,684	($394)	$8,077
01430	EMPLR PD MEMBER CONTR.	$4,500	$2,962	$352	$0	$0	$0	$0	$0
01440	BENEFITS ALLOC/ WORKER'S COMP.	$2,829	$937	$728	$3,376	$0	$98	($3,278)	$3,376
01441	LIFE INSURANCE ALLOC	$81	$81	$99	$60	$54	$81	$21	$60
01445	HEALTH INSURANCE ALLOC	$10,767	$12,535	$17,851	$14,418	$17,040	$20,558	$6,140	$16,380
01499	COMPENSATED ABSENCE	$239	$35	$481	$0	$0	$0	$0	$0
01500	UNIFORM ALLOWANCE	$450	$450	$825	$450	$450	$450	$0	$450
	SUBTOTAL PERSONAL SERVICES	$102,474	$83,830	$84,935	$66,758	$59,359	$81,964	$15,206	$69,719
02200	COMMUNICATIONS	$510	$432	$181	$400	$722	$911	$511	$500
04150	COMPUTER MAINT/UPGRADES	$1,489	$0	$352	$0	$890	$1,027	$1,027	$1,000
04200	VEHICLE MAINTENANCE	$435	$887	$738	$1,000	$287	$294	($706)	$750
04201	VEHICLE MAINT. LABOR, OTHER. PARTS	$1,306	$2,605	$1,709	$2,500	$987	$1,123	($1,377)	$1,000
04250	MOTOR FUEL & LUBE	$3,290	$2,416	$3,340	$2,500	$2,037	$3,054	$554	$3,000
05000	BUILDING MAINTANENCE	$512	$493	$1,296	$600	$2,016	$3,062	$2,462	$2,500
06000	GENERAL OFFICE SUPPLIES	$667	$1,043	$99	$1,100	$236	$403	($697)	$1,000
06200	MATERIALS & SUPPLIES	$2,452	$403	$921	$500	$18	$168	($332)	$500
06400	JANITORIAL SUPPLIES	$0	$0	$0	$500	$16	$16	($484)	$100
06500	POSTAGE	$24	$133	$59	$150	$91	$135	($15)	$150
08100	UTILITIES	$5,175	$5,646	$4,149	$6,000	$3,594	$5,072	($928)	$6,000

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GENERAL FUND

OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	ANIMAL CONTROL (CONTINUED) - 431								
09000	VETERINARIAN REFUNDS	$977	$178	$1,166	$200	$781	$1,084	$884	$1,000
09001	SPAY/NUETER FEES	$489	$397	$0	$500	$0	$0	($500)	$500
09002	PETSMART SPRAY/NUETER	$0	$0	$0	$0	$11,830	$32,235	$32,235	$17,965
09500	MISC. EXPENSE	$0	$0	$0	$0	$32	$64	$64	$0
09910	LAND USE FEE	$0	$83	$182	$100	$73	$121	$21	$200
09999	BAKERSFIELD SPCA CONTRACT F	$2,200	$0	$0	$0	$0	$0	$0	$0
	SUBTOTAL NON-PERSONAL	$19,526	$14,716	$14,191	$16,050	$23,610	$48,769	$32,719	$36,165
	ANIMAL CONTROL - 531								
10001	OFFICE EQUIPMENT	$0	$0	$0	$0	$0	$0	$0	$1,450
	SUBTOTAL CAPITAL PURCHASES	$0	$0	$0	$0	$0	$0	$0	$1,450
	TOTAL EXPENDITURES	$122,000	$98,546	$99,126	$82,808	$82,969	$130,733	$47,925	$107,334

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OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	ENGINEERING - 432								
01101	PERSONAL SERVICES	$14,054	$17,604	$17,899	$19,175	$12,944	$18,407	($768)	$19,175
01109	VACTION	$961	$618	$525	$0	$149	$237	$237	$0
01110	SICK	$497	$342	$452	$0	$383	$461	$461	$0
01400	O.A.S.D.I./FICA	$962	$1,145	$1,132	$1,189	$654	$1,003	($186)	$1,189
01410	O.A.S.D.I./MEDICARE	$225	$268	$276	$278	$197	$279	$1	$278
01411	UNEMPLOYMENT INS (UI)	$0	$0	$45	$48	$139	$50	$2	$50
01412	EMPLOYMENT TRAINING	$0	$0	$1	$1	$4	$2	$1	$2
01420	P.E.R.S.	$2,684	$3,348	$3,998	$3,599	$2,632	$3,485	($114)	$4,107
01430	EMPLR PD MEMBER CONTR.	$472	$664	$0	$0	$0	$0	$0	$0
01440	BENEFITS ALLOC/ WORKER'S COMP.	$244	$348	$513	$604	$395	$480	($124)	$604
01441	LIFE INSURANCE ALLOC	$0	$1	$16	$18	$8	$12	($6)	$18
01445	HEALTH INSURANCE ALLOC	$1,774	$1,691	$788	$471	$583	$804	$333	$967
01499	COMPENSATED ABSENCE	$31	$231	($262)	$0	$0	$0	$0	$0
	SUBTOTAL PERSONAL SERVICES	$21,904	$26,260	$25,383	$25,383	$18,088	$25,220	($163)	$26,390
02000	TRAINING AND DEVELOPMENT	$295	$0	$0	$300	$0	$0	($300)	$300
02200	COMMUNICATIONS	$598	$413	$441	$600	$401	$439	($161)	$500
02999	PROF SERVICES/A. RICHTER	$1,731	$0	$0	$0	$0	$0	$0	$0
03000	PROFESSIONAL SERVICES	$17,439	$17,389	$8,448	$20,000	$15,454	$27,684	$7,684	$20,000
03000	(00001) DEVLPR/PLAN CHKS	$7,359	$2,128	$6,195	$0	$3,696	$8,004	$8,004	$6,500
03003	PROF. SERVICES - BSK	$24,823	$0	$0	$0	$0	$0	$0	$0
03005	2000 TEA PROJECT APPLICATION	$0	$0	$0	$2,000	$0	$0	($2,000)	$2,000
06200	MATERIALS & SUPPLIES	$0	$0	$0	$0	$1	$3	$3	$0
06500	POSTAGE	$0	$0	$0	$100	$0	$0	($100)	$0
	SUBTOTAL NON-PERSONAL	$52,245	$19,930	$15,083	$23,000	$19,552	$36,130	$13,130	$29,300
	TOTAL EXPENDITURES	$74,149	$46,190	$40,466	$48,383	$37,640	$61,350	$12,967	$55,690

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	STREET MAINTENANCE - 433								
01101	PERSONAL SERVICES	$202,653	$219,721	$214,591	$317,675	$161,028	$206,648	($111,027)	$325,995
01102	OVERTIME	$23,061	$18,833	$11,796	$15,000	$4,253	$6,033	($8,967)	$15,000
01105	PERSONAL SERV / STRA. OUT	$0	$273	$116	$0	$80	$208	$208	$0
01106	PERSONAL SERV / STAND BY	$3,340	$5,240	$3,840	$8,320	$2,150	$2,710	($5,610)	$8,320
01107	PERSONAL SERV / INMATE	$7,876	$3,177	$86	$0	$0	$0	$0	$0
01109	VACATION	$11,022	$12,519	$11,936	$0	$15,924	$17,048	$17,048	$0
01110	SICK	$17,627	$6,729	$11,089	$0	$9,057	$10,102	$10,102	$0
01111	WORKCOMP-4850	$358	$51	$6,595	$0	$654	$654	$654	$0
01201	PART-TIME SALARIES	$1,238	$0	$30	$0	$5,694	$5,694	$5,694	$0
01400	O.A.S.D.I./FICA	$16,069	$18,082	$18,516	$23,805	$13,839	$17,831	($5,974)	$24,324
01410	O.A.S.D.I./MEDICARE	$3,758	$4,229	$4,341	$5,026	$3,293	$4,215	($811)	$5,146
01411	UNEMPLOYMENT INS (UI)	$0	$0	$1,828	$0	$2,977	$3,287	$3,287	$3,287
01412	EMPLOYMENT TRAINING	$0	$0	$54	$0	$88	$97	$97	$97
01420	P.E.R.S.	$43,478	$48,578	$40,905	$46,358	$33,725	$40,147	($6,211)	$52,459
01430	EMPLR PD MEMBER CONTR.	$14,543	$13,413	$1,848	$0	$0	$0	$0	$0
01440	BENEFITS ALLOC/ WORKER'S COMP.	$20,024	$18,818	$25,245	$20,224	$20,051	$25,406	$5,182	$25,406
01441	LIFE INSURANCE ALLOC	$166	$134	$185	$153	$136	$181	$28	$181
01445	HEALTH INSURANCE ALLOC	$35,684	$33,380	$55,372	$45,746	$60,082	$70,812	$25,066	$52,188
01499	COMPENSATED ABSENCE	$806	$707	$3,799	$0	$0	$3,799	$3,799	$0
01500	UNIFORM ALLOWANCE	$0	$0	$4,095	$0	$2,280	$2,280	$2,280	$2,280
	SUBTOTAL PERSONAL SERVICES	$401,703	$403,884	$416,264	$482,306	$335,361	$417,152	($65,154)	$514,683
02000	TRAINING & DEVELOPMENT	$141	$128	$1,458	$200	$581	$1,244	$1,044	$1,500
02001	TRAINING & DEV -- SAFETY	$0	$2,216	$1,700	$2,300	$0	$198	($2,102)	$1,500
02100	SUBSCRIPTIONS & DUES	$352	$0	$200	$0	$0	$200	$200	$250
02200	COMMUNICATIONS	$5,587	$5,516	$4,754	$5,600	$4,160	$5,785	$185	$5,600
02300	TEMPORARY SERVICES	$0	$27,927	$40,019	$42,952	$28,455	$42,508	($444)	$43,000
03000	PROFESSIONAL SERVICES	$0	$0	$0	$0	$1,000	$1,000	$1,000	$1,000
04100	EQUIPMENT MAINTENANCE	$393	$150	$0	$150	$0	$24	($126)	$1,000
04150	COMPUTER MAINT. / UPGRADE	$350	$255	$372	$200	$0	$0	($200)	$200
04200	VEHICLE MAINTENANCE	$18,262	$27,329	$16,670	$25,000	$18,915	$24,349	($651)	$24,000
04201	VEHICLE MAINT. LABOR, OTHER. PARTS	$51,454	$48,506	$27,654	$42,000	$29,031	$38,438	($3,562)	$33,000
04202	STREET SWEEPER MAINTENANCE	$6,409	$0	$0	$0	$0	$0	$0	$0
04250	MOTOR FUEL & LUBE	$22,763	$30,260	$3,320	$30,400	$31,210	$43,812	$13,412	$44,000

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OBJECT CODE	LINE ITEM	2010-2011 EXPENDED	2011-2012 EXPENDED	2012-2013 EXPENDED	2013-2014 ORIGINAL BUDGET	2013-2014 EXPENDED YTD(3/31/14)	2013-2014 FINAL BUDGET	Inc (Dec) in 13-14 BUDGET	2014-2015 PROPOSED BUDGET
	STREET MAINTENANCE (CONTINUED) - 433								
05000	STREET TREE MAINTENANCE	$4,604	$6,859	$309	$0	$7,710	$7,763	$7,763	$10,000
05001	BUILDING MAINTENANCE	$0	$53	$0	$55	$0	$0	($55)	$0
06000	GENERAL OFFICE EXP.	$557	$1,223	$551	$1,200	$558	$657	($543)	$700
06200	MATERIALS & SUPPLIES	$68,431	$34,657	$42,959	$32,000	$22,505	$38,569	$6,569	$32,000
06201	MTRLS & SUPPLS - GRAFFITI REMOVAL	$146	$499	$296	$500	$25	$25	($475)	$100
06500	POSTAGE	$80	$23	$8	$50	$8	$8	($42)	$10
06730	SECURITY SERVICE	$306	$430	$0	$0	$0	$0	$0	$0
07500	UNEMPLOYMENT INSURANCE	$0	$0	$0	$197	$148	$148	($49)	$0
08000	STREET LIGHTING	$70,914	$74,115	$64,138	$74,114	$48,099	$75,371	$1,257	$70,000
08100	UTILITY	$6,924	$10,613	$17,368	$10,612	$9,597	$12,980	$2,368	$13,000
08500	SMALL TOOLS / MINOR EQUIP	$4,610	$6,461	$418	$2,000	$587	$2,279	$279	$2,500
08600	ADVERTISING & PRINTING	$541	$0	$0	$0	$0	$0	$0	$0
08800	UNIFORM SERVICE	$3,063	$3,738	$2,731	$3,000	$0	$0	($3,000)	$0
08850	STREET SWEEPING/WATER	$1,625	$272	$0	$0	$408	$408	$408	$0
08900	SAFETY PROGRAM	$680	$722	$785	$700	$98	$98	($602)	$500
09400	BUILDING OCCUPANCY	$0	$7,950	$12,000	$12,000	$11,000	$12,000	$0	$12,000
09500	MISC. EXPENSE	$168	$562	$13	$600	$150	$150	($450)	$500
	SUBTOTAL NON-PERSONAL	$268,360	$290,464	$237,724	$285,830	$214,245	$308,014	$22,184	$296,360
	STREET MAINTENANCE - 533								
10002	3 MEDIUM DUTY VEH	$0	$95,171	$0	$0	$0	$0	$0	$0
10003	VEHICLES - HEAVEY DUTY / BACKHOE	$0	$95,171	$0	$0	$0	$0	$0	$24,000
10008	OFFICE FURNITURE / CHAIR	$0	$284	$0	$0	$0	$0	$0	$0
10035	LINE STRIPER / LASER GUN	$6,819	$0	$0	$0	$0	$0	$0	$0
	SUBTOTAL CAPITAL PURCHASES	$6,819	$95,455	$0	$0	$0	$0	$0	$24,000
	STREET MAINTENANCE / GARAGE - 535								
10005	EQUIPMENT	$0	$2,005	$0	$2,000	$0	$0	($2,000)	$5,000
10013	TOOLS / CABINET	$1,578	$0	$0	$0	$0	$0	$0	$1,500
	SUBTOTAL CAPITAL PURCHASES	$1,578	$2,005	$0	$2,000	$0	$0	($2,000)	$6,500

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	STREET MAINTENANCE (CONTINUED) - 733								
00005	ANNUAL STREET STRIPING PROJECT	$9,895	$9,715	$3,610	$14,500	$6,107	$6,107	($8,393)	$15,000
00006	ANNUAL STREET REPAIRS & MAINT.	$34,163	$17,838	$0	$20,000	$5,149	$10,027	($9,973)	$20,000
00011	**ARRA / RSTP** 6TH ST (KERN TO WARREN)	$71,163	$650	$995	$0	$1,745	$1,745	$1,745	$2,000
00012	RAILS TO TRAILS II	$0	$21,213	$301,977	$0	$1,755	$1,755	$1,755	$0
00017	RAILS TO TRAILS IV-OUTSIDE CITY LIMITS	$0	$25,519	($193)	$0	$5,308	$38,665	$38,665	$0
00018	**RSTP** 6TH ST (WARREN TO ASH)	$21,435	$252,890	$4,738	$0	$0	$0	$0	$0
00020	RAILS TO TRAILS EXT HILLARD TO PARK	$0	$963	$15,977	$0	$55,223	$59,394	$59,394	$0
00021	CENTER ST RESURFACING	$0	$0	$1,570	$0	$17,233	$19,642	$19,642	$0
00022	RUBBER MULCH GRT FUNDS	$0	$0	$150,000	$0	$2,895	$2,895	$2,895	$0
00025	FEDERAL SAFE ROUTES TO SCHOOL	$0	$755	$24,289	$0	$20,649	$28,604	$28,604	$0
00110	**RSTP** 10TH ST PROJ ASH TO SAN EMIDIO	$31,126	$12,244	$428,461	$0	$3,746	$3,746	$3,746	$0
00119	PE FOR ST LIGHTS @KERN & 119	$4,405	$0	$0	$0	$0	$0	$0	$0
00121	CMAQ GARDNER FIELD RD SHOULDER	$1,830	$21,736	$18,176	$0	$155,578	$157,518	$157,518	$0
00126	PROP 1B TRANSIT FACILITY	$0	$0	($9,704)	$0	$0	$0	$0	$0
	SUBTOTAL CAPITAL PROJECTS	$174,017	$363,523	$939,895	$34,500	$275,388	$330,098	$295,598	$37,000
	TOTAL EXPENDITURES	$852,477	$1,202,917	$1,593,884	$804,636	$824,994	$1,055,264	$250,628	$878,543

TAFT CITY COUNCIL/SUCCESSOR AGENCY
MINUTES
AUGUST 5, 2014

REGULAR MEETING **6:00 P.M.**

The August 5, 2014, regular joint meeting of the Taft City Council/Taft Successor Agency, held in the Council Chamber at Taft City Hall, 209 East Kern Street, Taft, CA 93268, was opened by Mayor Paul Linder at 6:08 PM . The Pledge of Allegiance was led by Council Member Dave Noerr, followed by an invocation given by Bob Jordan, Light House Four Square Church.

PRESENT: Mayor Paul Linder and Mayor Pro Tem Orchel Krier.
Council Members Dave Noerr and Ron Waldrop.
City Manager Craig Jones; City Attorney Jason Epperson;
City Clerk Alina Megerdom.

ABSENT: Council Member Randy Miller

1. PUBLIC HEARING ON COSTS AND PLACEMENT OF LIENS ON ABATED PROPERTY

The Public Hearing (PH) was opened at 6:10 PM to receive testimony from proponents and opponents. Being none, the PH was closed.

Moved by Noerr, seconded by Krier, to confirm Statement of Expense as submitted and approved resolutions entitled:

A. **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT APPROVING AND CONFIRMING THE COSTS FOR THE ABATEMENT OF THE NUISANCE AT 318 CENTER ST., TAFT, CA, APN# 031-030-18 IN THE AMOUNT OF $451.11** *(Resolution 3615-14)*

B. RESOLUTION …… 429 CENTER ST., TAFT, CA, APN #031-040-01 . . . . $2,328.26 *(Resolution 3616-14)*

C. RESOLUTION …… 620 LUCARD ST., TAFT, CA, APN #031-260-17 . . . . $1,547.86 *(Resolution 3617-14)*

AYES: Noerr, Krier, Waldrop, Linder
PASSED: 4/0

2. CITIZEN REQUESTS/PUBLIC COMMENTS 6:15 PM

- Nick Ortiz from Western States Petroleum Association (WSPA), asked the Councils support in a new coalition in the community supporting oil and gas development in Kern County. He was joined by Tracy Leach, Kern Citizens for Energy coalition. Their mission is to support local oil and gas production conducted in an environmentally sound manner in order to reduce dependence on foreign oil, provide local jobs and increase revenues for Kern County schools, roads and public safety. Their goal is to educate the community and provide fact based arguments to opposition claim and to support the local oil and gas industry – and ensure that the industry will continue providing jobs and driving the economy in Kern County. They requested of the Council at a future meeting,

if they would agendas' a request from Kern Citizens Energy to join their coalition and continue to support their industry. They are going to be asking every city that is incorporated in Kern County to join this coalition. They are asking the City of Taft first, not only is the City of Taft home to the oil industry but, the cities support for the oil industry from OilDorado, Oil academy, the recent appreciation day, etc. They definitely appreciate as an industry the support Taft has shown them and their employees.

A handout was presented to the Council Members and entered into record.

Mayor Linder stated that the City of Taft has been pro-oil, they have been built on oil and they appreciate the oil industry. If there is anything they can do in the future including placing this item on a future agenda. All Council Members concurred.

- Kathy Orrin, Executive Director Taft Chamber of Commerce, announced:
  - Invited everyone to attend the ground breaking ceremony for Sandy Creek Estates, August 13th at 10:00 AM, Hillard & Rails to Trails in Taft.
  - Oktoberfest is the 3rd week in October. There will be a carnival on Rails to Trails.
  - Thanked everyone for their kind wishes and the sympathy they have extended to her family at the recent passing of her mother, Mary Garner.
- Jack Leonard, citizen of Taft stated he had some concerns:
  - Paving work on Church Street. He was disappointed on the work.
  - Sewer work on Asher Avenue; curb, gutters and sidewalks were only placed on one side of the street. Nice work but, could not understand why it was only on one side.
  - GM Building on North Street; it would be nice to be able to get tenants in the GM building with another car dealer. If someone could speak with the car dealers in Bakersfield and open a satellite office in Taft. Keep some of the sales tax in Taft, rather then it going to Bakersfield.

Mayor Linder stated that he would like to address a few of Mr. Leonard's concerns:

- Paving on Church Street; that was a stop gap, the city decided to spend a little bit of money now to make sure that street did not degrade any further. They do have grant funds coming to properly pave the street. It was a temporary patch until they are able to properly pave the roads.

- The sewer work, curbs and gutters; most of it was paid for through a grant called Safe Routs to Schools. It only covered one side of the street because that's the most direct route to Conley School.

- Car lot; they were all very sad seeing it close. They would love to see a business come back that would back fill that tax revenue. They will look around but it's up to the property owner.

- Kate Eucce and Robin McGarrah, Alzheimer's Disease Association of Kern County, Inc. spoke on behalf of the organization and the service they provide in Taft. They provide a respite service one day a week in Taft at First Baptist Church, 220 North Street, every Thursday from 9:00 AM to 1:00 PM. They have support groups for caregivers, outreach and referral service to help the caregivers on their journey. They offer Adult Care for individuals. The daycare provides care

and companionship for those who need assistance and supervision during the day. The respite service provides a safe environment, social interaction, exercise, mental stimulation, group and individual activities, mood enhancement, etc.

The Heart Never Forgets Fundraising event: October 2nd, at Wes & Tracie Bradford home. Steve Harvey, keynote speaker will be sharing his story on how Alzheimer's has affected his family. Invited everyone to join and support the cause.

A handout was presented to the Council Members and entered into record.

- David Couch, District 4 Supervisor stated that he was present for two reasons:
  - To support ADAKC, Alzheimer's Disease Association of Kern County, Inc. They do a great work in Bakersfield and throughout the County.

  - Last year, the Taft City Council approved a contribution of $2,000 for spay and neuter services. Cities contribution was leveraged with an additional contribution of $2,000 from the Kern County District Office Budget. In total, these funds provided fifty (50) $80 vouchers and were made available for residents living in the 93268 zip code. To date, 36 of these vouchers have been redeemed, 14 vouchers have expired. In light of the good work the city has accomplished a $50,000 grant with PetSmart to Spay and Neuter just dogs. County of Kern would like to supplement the remaining funds to spay and neuter cats in the 93268 zip code. If there is any overage, his office will pick that up and they would like to do a mobile clinic in Taft just for cats.

  A letter was presented to the Council members and entered into record.

  Mayor Linder stated that it was a great idea and this will help move to that direction. He wanted to know if it needs to be agendized to ratify it.

  Attorney Jason stated it would be best to agendize it for the next meeting as he is unfamiliar with the program and he would like to take a look at it first. But, he does not anticipate any problems.

- Mike Long, business owner on Center Street stated that he sent a letter to the City Manager on Friday, August 1st asking if he can be a member on the Ad Hoc Annexation Committee. He does not reside in Taft but he is a business owner on Center Street. He would like to serve on the committee because he feels that he brings a unique perspective to why annexation is important.

3. COUNCIL STATEMENTS (NON ACTION)

Council Member Waldrop – There were none.

Mayor Pro Tem Krier
- Thanked Supervisor David Couch for all that he does for Taft.
- Kern Citizens for Energy: is a great organization and he supports it. Asked the public to be part of the Kern Citizens for Energy and support oil industry.

Council Member Noerr:

- Praised Supervisor Couch and his team. The people in the unincorporated parts of Taft have never had better access to government then they have under Supervisor Couch's stewardship. Supervisor Couch and his team have paid a great deal of attention to the people that they govern for. The people on the Westside have an opportunity to talk to Supervisor Couch, his feedback and actions speak for themselves. Supervisor Couch leads from the frontline and that is a very effective way to lead. All the hard work is appreciated.
- Apologized for missing the last Council Meeting. Thanked the Council for choosing him as the right guy for the job on the Ad Hoc Annexation Committee.

Mayor Linder

- Thanked the Alzheimer's Disease Association for their hard work. He has also been touched by the disease. He has an aunt that has been diagnosed and is now she is in a very good home in Bakersfield. His uncle at first was taking care of her and he can see how difficult it can be on the caretakers. It's a great program and he encourages citizens to take advantage of it if they have a loved one that has been diagnosed with Alzheimer's disease.

4. PLANNING COMMISSION REPORT

Planning Commissioner Rene Hill reported on the July 16th meeting of the Taft Planning Commission and the following was discussed:

- Zoning Ordinance Amendment 2014-06 – Consideration of a zoning ordinance amendment consisting of an amendment to Chapter 15 of Title 6 of the City of Taft Zoning Ordinance, regarding Sign standards. Resolution 2014-06 was approved for Council consideration. In an effort to better serve the community the Commissioners will be receiving quarterly reports on signs and vacant building ordinances to follow the progress.
- Site Plan Review 2014-09 – Proposal for a 6,000 square foot industrial building, on a 20.0 acre lot with two existing buildings totaling 16,400 square feet, within the Industrial (I) Zone District located at 800 Blackgold Court (APN 220-240-21). The proposal was discussed and approved Resolution 2014-08 approving Site Plan Review 2014-09.
- Site Plan Review 2014-10 – Proposal to set a 1,440 square foot office trailer for use as a temporary office location for the West Side Health Care District, on a 9,000 square foot portion of a 2.3 acre lot, within the Mixed Use (MU) Zone District located at 119 Adkisson Way (APN 032-060-05) was discussed and approved Resolution 2014-09 approving Site Plan Review 2014-10.
- Mark Staples, Planning and Community Development Director discussed <u>Take 5! Energy Efficiency Success Stories</u> – The City of Taft was recognized by Kern Energy Watch for its efforts with local commercial businesses in the "Take 5! For Energy Conservation", which included free energy audit reports and low cost energy efficiency, retrofits. Hill stated that not only has she taken advantage of the program and saved money on her electric bill also other business owners in Taft have, and are very happy with the work that was done and the money they have saved.
- Commissioners Orrin and Thompson will be on the Ad Hoc Committee for Annexation.
- The Planning Commission will have a Special Meeting on August 6th to discuss Tentative

Parcel Map No. 12126 (2014-11) – Proposal of a tentative parcel map to subdivide a 2.55 acre lot into 3 lots within the General Commercial (GC) Zone District.

5. DEPARTMENT REPORTS

Mark Staples presented a power point presentation on Sandy Creek. The power point gave a timeline on when it started and where they are now. The original Track Map was submitted in January of 2004.

Council Member Noerr stated that he is happy that this project is finally coming to fruition, it was a hard fought battle, and Mr. Colston could have walked away from it anytime. It's going to be a very nice thing for the City and wanted to thank all the hard work and cooperation. All Council Members concurred with Noerr.

6. CITY MANAGER STATEMENTS 7:09:38 PM

Craig Jones stated that he wanted to add some comments on the concerns that Mr. Leonard had:

Church Street: The City spend $20,000 for the paving on Church Street. The complete job that the City is hoping to complete within a year will be around $200,000. It will be a complete job, total grind and replace, replacing some of the concrete areas by the intersection.

Car Lot on North Street: He has been speaking to some of the major car dealers in Bakersfield; it seems that the issue for that location is the design requirements for the new dealerships. If another major car dealer was to come to Taft, they would be located somewhere on the highway and probably resemble a start of an auto mall. The good news is, there is interest in that car lot a business that does generate tax, part of their business is already in Taft. They are in private negotiations; the Planning Dept. is working with them and answering their questions.

New Business: David James and Company, they are a new tenant at Blackgold Court. They will be a wonderful tax generating business for Taft.

New Projects: Rails to Trails IV, from 2nd to Highway 33, is moving forward. They are working on some of the hydrology studies for the bridge that will go over Sandy Creek. They are working through those issues.

Rails to Trails extension from Hillard Street, from the trail to A Street Park, the bid is out on that. Construction on that will start around the same time as the houses are being built.

Safe Route to Schools: It was bided out; the lowest bidder did not meet the requirements from Caltrans for disadvantage business Enterprise points. So they have to go to the next, and they are now qualifying.

Waste Water Treatment Plant: They are beginning the Waste Water Treatment Plant design.

7. CITY ATTORNEY STATEMENTS – There were none

8. FUTURE AGENDA REQUESTS –

Council Member Waldrop requested to add Kern Citizens for Energy to the next meeting Agenda. All Council Members concurred.

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CONSENT CALENDAR ITEMS 9 - 12

Motion: Moved by Waldrop, seconded by Krier, to approve consent calendar items 9-12.

AYES: Krier, Noerr, Waldrop, Linder
PASSED: 4/0

9. MINUTES
July 15, 2014 Regular

- Council Member Noerr abstained due to being absent at the meeting.

Recommendation – Approve as submitted.

10. PAYMENT OF BILLS

Warrant#	7-18-2014	Check No. 77823-77892	$310,368.53
Warrant#	7-18-2014A	Check No. 77893-77944	$144,661.53
Warrant#	7-18-2014	Check No. 77945	$ 1,500.00

Recommendation – Approve payment of the bills.

11. COMMUNITY SHOWCASE VIDEO PROGRAM – CGI COMMUNICATIONS

Recommendation - Motion to authorize the Mayor to execute the agreement between CGI Communications and the City of Taft, and to approve and sign the introduction letter.

12. INTERNATIONAL COUNCIL OF SHOPPING CENTERS (ICSC) WESTERN DIVISION CONFERENCE & DEAL MAKING EXPO

Recommendation - Motion to approve attendance, booth rental, and associated costs at the 2014 ICSC Western Division Conference & Expo in San Diego, California.

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13. ANNEXATION AD HOC COMMITTEE 7:16 PM

Recommendation - The City Council to welcome a representative from Occidental Oil and Gas Corporation to serve on the Annexation Ad Hoc Committee and extend the interest list filing time of potential city members.

Mayor Linder asked if there was a deadline set on the receiving of letter. Jones stated that there was none.

Mayor Linder stated that Mr. Long has submitted a letter of interest. He is not a citizen of Taft. At this time Linder encouraged the citizens to turn in letter of interest to the City Clerk, Ms. Megerdom. If they did move towards an area of annexation, they would welcome people that live within that area to be part of the committee.

Jones recommended to the Council to accept OXY and an additional oil company if they ask to join.

Council members all concurred to add OXY to the committee and stated they need two more citizens from Taft and leave one vacant seat for another oil company.

Jones stated that it will be a public meeting therefore if anyone wanted to come and listen, they are more than welcome to.

The regular meeting was recessed to closed session at 7:25 PM.

CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Government Code Section 54956.9 (a) – City of Taft vs. CDCR.

- No reportable action.

B. CONFERENCE WITH LEGAL COUNCIL – EXISTING LITIGATION
Government Code 54956.9 (a) – 2 cases. Casey Ray vs. City of Taft Police Department and Charles Alldredge vs. City of Taft.

- No reportable action.

ADJOURNMENT- With no further business to conduct, Mayor Linder adjourned the meeting at 8:30 PM.

Alina Megerdom, City Clerk

Paul Linder, Mayor

ACCOUNTS PAYABLE CASH DISBURSEMENTS
DISTRIBUTION BY FUND

ALLOWED BY CITY COUNCIL ON _____

$325,614.19 OUT OF FUNDS AS NOTED BELOW

10	GENERAL	$36,609.58
36	ASSET FORFEITURES	$0.00
38	LANDSCAPE ASSESSMENT DIST	$0.92
40	CDBG/ HOUSING RLF	$0.00
41	TARP/RLF	$0.00
43	CALHOMES	$0.00
48	HOME RLF/HOUSING	$0.00
50	CRIME PREVENTION	$439.97
51	CCF FACILITY	$88,816.42
53	CCF/INMATE WELFARE FUND	$2,120.81
54	INMATE TRUST ACCOUNT	$0.00
58	FEDERAL PRISON-WWTP	$1,157.68
59	CENTRAL GARAGE	$1,219.81
60	SEWER	$6,144.85
61	REFUSE	$1,565.50
62	TRANSIT	$9,779.01
65	TCDA	$2.95
67	TCDA / DEBT SRV FND	$240.68
70	WWTP	$16,160.51
78	TRUST & AGENCY	$161,355.50
81	CAPITAL PROJECTS	$0.00
	TOTAL	$325,614.19

_____ MAYOR

_____ CITY CLERK

Christine Bamford _____ ACCOUNT CLERK I

CHRISTINE BAMFORD

WARRANT NO. 8/1/2014 DATE: 08/01/14

CHECK NUMBER 77946- 78021

CITY COUNCIL

_____

_____

_____

_____

CITY OF TAFT, CA
ACCOUNTS PAYABLE CHECK REGISTER

Check Number	Check Date	Type	Vendor Number	Vendor Name	Check Amount
77946	2014 12:00:0(	PRINTED	113	ADT SECURITY SYSTEMS	204.24
77947	2014 12:00:0(	PRINTED	12748	AISHER, KELLEY	154.87
77948	2014 12:00:0(	PRINTED	12449	ALMANZA, ADOLIFINA	38.50
77949	2014 12:00:0(	PRINTED	175	KEVIN ALTENHOFEL	95.00
77950	2014 12:00:0(	PRINTED	300	ARAMARK CORP.	40,668.41
77951	2014 12:00:0(	PRINTED	370	AUSTINS PEST CONTROL	120.00
77952	2014 12:00:0(	PRINTED	440	B & B SURPLUS iNC.	398.91
77953	2014 12:00:0(	PRINTED	651	ANTHEM BLUE CROSS OF CA	888.49
77954	2014 12:00:0(	PRINTED	669	BOB BARKER COMPANY, INC.	3,889.21
77955	2014 12:00:0(	PRINTED	12749	BORREGO, KELLY	129.39
77956	2014 12:00:0(	PRINTED	715	BRIGHT HOUSE NETWORKS	310.33
77957	2014 12:00:0(	PRINTED	738	BROWN & REICH PETROLEUM INC.	6,446.24
77958	2014 12:00:0(	PRINTED	853	CA BUILDING STANDARDS COMMISSION	114.40
77959	2014 12:00:0(	PRINTED	915	CARQUEST AUTO PARTS	1,481.68
77960	2014 12:00:0(	PRINTED	1083	CHUCK'S CONCRETE PUMPING	60.00
77961	2014 12:00:0(	PRINTED	1017	CLEAN SOURCE	1,992.00
77962	2014 12:00:0(	PRINTED	1035	COOPER'S TRUE VALUE HOME CENTER	637.23
77963	2014 12:00:0(	PRINTED	1114	COUNTRY AUTO & TRUCK TAFT	120.81
77964	2014 12:00:0(	PRINTED	12781	ADRIAN CRUZ	4.00
77965	2014 12:00:0(	PRINTED	1315	KYLE R. ROWSON	243.79
77966	2014 12:00:0(	PRINTED	1402	DC FROST	2,841.40
77967	2014 12:00:0(	PRINTED	1379	DEVON'S BODY SHOP	80.00
77968	2014 12:00:0(	PRINTED	1515	DRILLER PRINTERS, INC.	1,306.13
77969	2014 12:00:0(	PRINTED	1845	FEDERAL EXPRESS CORP	89.00
77970	2014 12:00:0(	PRINTED	1898	FIRST CHOICE SERVICE	217.05
77971	2014 12:00:0(	PRINTED	2040	GENERAL OFFICE	392.07
77972	2014 12:00:0(	PRINTED	2061	GOLDEN EMPIRE CONCRETE	487.52
77973	2014 12:00:0(	PRINTED	2097	GONZALES, JUAN	617.00
77974	2014 12:00:0(	PRINTED	2223	HAAKER EQUIPMENT COMPANY	175.41
77975	2014 12:00:0(	PRINTED	2268	HdL, COREN & CONE	595.00
77976	2014 12:00:0(	PRINTED	2311	HILL, RENEE	50.00

CITY OF TAFT, CA
ACCOUNTS PAYABLE CHECK REGISTER

Check Number	Check Date	Type	Vendor Number	Vendor Name	Check Amount
77977	2014 12:00:0(	PRINTED	2273	HOBART - CENTRAL CALIFORNIA	2,096.36
77978	2014 12:00:0(	PRINTED	2678	JOHNSTONE SUPPLY	4,167.90
77979	2014 12:00:0(	PRINTED	2813	KAISER FOUNDATION HEALTH PLAN INC.	39,584.63
77980	2014 12:00:0(	PRINTED	12737	KERN COUNTY ANIMAL CONTROL	907.00
77981	2014 12:00:0(	PRINTED	2835	KERN COUNTY AUDITOR-CONTROLLER	3,048.00
77982	2014 12:00:0(	PRINTED	2927	KERN TURF SUPPLY INC.	368.32
77983	2014 12:00:0(	PRINTED	3051	LANE LABORATORIES	3,078.37
77984	2014 12:00:0(	PRINTED	12747	LEON, ANA M	133.17
77985	2014 12:00:0(	PRINTED	3151	LINCOLN NATIONAL LIFE INSURANCE COI	436.98
77986	2014 12:00:0(	PRINTED	3359	MELO'S GAS & GEAR	4.01
77987	2014 12:00:0(	PRINTED	3398	MISSION LINEN SUPPLY	426.36
77988	2014 12:00:0(	PRINTED	3434	MOORE & ASSOCIATES	1,521.60
77989	2014 12:00:0(	PRINTED	3544	MOTOR CITY BUICK|GMC	71.93
77990	2014 12:00:0(	PRINTED	3585	MUNICIPAL MAINTENANCE EQUIPMENT	478.02
77991	2014 12:00:0(	PRINTED	3790	OFFICE DEPOT	1,238.45
77992	2014 12:00:0(	PRINTED	3994	ORRIN, RONALD	50.00
77993	2014 12:00:0(	PRINTED	4099	OVIVO USA, LLC	926.03
77994	2014 12:00:0(	PRINTED	4335	PITNEY-BOWES, INC.	211.04
77995	2014 12:00:0(	PRINTED	4430	PREMIER ACCESS DENTAL	4,525.15
77996	2014 12:00:0(	PRINTED	4463	PRO AIR	11,700.00
77997	2014 12:00:0(	PRINTED	4845	RICHLAND CHEVROLET CO.	22.06
77998	2014 12:00:0(	PRINTED	5608	ROBERT THOMPSON	50.00
77999	2014 12:00:0(	PRINTED	4870	ROTO-ROOTER	700.00
78000	2014 12:00:0(	PRINTED	5011	SAN JOAQUIN VETERINARY HOSPITAL	1,260.00
78001	2014 12:00:0(	PRINTED	4908	SC SITES SERVICES LLC	546.00
78002	2014 12:00:0(	PRINTED	12782	RONALD SHIPE	6.00
78003	2014 12:00:0(	PRINTED	5096	SOUTHERN CALIFORNIA GAS CO.	3,513.20
78004	2014 12:00:0(	PRINTED	5142	SPARKLETTS & SIERRA SPRINGS	150.89
78005	2014 12:00:0(	PRINTED	5184	STATE TREASURER'S OFFICE	210.29
78006	2014 12:00:0(	PRINTED	5262	STOCKDALE VETERINARY HOSPITAL	210.00
78007	2014 12:00:0(	PRINTED	3179	THE TAFT INDEPENDENT	83.70

CITY OF TAFT, CA
ACCOUNTS PAYABLE CHECK REGISTER

Check Number	Check Date	Type	Vendor Number	Vendor Name	Check Amount
78008	2014 12:00:0(	PRINTED	5425	TAFT LIONS CLUB	100.00
78009	2014 12:00:0(	PRINTED	12533	TAFT MIDWAY SUNSET LIONS FOUNDATI(	100.00
78010	2014 12:00:0(	PRINTED	5511	TAFT SPORTSMAN CLUB	100.00
78011	2014 12:00:0(	PRINTED	5560	GEORGE G. ROSS	271.49
78012	2014 12:00:0(	PRINTED	1008	CITY OF TAFT	160,000.00
78013	2014 12:00:0(	PRINTED	12746	THE LARA'S BARBER & BEAUTY SHOP	151.58
78014	2014 12:00:0(	PRINTED	5689	TRICOR REFINING,LLC	461.50
78015	2014 12:00:0(	PRINTED	5760	UNDERGROUND SERVICE ALERT OF	152.94
78016	2014 12:00:0(	PRINTED	5785	UNITED PENTECOSTAL CHURCH OF TAFT	100.00
78017	2014 12:00:0(	PRINTED	5807	USA BLUE BOOK	2,865.33
78018	2014 12:00:0(	PRINTED	6105	VERIZON WIRELES	1,638.83
78019	2014 12:00:0(	PRINTED	5935	VULCAN	627.80
78020	2014 12:00:0(	PRINTED	6226	WALLACE GROUP	12,127.46
78021	2014 12:00:0(	PRINTED	6350	WEST KERN WATER DISTRICT	343.72
			76 Checks	**Cash Account Total:**	**325,614.19**

CITY OF TAFT, CA
ACCOUNTS PAYABLE WARRANT REPORT
PAID INVOICE LIST

Vendor Number	Vendor Name	Invoice Number	Type	Warrant Date	Invoice Amount	Check Number	Expenditure Description	Account Number
113	ADT SECURITY SYSTEMS	515678968	INV	4 12:00:00AM	$204.24	77946	CVC-QUARTERLY SER 8/1-10/31/14	10416 06730
12748	AISHER, KELLEY	071114	INV	4 12:00:00AM	$154.87	77947	MCCF-WESTEC TRAINING - SHAFTER	51451 02000
12449	ALMANZA, ADOLIFINA	072414	INV	4 12:00:00AM	$38.50	77948	REFUND ALCOHOL USE PRM #2014-45	78000 00229
175	KEVIN ALTENHOFEL	071614	INV	4 12:00:00AM	$95.00	77949	PD-SEMINAR-CAMPUS SAFETY - L.A.	10421 02000
300	ARAMARK CORP.	3838002020	INV	4 12:00:00AM	$88.13	77950	PD-7/17/14 POLICE DEPT MEALS	10421 09000
300	ARAMARK CORP.	3838002021	INV	4 12:00:00AM	$151.95	77950	PD- 07/24/14 PD MEALS	10421 09000
300	ARAMARK CORP.	072914	INV	4 12:00:00AM	$2,115.04	77950	CCF-CNCL SRV AGREEMENT/PUR USABLE PRE	53000 00170
300	ARAMARK CORP.	3838002022	INV	4 12:00:00AM	$19,025.30	77950	MCCF-7/24/14 INMT MLS	51451 03030
300	ARAMARK CORP.	3838002019	INV	4 12:00:00AM	$19,287.99	77950	MCCF-7/17/14 INMT MLS	51451 03020
370	AUSTINS PEST CONTROL	072414CH	INV	4 12:00:00AM	$30.00	77951	CVC-7/24/14 MONTHLY PEST CONTROL	10416 05000
370	AUSTINS PEST CONTROL	071714	INV	4 12:00:00AM	$90.00	77951	MCCF-7/17/14 BIWKLY PST CNTRL SRVCS	51451 05000
440	B & B SURPLUS iNC.	678152	INV	4 12:00:00AM	$398.91	77952	FEDWWTP-3" BLCK PIPE/48X48 PLATE	58558 16015
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	-$38.06	77953	08/14 HEALTH INSURANCE PREMIUM	10424 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$0.58	77953	08/14 HEALTH INSURANCE PREMIUM	10432 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$0.58	77953	08/14 HEALTH INSURANCE PREMIUM	38438 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$1.50	77953	08/14 HEALTH INSURANCE PREMIUM	58458 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$1.50	77953	08/14 HEALTH INSURANCE PREMIUM	60460 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$1.50	77953	08/14 HEALTH INSURANCE PREMIUM	70470 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$1.85	77953	08/14 HEALTH INSURANCE PREMIUM	67467 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$2.13	77953	08/14 HEALTH INSURANCE PREMIUM	67467 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$2.25	77953	08/14 HEALTH INSURANCE PREMIUM	10412 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$4.62	77953	08/14 HEALTH INSURANCE PREMIUM	59459 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$5.77	77953	08/14 HEALTH INSURANCE PREMIUM	10000 00239

CITY OF TAFT, CA
ACCOUNTS PAYABLE WARRANT REPORT
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Vendor Number	Vendor Name	Invoice Number	Type	Warrant Date	Invoice Amount	Check Number	Expenditure Description	Account Number
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$5.77	77953	08/14 HEALTH INSURANCE PREMIUM	53453 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$7.50	77953	08/14 HEALTH INSURANCE PREMIUM	10416 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$9.23	77953	08/14 HEALTH INSURANCE PREMIUM	10431 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$10.50	77953	08/14 HEALTH INSURANCE PREMIUM	10427 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$10.56	77953	08/14 HEALTH INSURANCE PREMIUM	10413 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$14.19	77953	08/14 HEALTH INSURANCE PREMIUM	61461 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$15.00	77953	08/14 HEALTH INSURANCE PREMIUM	10425 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$17.36	77953	08/14 HEALTH INSURANCE PREMIUM	10420 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$20.77	77953	08/14 HEALTH INSURANCE PREMIUM	10415 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$26.54	77953	08/14 HEALTH INSURANCE PREMIUM	50450 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$29.78	77953	08/14 HEALTH INSURANCE PREMIUM	10000 00218
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$30.81	77953	08/14 HEALTH INSURANCE PREMIUM	10419 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$70.56	77953	08/14 HEALTH INSURANCE PREMIUM	62462 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$77.83	77953	08/14 HEALTH INSURANCE PREMIUM	10433 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$172.50	77953	08/14 HEALTH INSURANCE PREMIUM	10421 01445
651	ANTHEM BLUE CROSS OF CA	000492431G	INV	4 12:00:00AM	$385.37	77953	08/14 HEALTH INSURANCE PREMIUM	51451 01445
669	BOB BARKER COMPANY, INC.	UT1000319483	INV	4 12:00:00AM	$37.63	77954	MCCF-ZPLOC BAGGIES	51451 06900
669	BOB BARKER COMPANY, INC.	UT1000319804	INV	4 12:00:00AM	$193.50	77954	MCCF-NVY TSHRTS	51451 08000
669	BOB BARKER COMPANY, INC.	UT1000319403	INV	4 12:00:00AM	$522.43	77954	MCCF-WHT TWLS/DDRNT RLL ON/BLK SHOES	51451 06900
669	BOB BARKER COMPANY, INC.	UT1000319806	INV	4 12:00:00AM	$670.80	77954	MCCF-NVY TSHRTS	51451 08000
669	BOB BARKER COMPANY, INC.	UT1000319403	INV	4 12:00:00AM	$696.74	77954	MCCF-WHT TWLS/DDRNT RLL ON/BLK SHOES	51451 06750
669	BOB BARKER COMPANY, INC.	UT1000319403	INV	4 12:00:00AM	$1,768.11	77954	MCCF-WHT TWLS/DDRNT RLL ON/BLK SHOES	51451 08000
12749	BORREGO, KELLY	071314	INV	4 12:00:00AM	$129.39	77955	MCCF-WESTEC TRAINING - SHAFTER	51451 02000

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715	BRIGHT HOUSE NETWORKS	0407720-0814	INV	4 12:00:00AM	$0.98	77956	CITY HALL-08/14 INTERNET SERVICE	58458 02200
715	BRIGHT HOUSE NETWORKS	0407720-0814	INV	4 12:00:00AM	$1.47	77956	CITY HALL-08/14 INTERNET SERVICE	67467 02200
715	BRIGHT HOUSE NETWORKS	0407720-0814	INV	4 12:00:00AM	$1.96	77956	CITY HALL-08/14 INTERNET SERVICE	10432 02200
715	BRIGHT HOUSE NETWORKS	0407720-0814	INV	4 12:00:00AM	$2.95	77956	CITY HALL-08/14 INTERNET SERVICE	65465 02200
715	BRIGHT HOUSE NETWORKS	0407720-0814	INV	4 12:00:00AM	$2.96	77956	CITY HALL-08/14 INTERNET SERVICE	70470 02200
715	BRIGHT HOUSE NETWORKS	0407720-0814	INV	4 12:00:00AM	$3.93	77956	CITY HALL-08/14 INTERNET SERVICE	60460 02200
715	BRIGHT HOUSE NETWORKS	0407720-0814	INV	4 12:00:00AM	$4.91	77956	CITY HALL-08/14 INTERNET SERVICE	10433 02200
715	BRIGHT HOUSE NETWORKS	0407720-0814	INV	4 12:00:00AM	$6.39	77956	CITY HALL-08/14 INTERNET SERVICE	61461 02200
715	BRIGHT HOUSE NETWORKS	0407720-0814	INV	4 12:00:00AM	$6.39	77956	CITY HALL-08/14 INTERNET SERVICE	62462 02200
715	BRIGHT HOUSE NETWORKS	0407720-0814	INV	4 12:00:00AM	$9.34	77956	CITY HALL-08/14 INTERNET SERVICE	10420 02200
715	BRIGHT HOUSE NETWORKS	0407720-0814	INV	4 12:00:00AM	$9.82	77956	CITY HALL-08/14 INTERNET SERVICE	10416 02200
715	BRIGHT HOUSE NETWORKS	0407720-0814	INV	4 12:00:00AM	$10.81	77956	CITY HALL-08/14 INTERNET SERVICE	10412 02200
715	BRIGHT HOUSE NETWORKS	0407720-0814	INV	4 12:00:00AM	$32.93	77956	CITY HALL-08/14 INTERNET SERVICE	10413 02200
715	BRIGHT HOUSE NETWORKS	0407720-0814	INV	4 12:00:00AM	$55.05	77956	CITY HALL-08/14 INTERNET SERVICE	10419 02200
715	BRIGHT HOUSE NETWORKS	0407720-0814	INV	4 12:00:00AM	$66.30	77956	CITY HALL-08/14 INTERNET SERVICE	10415 02200
715	BRIGHT HOUSE NETWORKS	0056246-0814	INV	4 12:00:00AM	$94.14	77956	AC-8/14 INTERNET SERVICE	10431 02200
738	BROWN & REICH PETROLEUM INC.	12158	INV	4 12:00:00AM	$78.70	77957	PLG-7/1-7/15/14 FUEL USE	10415 04250
738	BROWN & REICH PETROLEUM INC.	12160	INV	4 12:00:00AM	$83.07	77957	CCF-7/1-7/15/14 FUEL USE	51451 04250
738	BROWN & REICH PETROLEUM INC.	12161	INV	4 12:00:00AM	$90.94	77957	PD,AC-7/1-7/15/14 FUEL USE	10431 04250
738	BROWN & REICH PETROLEUM INC.	12159	INV	4 12:00:00AM	$111.90	77957	CVC,ST,GAR,TRN-07/01-07/15/14 FUEL USE	61461 04250
738	BROWN & REICH PETROLEUM INC.	12159	INV	4 12:00:00AM	$138.19	77957	CVC,ST,GAR,TRN-07/01-07/15/14 FUEL USE	59459 04250
738	BROWN & REICH PETROLEUM INC.	12159	INV	4 12:00:00AM	$380.24	77957	CVC,ST,GAR,TRN-07/01-07/15/14 FUEL USE	10416 04250
738	BROWN & REICH PETROLEUM INC.	12159	INV	4 12:00:00AM	$483.18	77957	CVC,ST,GAR,TRN-07/01-07/15/14 FUEL USE	10433 04250

CITY OF TAFT, CA
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738	BROWN & REICH PETROLEUM INC.	12161	INV	4 12:00:00AM	$1,506.73	77957	PD,AC-7/1-7/15/14 FUEL USE	10421 04250
738	BROWN & REICH PETROLEUM INC.	12159	INV	4 12:00:00AM	$3,573.29	77957	CVC,ST,GAR,TRN-07/01-07/15/14 FUEL USE	62462 04250
853	CA BUILDING STANDARDS COMMISSION	063014	INV	4 12:00:00AM	$114.40	77958	PERMIT FEES- 04/01-06/30/14	10377 00010
915	CARQUEST AUTO PARTS	7305-164969	INV	4 12:00:00AM	$11.76	77959	T-21 OIL/AIR FILTER	62462 04200
915	CARQUEST AUTO PARTS	7305-165029	INV	4 12:00:00AM	$11.76	77959	T-22 OIL/AIR FILTER	62462 04200
915	CARQUEST AUTO PARTS	7305-165150	INV	4 12:00:00AM	$11.84	77959	C-6 OIL/AIR FILTER	10416 04200
915	CARQUEST AUTO PARTS	7305-165114	INV	4 12:00:00AM	$12.07	77959	T-19 DRIVEALIGN PULLEY	62462 04200
915	CARQUEST AUTO PARTS	7305-164708	INV	4 12:00:00AM	$12.45	77959	T-23 COLD WELD EPOXY	62462 04200
915	CARQUEST AUTO PARTS	7305-164654	INV	4 12:00:00AM	$13.23	77959	ME-28 DC 283	10433 04200
915	CARQUEST AUTO PARTS	7305-165151	INV	4 12:00:00AM	$13.52	77959	M-17 EXACT FIT WIPER BL	10433 04200
915	CARQUEST AUTO PARTS	7305-164728	INV	4 12:00:00AM	$14.21	77959	ME-28 AIR/HI-POP OIL FILTER	10433 04200
915	CARQUEST AUTO PARTS	7305-164665	INV	4 12:00:00AM	$16.64	77959	ME-28 PIGTAIL	10433 04200
915	CARQUEST AUTO PARTS	7305-164909	INV	4 12:00:00AM	$21.01	77959	T-21 BEARING	62462 04200
915	CARQUEST AUTO PARTS	7305-165024	INV	4 12:00:00AM	$25.68	77959	T-23 SLIDE-ON TERMINAL/QUICKSPLICE/VINYI	62462 04200
915	CARQUEST AUTO PARTS	7305-165005	INV	4 12:00:00AM	$29.48	77959	GAR-12 VOLT AMP/SLIDE-ON TERMINAL	59459 06200
915	CARQUEST AUTO PARTS	7305-164922	INV	4 12:00:00AM	$29.81	77959	T-21 DIVEALIGN PULLEY	62462 04200
915	CARQUEST AUTO PARTS	7305-164549	INV	4 12:00:00AM	$37.80	77959	T-14 OIL/AIR/TRANS FILTERS	62462 04200
915	CARQUEST AUTO PARTS	7305-164188	INV	4 12:00:00AM	$41.59	77959	ME-18 COM & TRACTOR BAT	10433 04200
915	CARQUEST AUTO PARTS	7305-165099	INV	4 12:00:00AM	$71.91	77959	T-22 OIL/AIR FILTER	62462 04200
915	CARQUEST AUTO PARTS	7305-165100	INV	4 12:00:00AM	$93.51	77959	T-21 AUTO BATTERY	62462 04200
915	CARQUEST AUTO PARTS	7305-165115	INV	4 12:00:00AM	$103.01	77959	T-19 PRESTONE DEXCOOL GAL	62462 04200
915	CARQUEST AUTO PARTS	7305-164608	INV	4 12:00:00AM	$105.27	77959	T-23 BATTERY/OIL/AIR FILTER	62462 04200
915	CARQUEST AUTO PARTS	7305-164970	INV	4 12:00:00AM	$110.17	77959	ST-BRAKE CLEANER	10433 04200

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915	CARQUEST AUTO PARTS	7305-164981	INV	4 12:00:00AM	$179.42	77959	T-21 CONTROL ARM ASSEMBLY	62462 04200
915	CARQUEST AUTO PARTS	7305-164763	INV	4 12:00:00AM	$286.71	77959	M-23 REMAN STARTER	10433 04200
915	CARQUEST AUTO PARTS	7305-164764	INV	4 12:00:00AM	$399.72	77959	T-15 REMAN STARTER	62462 04200
915	CARQUEST AUTO PARTS	7305-164294	CRM	4 12:00:00AM	-$128.05	77959	T-23 RADIATOR	62462 04200
915	CARQUEST AUTO PARTS	7305-164667	CRM	4 12:00:00AM	-$18.28	77959	T-23 AUTO BATTERY	62462 04200
915	CARQUEST AUTO PARTS	7305-164925	CRM	4 12:00:00AM	-$13.81	77959	T-21 DRIVEALIGN PULLEY	62462 04200
915	CARQUEST AUTO PARTS	7305-164235	CRM	4 12:00:00AM	-$10.75	77959	ME-18 COM & TRACTOR BAT	10433 04200
1083	CHUCK'S CONCRETE PUMPING	071814	INV	4 12:00:00AM	$60.00	77960	FEDWWTP-SAW RENTAL	58558 16015
1017	CLEAN SOURCE	5111834-00	INV	4 12:00:00AM	$424.42	77961	MCCF-TSSUE	51451 06600
1017	CLEAN SOURCE	5113143-00	INV	4 12:00:00AM	$539.57	77961	MCCF-TSSUE/TWLS	51451 06600
1017	CLEAN SOURCE	5112492-00	INV	4 12:00:00AM	$1,028.01	77961	MCCF-TSSUE/GLVS	51451 06600
1035	COOPER'S TRUE VALUE HOME CENTER	315024	INV	4 12:00:00AM	$2.68	77962	ST-WHT CAP SLIP	10433 06200
1035	COOPER'S TRUE VALUE HOME CENTER	315444	INV	4 12:00:00AM	$4.29	77962	ST-CONCRETE MIX	10433 06200
1035	COOPER'S TRUE VALUE HOME CENTER	315452	INV	4 12:00:00AM	$4.29	77962	ST-CONCRETE MIX	10433 06200
1035	COOPER'S TRUE VALUE HOME CENTER	315540	INV	4 12:00:00AM	$5.57	77962	MCCF- WHT SLF CLSNG HNG	51451 05000
1035	COOPER'S TRUE VALUE HOME CENTER	315253	INV	4 12:00:00AM	$6.02	77962	T-22-NUTS & BOLTS	62462 04200
1035	COOPER'S TRUE VALUE HOME CENTER	314922	INV	4 12:00:00AM	$7.98	77962	T-15 6" SQ BIT/2" SQ	62462 04200
1035	COOPER'S TRUE VALUE HOME CENTER	314969	INV	4 12:00:00AM	$9.13	77962	MCCF- 17" SPR GRP ORGNZR BAR	51451 05000
1035	COOPER'S TRUE VALUE HOME CENTER	314769	INV	4 12:00:00AM	$9.51	77962	CVC-BLU STK FLAG	10416 06201
1035	COOPER'S TRUE VALUE HOME CENTER	314855	INV	4 12:00:00AM	$10.74	77962	CVC-DLX TRWL HND TOOL	10416 06200
1035	COOPER'S TRUE VALUE HOME CENTER	314553	INV	4 12:00:00AM	$11.80	77962	GAR-CVR MOUSE SNP TRP	59459 06400
1035	COOPER'S TRUE VALUE HOME CENTER	315413	INV	4 12:00:00AM	$12.99	77962	ST-STD ROD CLKR/ADHSV/NUTS/BOLTS	10433 06200
1035	COOPER'S TRUE VALUE HOME CENTER	315520	INV	4 12:00:00AM	$14.68	77962	ST-5 GAL MSH PNT STRNR	10733 00005

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Vendor Number	Vendor Name	Invoice Number	Type	Warrant Date	Invoice Amount	Check Number	Expenditure Description	Account Number
1035	COOPER'S TRUE VALUE HOME CENTER	315417	INV	4 12:00:00AM	$16.94	77962	CVC-PVC ELBW/FEM ADPTR/STR CNNCTR	10416 06201
1035	COOPER'S TRUE VALUE HOME CENTER	315411	INV	4 12:00:00AM	$19.34	77962	GAR-8"CRMPR/STKR TOOL	59459 08500
1035	COOPER'S TRUE VALUE HOME CENTER	315383	INV	4 12:00:00AM	$21.16	77962	ST-WNG CNNCTR/MSKNG TAPE	10433 06200
1035	COOPER'S TRUE VALUE HOME CENTER	315479	INV	4 12:00:00AM	$24.71	77962	ST-2.5 GAL CARB GAS CAN	10433 06200
1035	COOPER'S TRUE VALUE HOME CENTER	315412	INV	4 12:00:00AM	$27.48	77962	GAR-GRND CB TAP/HWH DRL/SHRPIE	59459 06200
1035	COOPER'S TRUE VALUE HOME CENTER	315176	INV	4 12:00:00AM	$33.00	77962	FEDWWTP-HOLE DGGR RNTL	58558 16015
1035	COOPER'S TRUE VALUE HOME CENTER	314827	INV	4 12:00:00AM	$35.36	77962	GAR-FRG HOIST/CUTTNG WHEEL	59459 06200
1035	COOPER'S TRUE VALUE HOME CENTER	314998	INV	4 12:00:00AM	$38.23	77962	PSNL-CHEM GLV/LGHTR FLD/HICK BRQT	10420 02625
1035	COOPER'S TRUE VALUE HOME CENTER	314844	INV	4 12:00:00AM	$39.93	77962	ST-POLE SCRPR/PAINT STNR	10433 06200
1035	COOPER'S TRUE VALUE HOME CENTER	315568	INV	4 12:00:00AM	$58.04	77962	GAR-5/8X50 RD IND RBB HOSE	59459 06200
1035	COOPER'S TRUE VALUE HOME CENTER	315157	INV	4 12:00:00AM	$58.56	77962	FEDWWTP-2X8X16' DOUG FIR	58558 16015
1035	COOPER'S TRUE VALUE HOME CENTER	315353	INV	4 12:00:00AM	$164.80	77962	MCCF-PAINT/TRY SET	51451 05000
1114	COUNTRY AUTO & TRUCK TAFT	554900	INV	4 12:00:00AM	$120.81	77963	T-21 DISC PAD	62462 04200
12781	ADRIAN CRUZ	072814	INV	4 12:00:00AM	$4.00	77964	REFUND CHANGE OF LIVESCAN	78000 00229
1315	KYLE R. ROWSON	6869	INV	4 12:00:00AM	$243.79	77965	PD-GREEN TINT/BLUE SHADE	10421 04200
1402	DC FROST	8240	INV	4 12:00:00AM	$2,841.40	77966	WWTP-BRUSH ASSMBLY	70470 04000
1379	DEVON'S BODY SHOP	012322	INV	4 12:00:00AM	$80.00	77967	T15 TOWED TO TAFT YARD	62462 04200
1515	DRILLER PRINTERS, INC.	00018543	INV	4 12:00:00AM	$1,306.13	77968	ST-B/C LOWE/NO PRKNG SGN	10433 06000
1845	FEDERAL EXPRESS CORP	2-728-84039	INV	4 12:00:00AM	$11.16	77969	PLNG,FIN,ADM-POSTAGE	10413 06500
1845	FEDERAL EXPRESS CORP	2-728-84039	INV	4 12:00:00AM	$16.99	77969	PLNG,FIN,ADM-POSTAGE	10419 06500
1845	FEDERAL EXPRESS CORP	2-721-36304	INV	4 12:00:00AM	$26.73	77969	PD-POSTAGE	10421 06500
1845	FEDERAL EXPRESS CORP	2-728-84039	INV	4 12:00:00AM	$34.12	77969	PLNG,FIN,ADM-POSTAGE	10424 06500
1898	FIRST CHOICE SERVICE	828043	INV	4 12:00:00AM	$217.05	77970	MCCF-7/21/14 COFFEE SRVCS	51451 06000

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Vendor Number	Vendor Name	Invoice Number	Type	Warrant Date	Invoice Amount	Check Number	Expenditure Description	Account Number
2040	GENERAL OFFICE	7788	INV	4 12:00:00AM	$392.07	77971	MCCF- BLK INK/MSTRS	51451 06000
2061	GOLDEN EMPIRE CONCRETE	48095	INV	4 12:00:00AM	$487.52	77972	FEDWWTP-1500 CADET RD	58558 16015
2097	GONZALES, JUAN	2014-21	INV	4 12:00:00AM	-$33.00	77973	PLG-GIS CONSULTANT SERVICES	10000 00278
2097	GONZALES, JUAN	2014-21	INV	4 12:00:00AM	$650.00	77973	PLG-GIS CONSULTANT SERVICES	10415 03013
2223	HAAKER EQUIPMENT COMPANY	C04940	INV	4 12:00:00AM	$175.41	77974	REF-RKR SW, ON-ON 12 V L	61461 04200
2268	HdL, COREN & CONE	0020525-IN	INV	4 12:00:00AM	$595.00	77975	FIN-2013/14 CAFR STAT RPRT PKG	10419 03001
2311	HILL, RENEE	JULY 2014	INV	4 12:00:00AM	$50.00	77976	PLANNING COMMISSIONER	10415 01301
2273	HOBART - CENTRAL CALIFORNIA	31633534	INV	4 12:00:00AM	$2,096.36	77977	MCCF- LBR CHRGS/ KIT SRVC/.THERMO	51451 04000
2678	JOHNSTONE SUPPLY	393-S1387274.001	INV	4 12:00:00AM	$191.18	77978	MCCF- CD MOTOR/40AMP DP	51551 10905
2678	JOHNSTONE SUPPLY	072114	INV	4 12:00:00AM	$3,976.72	77978	MCCF- AC UNIT/CURB	51551 10905
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$20.00	77979	08/14 HEALTH INSURANCE PREMIUMS	67467 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$39.99	77979	08/14 HEALTH INSURANCE PREMIUMS	70470 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$79.98	77979	08/14 HEALTH INSURANCE PREMIUMS	10432 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$99.98	77979	08/14 HEALTH INSURANCE PREMIUMS	58458 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$99.98	77979	08/14 HEALTH INSURANCE PREMIUMS	60460 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$177.87	77979	08/14 HEALTH INSURANCE PREMIUMS	10412 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$195.71	77979	08/14 HEALTH INSURANCE PREMIUMS	10416 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$391.42	77979	08/14 HEALTH INSURANCE PREMIUMS	59459 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$399.91	77979	08/14 HEALTH INSURANCE PREMIUMS	10431 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$399.91	77979	08/14 HEALTH INSURANCE PREMIUMS	50450 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$839.81	77979	08/14 HEALTH INSURANCE PREMIUMS	10415 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$840.45	77979	08/14 HEALTH INSURANCE PREMIUMS	10413 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$870.07	77979	08/14 HEALTH INSURANCE PREMIUMS	10427 01445

CITY OF TAFT, CA
ACCOUNTS PAYABLE WARRANT REPORT
PAID INVOICE LIST

Vendor Number	Vendor Name	Invoice Number	Type	Warrant Date	Invoice Amount	Check Number	Expenditure Description	Account Number
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$1,009.34	77979	08/14 HEALTH INSURANCE PREMIUMS	61461 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$1,406.05	77979	08/14 HEALTH INSURANCE PREMIUMS	10420 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$1,859.02	77979	08/14 HEALTH INSURANCE PREMIUMS	10000 00227
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$2,624.25	77979	08/14 HEALTH INSURANCE PREMIUMS	62462 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$3,151.39	77979	08/14 HEALTH INSURANCE PREMIUMS	10421 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$5,018.05	77979	08/14 HEALTH INSURANCE PREMIUMS	10433 01445
2813	KAISER FOUNDATION HEALTH PLAN INC.	AUG-2014	INV	4 12:00:00AM	$20,061.45	77979	08/14 HEALTH INSURANCE PREMIUMS	51451 01445
12737	KERN COUNTY ANIMAL CONTROL	072914A	INV	4 12:00:00AM	$310.00	77980	AC-COUNTY OF KERN AC DOG LIC FEES	78000 00229
12737	KERN COUNTY ANIMAL CONTROL	072914	INV	4 12:00:00AM	$597.00	77980	AC-7/26/14 RABBIES CLINIC X32	78000 00229
2835	KERN COUNTY AUDITOR-CONTROLLER	2014-2015	INV	4 12:00:00AM	$3,048.00	77981	LAFCO'S OPERATING COSTS	10301 00033
2927	KERN TURF SUPPLY INC.	871568	INV	4 12:00:00AM	$368.32	77982	CVC-PGA ELEC VLVE/GLUE/ROTOR 4"	10416 06201
3051	LANE LABORATORIES	22874	INV	4 12:00:00AM	$3,078.37	77983	SWR-RESIDUAL SPRAY	60460 06250
12747	LEON, ANA M	071414	INV	4 12:00:00AM	$133.17	77984	MCCF-WESTEC TRAINING SHAFTER	51451 02000
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$0.34	77985	08/14 LIFE INSURANCE PREMIUMS	38438 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$1.01	77985	08/14 LIFE INSURANCE PREMIUMS	10432 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$1.83	77985	08/14 LIFE INSURANCE PREMIUMS	70470 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$1.86	77985	08/14 LIFE INSURANCE PREMIUMS	58458 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$1.86	77985	08/14 LIFE INSURANCE PREMIUMS	60460 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$2.37	77985	08/14 LIFE INSURANCE PREMIUMS	10427 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$3.04	77985	08/14 LIFE INSURANCE PREMIUMS	67467 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$3.38	77985	08/14 LIFE INSURANCE PREMIUMS	10424 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$3.38	77985	08/14 LIFE INSURANCE PREMIUMS	10425 01441

CITY OF TAFT, CA
ACCOUNTS PAYABLE WARRANT REPORT
PAID INVOICE LIST

Vendor Number	Vendor Name	Invoice Number	Type	Warrant Date	Invoice Amount	Check Number	Expenditure Description	Account Number
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$4.06	77985	08/14 LIFE INSURANCE PREMIUMS	10412 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$4.48	77985	08/14 LIFE INSURANCE PREMIUMS	59459 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$4.56	77985	08/14 LIFE INSURANCE PREMIUMS	61461 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$6.76	77985	08/14 LIFE INSURANCE PREMIUMS	10431 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$6.97	77985	08/14 LIFE INSURANCE PREMIUMS	10416 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$7.13	77985	08/14 LIFE INSURANCE PREMIUMS	10413 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$7.23	77985	08/14 LIFE INSURANCE PREMIUMS	10420 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$10.48	77985	08/14 LIFE INSURANCE PREMIUMS	10433 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$11.14	77985	08/14 LIFE INSURANCE PREMIUMS	10415 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$13.52	77985	08/14 LIFE INSURANCE PREMIUMS	50450 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$13.69	77985	08/14 LIFE INSURANCE PREMIUMS	10419 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$28.77	77985	08/14 LIFE INSURANCE PREMIUMS	62462 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$57.46	77985	08/14 LIFE INSURANCE PREMIUMS	10421 01441
3151	LINCOLN NATIONAL LIFE INSURANCE COMPANY	AUG-2014	INV	4 12:00:00AM	$241.66	77985	08/14 LIFE INSURANCE PREMIUMS	51451 01441
3359	MELO'S GAS & GEAR	00599717	INV	4 12:00:00AM	$4.01	77986	ST-TIP CLEANER SET STD	10433 06200
3398	MISSION LINEN SUPPLY	320275137	INV	4 12:00:00AM	$59.74	77987	CVC-TOWEL/MAT	10416 06400
3398	MISSION LINEN SUPPLY	320274309	INV	4 12:00:00AM	$59.74	77987	CVC-TOWEL/MATS	10416 06400
3398	MISSION LINEN SUPPLY	320274312	INV	4 12:00:00AM	$70.61	77987	CVC-TOWEL/DUST MOP/MAT	10416 06400
3398	MISSION LINEN SUPPLY	320275140	INV	4 12:00:00AM	$70.61	77987	CVC-TOWEL/DUST MOP/MAT	10416 06400
3398	MISSION LINEN SUPPLY	320274310	INV	4 12:00:00AM	$82.83	77987	CVC-TOWEL/DUST MOP/MAT	10416 06400
3398	MISSION LINEN SUPPLY	320275138	INV	4 12:00:00AM	$82.83	77987	CVC-TOWEL/DUST MOP/MAT	10416 06400
3434	MOORE & ASSOCIATES	14:3022	INV	4 12:00:00AM	$21.60	77988	TRN-APR/MAY DAR CARDS	62462 08600

CITY OF TAFT, CA
ACCOUNTS PAYABLE WARRANT REPORT
PAID INVOICE LIST

Vendor Number	Vendor Name	Invoice Number	Type	Warrant Date	Invoice Amount	Check Number	Expenditure Description	Account Number
3434	MOORE & ASSOCIATES	14:3065	INV	4 12:00:00AM	$1,500.00	77988	TRN-TITLE IV PLAN	62462 03004
3544	MOTOR CITY BUICK|GMC	695499	INV	4 12:00:00AM	$71.93	77989	T-21 CABLE/CLIP	62462 04200
3585	MUNICIPAL MAINTENANCE EQUIPMENT	0092702-IN	INV	4 12:00:00AM	$478.02	77990	GAR-BALL VALVE CNVRSN KIT	59459 06200
3790	OFFICE DEPOT	718824211001	INV	4 12:00:00AM	$8.51	77991	CTYCLK,ADM,FIN-PAPER/INDEX MAKER/PROT	10419 06000
3790	OFFICE DEPOT	718824211001	INV	4 12:00:00AM	$26.70	77991	CTYCLK,ADM,FIN-PAPER/INDEX MAKER/PROT	10413 06000
3790	OFFICE DEPOT	719383801001	INV	4 12:00:00AM	$93.53	77991	CTY CLK-BINDERS	10412 06000
3790	OFFICE DEPOT	718824282001	INV	4 12:00:00AM	$154.59	77991	ADM- BINDERS	10413 06000
3790	OFFICE DEPOT	718824211001	INV	4 12:00:00AM	$213.79	77991	CTYCLK,ADM,FIN-PAPER/INDEX MAKER/PROT	10412 06000
3790	OFFICE DEPOT	719454450001	INV	4 12:00:00AM	$271.49	77991	MCCF- PPR/ENVLPS/TNR	51451 06000
3790	OFFICE DEPOT	720654033001	INV	4 12:00:00AM	$469.84	77991	MCCF-PPR/DVDRS/SRTRS	51451 06000
3994	ORRIN, RONALD	JULY 2014	INV	4 12:00:00AM	$50.00	77992	PLANNING COMMISSIONER	10415 01301
4099	OVIVO USA, LLC	8463437	INV	4 12:00:00AM	$926.03	77993	WWTP-BCK UP BAR STEEL	70470 04000
4335	PITNEY-BOWES, INC.	824225	INV	4 12:00:00AM	$211.04	77994	ADM-SUPPLY CHARGES	10413 06000
4430	PREMIER ACCESS DENTAL	AUG-2014	INV	4 12:00:00AM	$128.10	77995	08/14 DENTAL INSURANCE PREMIUMS	10000 00233
4430	PREMIER ACCESS DENTAL	AUG-2014	INV	4 12:00:00AM	$4,397.05	77995	08/14 DENTAL INSURANCE PREMIUMS	10000 00228
4463	PRO AIR	071814	INV	4 12:00:00AM	$11,700.00	77996	MCCF- 10 TON AC UNT/CURB	51551 10905
4845	RICHLAND CHEVROLET CO.	221142	INV	4 12:00:00AM	$22.06	77997	T-21 CABLE	62462 04200
5608	ROBERT THOMPSON	JULY 2014	INV	4 12:00:00AM	$50.00	77998	PLANNING COMMISSIONER	10415 01301
4870	ROTO-ROOTER	072514	INV	4 12:00:00AM	$700.00	77999	REFUND PERMIT# 14-23/VOID # 41340	10376 00004
5011	SAN JOAQUIN VETERINARY HOSPITAL	337553	INV	4 12:00:00AM	$210.00	78000	AC-PETSMART SPAY/NEUTER PROGRAM	10431 09002
5011	SAN JOAQUIN VETERINARY HOSPITAL	337816	INV	4 12:00:00AM	$210.00	78000	AC-PETSMART SPAY/NEUTER PROGRAM	10431 09002
5011	SAN JOAQUIN VETERINARY HOSPITAL	337858	INV	4 12:00:00AM	$210.00	78000	AC-PETSMART SPAY/NEUTER PROGRAM	10431 09002
5011	SAN JOAQUIN VETERINARY HOSPITAL	337567	INV	4 12:00:00AM	$280.00	78000	AC-PETSMART SPAY/NEUTER PROGRAM	10431 09002

CITY OF TAFT, CA
ACCOUNTS PAYABLE WARRANT REPORT
PAID INVOICE LIST

Vendor Number	Vendor Name	Invoice Number	Type	Warrant Date	Invoice Amount	Check Number	Expenditure Description	Account Number
5011	SAN JOAQUIN VETERINARY HOSPITAL	337927	INV	4 12:00:00AM	$350.00	78000	AC-PETSMART SPAY/NEUTER PROGRAM	10431 09002
4908	SC SITES SERVICES LLC	39996	INV	4 12:00:00AM	$546.00	78001	TRN-REPEATER AUG-OCT	62462 02200
12782	RONALD SHIPE	072814	INV	4 12:00:00AM	$6.00	78002	REFUND CHANGE OF LIVESCAN	78000 00229
5096	SOUTHERN CALIFORNIA GAS CO.	155900-0714	INV	4 12:00:00AM	$25.77	78003	PD-6/16-7/16/14 GAS USAGE	10421 08100
5096	SOUTHERN CALIFORNIA GAS CO.	1559007-0714	INV	4 12:00:00AM	$3,487.43	78003	MCCF-6/16-7/16/14 GAS USAGE	51451 08100
5142	SPARKLETTS & SIERRA SPRINGS	071614	INV	4 12:00:00AM	$41.10	78004	CVC-BOTTLE WATER RENTAL	10416 05000
5142	SPARKLETTS & SIERRA SPRINGS	13640962	INV	4 12:00:00AM	$109.79	78004	MCCF- BTTLED WTR/RNTL	51451 06000
5184	STATE TREASURER'S OFFICE	PFD13143	INV	4 12:00:00AM	$210.29	78005	FIN-DSSMNTN AGNT SRV/FIN AUTH LEASE	67467 09702
5262	STOCKDALE VETERINARY HOSPITAL	366361	INV	4 12:00:00AM	$70.00	78006	AC-PETSMART SPAY/NEUTER PROGRAM	10431 09002
5262	STOCKDALE VETERINARY HOSPITAL	366362	INV	4 12:00:00AM	$70.00	78006	AC-PETSMART SPAY/NEUTER PROGRAM	10431 09002
5262	STOCKDALE VETERINARY HOSPITAL	366363	INV	4 12:00:00AM	$70.00	78006	AC-PETSMART SPAY/NEUTER PROGRAM	10431 09002
3179	THE TAFT INDEPENDENT	351	INV	4 12:00:00AM	$83.70	78007	CC-COUNCIL MEETING NOTICE 7/15	10411 09200
5425	TAFT LIONS CLUB	071814	INV	4 12:00:00AM	$100.00	78008	REFUND FIREWORKS DEPOSIT	78000 00229
12533	TAFT MIDWAY SUNSET LIONS FOUNDATION	071814	INV	4 12:00:00AM	$100.00	78009	REFUND FIREWORKS DEPOSIT	78000 00229
5511	TAFT SPORTSMAN CLUB	071814	INV	4 12:00:00AM	$100.00	78010	REFUND FIREWORKS DEPOSIT	78000 00229
5560	GEORGE G. ROSS	159709	INV	4 12:00:00AM	$61.49	78011	AC- SPAY/NEUTER	10431 09000
5560	GEORGE G. ROSS	159712	INV	4 12:00:00AM	$210.00	78011	AC-PETSMART SPAY/NEUTER PROGRAM	10431 09002
1008	CITY OF TAFT	072914	INV	4 12:00:00AM	$160,000.00	78012	TRST/AGNCY-FUNDS FOR PTMISEA	78000 00229
12746	THE LARA'S BARBER & BEAUTY SHOP	071714	INV	4 12:00:00AM	$69.30	78013	REFUND SEWER/REFUSE DEPOSIT	61000 00209
12746	THE LARA'S BARBER & BEAUTY SHOP	071714	INV	4 12:00:00AM	$82.28	78013	REFUND SEWER/REFUSE DEPOSIT	60000 00209
5689	TRICOR REFINING,LLC	44101	INV	4 12:00:00AM	$461.50	78014	ST-54 GAL OIL	10733 00006
5760	UNDERGROUND SERVICE ALERT OF	14070321	INV	4 12:00:00AM	$152.94	78015	ST- ANNUAL MEMBERSHIP	10433 02100
5785	UNITED PENTECOSTAL CHURCH OF TAFT	071814	INV	4 12:00:00AM	$100.00	78016	REFUND FIREWORKS DEPOSIT	78000 00229

CITY OF TAFT, CA
ACCOUNTS PAYABLE WARRANT REPORT
PAID INVOICE LIST

Vendor Number	Vendor Name	Invoice Number	Type	Warrant Date	Invoice Amount	Check Number	Expenditure Description	Account Number
5807	USA BLUE BOOK	397038	INV	4 12:00:00AM	$2,865.33	78017	SWR-GOULDS/SEWAGE PUMP	60560 10003
6105	VERIZON WIRELES	9728736704	INV	4 12:00:00AM	$1.90	78018	CITY HALL-6/17-7/16/14 LONG DISTANCE	67467 02200
6105	VERIZON WIRELES	9728736704	INV	4 12:00:00AM	$2.66	78018	CITY HALL-6/17-7/16/14 LONG DISTANCE	10420 02200
6105	VERIZON WIRELES	9728736704	INV	4 12:00:00AM	$6.84	78018	CITY HALL-6/17-7/16/14 LONG DISTANCE	10413 02200
6105	VERIZON WIRELES	9728736704	INV	4 12:00:00AM	$9.00	78018	CITY HALL-6/17-7/16/14 LONG DISTANCE	10432 02200
6105	VERIZON WIRELES	9728736704	INV	4 12:00:00AM	$11.60	78018	CITY HALL-6/17-7/16/14 LONG DISTANCE	60460 02200
6105	VERIZON WIRELES	9728736704	INV	4 12:00:00AM	$11.62	78018	CITY HALL-6/17-7/16/14 LONG DISTANCE	70470 02200
6105	VERIZON WIRELES	9728736704	INV	4 12:00:00AM	$15.37	78018	CITY HALL-6/17-7/16/14 LONG DISTANCE	58458 02200
6105	VERIZON WIRELES	9728736704	INV	4 12:00:00AM	$21.58	78018	CITY HALL-6/17-7/16/14 LONG DISTANCE	59459 02200
6105	VERIZON WIRELES	9728331190	INV	4 12:00:00AM	$35.11	78018	PD-06/10-07/09/14 WHITING'S LAPTOP	10421 02200
6105	VERIZON WIRELES	9728736704	INV	4 12:00:00AM	$38.41	78018	CITY HALL-6/17-7/16/14 LONG DISTANCE	61461 02200
6105	VERIZON WIRELES	9728736704	INV	4 12:00:00AM	$43.21	78018	CITY HALL-6/17-7/16/14 LONG DISTANCE	10419 02200
6105	VERIZON WIRELES	9728736704	INV	4 12:00:00AM	$68.55	78018	CITY HALL-6/17-7/16/14 LONG DISTANCE	10416 02200
6105	VERIZON WIRELES	9728736704	INV	4 12:00:00AM	$78.73	78018	CITY HALL-6/17-7/16/14 LONG DISTANCE	10425 02200
6105	VERIZON WIRELES	9728736704	INV	4 12:00:00AM	$110.99	78018	CITY HALL-6/17-7/16/14 LONG DISTANCE	10424 02200
6105	VERIZON WIRELES	9728736704	INV	4 12:00:00AM	$144.31	78018	CITY HALL-6/17-7/16/14 LONG DISTANCE	62462 02200
6105	VERIZON WIRELES	9728736704	INV	4 12:00:00AM	$251.51	78018	CITY HALL-6/17-7/16/14 LONG DISTANCE	51451 02200
6105	VERIZON WIRELES	9728736704	INV	4 12:00:00AM	$314.69	78018	CITY HALL-6/17-7/16/14 LONG DISTANCE	10433 02200
6105	VERIZON WIRELES	9728719330	INV	4 12:00:00AM	$472.75	78018	PD-06/16-07/15/14 WIRELESS	10421 02200
5935	VULCAN	70436370	INV	4 12:00:00AM	$627.80	78019	ST-COLD MIX 3/8 SC8	10733 00006
6226	WALLACE GROUP	37422	INV	4 12:00:00AM	$12,127.46	78020	WWTP-IMPROVEMENT PROJECT	70670 10005
6350	WEST KERN WATER DISTRICT	7110200-0714	INV	4 12:00:00AM	$136.00	78021	ST-INDUSTRIAL WATER USE	61461 08850
6350	WEST KERN WATER DISTRICT	5603050-0714	INV	4 12:00:00AM	$207.72	78021	CORP YARD-WATER USAGE	70470 08100

CITY OF TAFT, CA
ACCOUNTS PAYABLE WARRANT REPORT
PAID INVOICE LIST

Vendor Number	Vendor Name	Invoice Number	Type	Warrant Date	Invoice Amount	Check Number	Expenditure Description	Account Number
					$325,614.19			

ACCOUNTS PAYABLE CASH DISBURSEMENTS
DISTRIBUTION BY FUND

ALLOWED BY CITY COUNCIL ON _____

$20,745.51 OUT OF FUNDS AS NOTED BELOW

10 GENERAL	$12,668.88
36 ASSET FORFEITURES	$0.00
38 LANDSCAPE ASSESSMENT DIST	$0.00
40 CDBG/ HOUSING RLF	$0.00
41 TARP/RLF	$0.00
43 CALHOMES	$0.00
48 HOME RLF/HOUSING	$0.00
50 CRIME PREVENTION	$0.00
51 CCF FACILITY	$8,076.63
53 CCF/INMATE WELFARE FUND	$0.00
54 INMATE TRUST ACCOUNT	$0.00
58 FEDERAL PRISON-WWTP	$0.00
59 CENTRAL GARAGE	$0.00
60 SEWER	$0.00
61 REFUSE	$0.00
62 TRANSIT	$0.00
65 TCDA	$0.00
67 TCDA / DEBT SRV FND	$0.00
70 WWTP	$0.00
78 TRUST & AGENCY	$0.00
81 CAPITAL PROJECTS	$0.00
TOTAL	$20,745.51

_____ MAYOR

_____ CITY CLERK

_____ ACCOUNT CLERK I

CHRISTINE BAMFORD

WARRANT NO. 8/1/2014A DATE: 08/01/14

CHECK NUMBER 78022- 78037

CITY COUNCIL

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2:59 pm
Thursday, 31 July, 2014

CITY OF TAFT, CA
ACCOUNTS PAYABLE CHECK REGISTER

Check Number	Check Date	Type	Vendor Number	Vendor Name	Check Amount
78022	2014 12:00:0(	PRINTED	40	A.P.I. PLUMBING	97.40
78023	2014 12:00:0(	PRINTED	743	BUREAU VERITAS NORTH AMERICA INC.	4,260.00
78024	2014 12:00:0(	PRINTED	758	PAUL E. BURT	1,728.88
78025	2014 12:00:0(	PRINTED	1030	CITY OF TAFT-MCCF	5,555.10
78026	2014 12:00:0(	PRINTED	1035	COOPER'S TRUE VALUE HOME CENTER	612.50
78027	2014 12:00:0(	PRINTED	1113	COTA COLE LLP	300.00
78028	2014 12:00:0(	PRINTED	1114	COUNTRY AUTO & TRUCK TAFT	44.17
78029	2014 12:00:0(	PRINTED	892	CPS HUMAN RESOURCE SERVICES	183.08
78030	2014 12:00:0(	PRINTED	1367	DEPARTMENT OF TRANSPORTATION	2,891.68
78031	2014 12:00:0(	PRINTED	2267	HELT ENGINEERING, INC.	2,609.03
78032	2014 12:00:0(	PRINTED	2390	HUNTINGTON HARDWARE CO., INC.	160.05
78033	2014 12:00:0(	PRINTED	3790	OFFICE DEPOT	303.70
78034	2014 12:00:0(	PRINTED	12685	RAY MORGAN COMPANY	909.92
78035	2014 12:00:0(	PRINTED	5645	TRANS UNION LLC	50.00
78036	2014 12:00:0(	PRINTED	12411	WEST SIDE HEALTH CARE DISTRICT	1,000.00
78037	2014 12:00:0(	PRINTED	6593	XLDENT	40.00
			16 Checks	**Cash Account Total:**	**20,745.51**

CITY OF TAFT, CA
ACCOUNTS PAYABLE WARRANT REPORT
PAID INVOICE LIST

Vendor Number	Vendor Name	Invoice Number	Type	Warrant Date	Invoice Amount	Check Number	Expenditure Description	Account Number
40	A.P.I. PLUMBING	458039	INV	4 12:00:00AM	$30.10	78022	CVC-ELNGTD TOILET SEAT	10416 06200
40	A.P.I. PLUMBING	458046	INV	4 12:00:00AM	$31.50	78022	CVC-2"SLIPFIT/COLLAR/S-S95/HOSE	10416 06200
40	A.P.I. PLUMBING	458040	INV	4 12:00:00AM	$35.80	78022	CVC-PUL NPPLE/COLLAR/MIP	10416 06201
743	BUREAU VERITAS NORTH AMERICA INC.	1231788	INV	4 12:00:00AM	$4,260.00	78023	BLD-BW HOTEL PLAN REVIEW	10424 03000
758	PAUL E. BURT	8952	INV	4 12:00:00AM	$1,728.88	78024	MCCF-J.M. LABOR/505159	51451 05000
1030	CITY OF TAFT-MCCF	0530147	INV	4 12:00:00AM	$5,555.10	78025	MCCF- INMT PAY (MAY 2014)	51451 09020
1035	COOPER'S TRUE VALUE HOME CENTER	313299	INV	4 12:00:00AM	$2.57	78026	AC-6X6 RUBBER BLK	10431 05000
1035	COOPER'S TRUE VALUE HOME CENTER	313498	INV	4 12:00:00AM	$3.21	78026	AC-2310T3/4 FH SWIV	10431 05000
1035	COOPER'S TRUE VALUE HOME CENTER	313202	INV	4 12:00:00AM	$9.13	78026	ST-FAST SET CONCRETE	10433 06200
1035	COOPER'S TRUE VALUE HOME CENTER	312359	INV	4 12:00:00AM	$9.65	78026	ST-KRZY GLUE/PAINT MRKR	10433 06200
1035	COOPER'S TRUE VALUE HOME CENTER	313683	INV	4 12:00:00AM	$16.64	78026	ST-PVC FEM/HOSE BIB	10433 06200
1035	COOPER'S TRUE VALUE HOME CENTER	312333	INV	4 12:00:00AM	$23.63	78026	ST-14"/8" WHT CLB TIE	10433 06200
1035	COOPER'S TRUE VALUE HOME CENTER	312358	INV	4 12:00:00AM	$37.40	78026	ST-DMG WVR/SWR SNAKE	10433 06200
1035	COOPER'S TRUE VALUE HOME CENTER	312195	INV	4 12:00:00AM	$37.59	78026	MCCF-TSTR/SP SWTCH	51451 05000
1035	COOPER'S TRUE VALUE HOME CENTER	312066	INV	4 12:00:00AM	$68.23	78026	MCCF-WTR FLTR/HOSE	51451 05000
1035	COOPER'S TRUE VALUE HOME CENTER	313623	INV	4 12:00:00AM	$77.31	78026	ST-4X10 SLD S&D PIPE	10433 06200
1035	COOPER'S TRUE VALUE HOME CENTER	313916	INV	4 12:00:00AM	$96.50	78026	ST-DLVRY/FAN/TBL/CHR HLDNG	10433 06200
1035	COOPER'S TRUE VALUE HOME CENTER	312863	INV	4 12:00:00AM	$230.64	78026	ST-AIR FLTR/CH CNTRL/DPHRGM GSKT/STRTR	10433 06200
1113	COTA COLE LLP	18543	INV	4 12:00:00AM	$100.00	78027	CTY ATT-PROF SERVICES	10414 03002
1113	COTA COLE LLP	18394	INV	4 12:00:00AM	$200.00	78027	PSNL-PROF SERVICES	10420 03000
1114	COUNTRY AUTO & TRUCK TAFT	553287	INV	4 12:00:00AM	$44.17	78028	M-35 BALL MNT/INTRLCK TRLR BLL	10433 04200
892	CPS HUMAN RESOURCE SERVICES	INV10132	INV	4 12:00:00AM	$183.08	78029	CCF-CCF OFFCR EXM/BSCC FEE/ANSWR SHTS	51451 02000
1367	DEPARTMENT OF TRANSPORTATION	SL141016	INV	4 12:00:00AM	$2,891.68	78030	ST-SIGNALS & LIGHTING BILL	10433 08000

CITY OF TAFT, CA
ACCOUNTS PAYABLE WARRANT REPORT
PAID INVOICE LIST

Vendor Number	Vendor Name	Invoice Number	Type	Warrant Date	Invoice Amount	Check Number	Expenditure Description	Account Number
2267	HELT ENGINEERING, INC.	14-271	INV	4 12:00:00AM	$204.03	78031	ST-CNTR ST RCONSTRCTN	10733 00021
2267	HELT ENGINEERING, INC.	14-270	INV	4 12:00:00AM	$287.50	78031	ST-TEA HILLRD ST PATH (RTR EXT)	10733 00020
2267	HELT ENGINEERING, INC.	14-269	INV	4 12:00:00AM	$907.50	78031	ST-FED SAFE RTS TO SCHOOL	10733 00025
2267	HELT ENGINEERING, INC.	14-272	INV	4 12:00:00AM	$1,210.00	78031	ST-RAILS TO TRAILS PHASE IV	10733 00017
2390	HUNTINGTON HARDWARE CO., INC.	1185711-01	INV	4 12:00:00AM	$74.83	78032	MCCF-NXT DAY AIR/CUT GM KY	51451 05000
2390	HUNTINGTON HARDWARE CO., INC.	1175744-01	INV	4 12:00:00AM	$85.22	78032	MCCF-P CUT MSTR KY/ OPRTNG KEY	51451 05000
3790	OFFICE DEPOT	718238802001	INV	4 12:00:00AM	$303.70	78033	MCCF-BNDRS/WALL FILES	51451 06000
12685	RAY MORGAN COMPANY	695194	INV	4 12:00:00AM	$909.92	78034	PD-MAINT CONTRACT 04/01-06/30/14	10421 04100
5645	TRANS UNION LLC	06403712	INV	4 12:00:00AM	$50.00	78035	PSNL-MEMBERSHIP DUES	10420 02100
12411	WEST SIDE HEALTH CARE DISTRICT	04191996	INV	4 12:00:00AM	$250.00	78036	MCCF- PRE EMPLOYMENT PHYSIC	10420 02500
12411	WEST SIDE HEALTH CARE DISTRICT	04151996	INV	4 12:00:00AM	$250.00	78036	MCCF-PRE EMPLOYMENT PHYSIC	10420 02500
12411	WEST SIDE HEALTH CARE DISTRICT	07081993	INV	4 12:00:00AM	$250.00	78036	MCCF-PRE EMPLOYMENT PHYSIC	10420 02500
12411	WEST SIDE HEALTH CARE DISTRICT	08251995	INV	4 12:00:00AM	$250.00	78036	MCCF-PRE EMPLOYMENT PHYSIC	10420 02500
6593	XLDENT	0447401-IN	INV	4 12:00:00AM	$40.00	78037	CCF-IMAGEXL SOFTWARE MAINT	51451 02100

CITY OF TAFT, CA
ACCOUNTS PAYABLE WARRANT REPORT
PAID INVOICE LIST

Vendor Number	Vendor Name	Invoice Number	Type	Warrant Date	Invoice Amount	Check Number	Expenditure Description	Account Number
					$20,745.51			

ACCOUNTS PAYABLE CASH DISBURSEMENTS
DISTRIBUTION BY FUND

ALLOWED BY CITY COUNCIL ON _____

$7,407.14 OUT OF FUNDS AS NOTED BELOW

10 GENERAL	$0.00
36 ASSET FORFEITURES	$0.00
38 LANDSCAPE ASSESSMENT DIST	$0.00
40 CDBG/ HOUSING RLF	$0.00
41 TARP/RLF	$0.00
43 CALHOMES	$0.00
48 HOME RLF/HOUSING	$0.00
50 CRIME PREVENTION	$0.00
51 CCF FACILITY	$7,407.14
53 CCF/INMATE WELFARE FUND	$0.00
54 INMATE TRUST ACCOUNT	$0.00
58 FEDERAL PRISON-WWTP	$0.00
59 CENTRAL GARAGE	$0.00
60 SEWER	$0.00
61 REFUSE	$0.00
62 TRANSIT	$0.00
65 TCDA	$0.00
67 TCDA / DEBT SRV FND	$0.00
70 WWTP	$0.00
78 TRUST & AGENCY	$0.00
81 CAPITAL PROJECTS	$0.00
TOTAL	$7,407.14

_____ MAYOR

_____ CITY CLERK

Christine Bamford ACCOUNT CLERK I
CHRISTINE BAMFORD

WARRANT NO. 8/1/2014A DATE: 08/01/14
CHECK NUMBER 78038

CITY COUNCIL

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CITY OF TAFT, CA
ACCOUNTS PAYABLE CHECK REGISTER

Check Number	Check Date	Type	Vendor Number	Vendor Name		Check Amount
78038	2014 12:00:0(	PRINTED	1030	CITY OF TAFT-MCCF		7,407.14
			1 Checks		**Cash Account Total:**	**7,407.14**

CITY OF TAFT, CA
ACCOUNTS PAYABLE WARRANT REPORT
PAID INVOICE LIST

Vendor Number	Vendor Name	Invoice Number	Type	Warrant Date	Invoice Amount	Check Number	Expenditure Description	Account Number
1030	CITY OF TAFT-MCCF	073114	INV	4 12:00:00AM	$7,407.14	78038	JUNE 2014 INMATE PAY	51451 09020

$7,407.14

ACCOUNTS PAYABLE CASH DISBURSEMENTS
DISTRIBUTION BY FUND

ALLOWED BY CITY COUNCIL ON _____

$1,810.83 OUT OF FUNDS AS NOTED BELOW

10 GENERAL	$491.79
36 ASSET FORFEITURES	$0.00
38 LANDSCAPE ASSESSMENT DIST	$0.00
40 CDBG/ HOUSING RLF	$0.00
41 TARP/RLF	$0.00
43 CALHOMES	$0.00
48 HOME RLF/HOUSING	$0.00
50 CRIME PREVENTION	$0.00
51 CCF FACILITY	$0.00
53 CCF/INMATE WELFARE FUND	$0.00
54 INMATE TRUST ACCOUNT	$0.00
58 FEDERAL PRISON-WWTP	$487.52
59 CENTRAL GARAGE	$29.48
60 SEWER	$0.00
61 REFUSE	$0.00
62 TRANSIT	$802.04
65 TCDA	$0.00
67 TCDA / DEBT SRV FND	$0.00
70 WWTP	$0.00
78 TRUST & AGENCY	$0.00
81 CAPITAL PROJECTS	$0.00
TOTAL	$1,810.83

_____ MAYOR

_____ CITY CLERK

Christine Bamford ACCOUNT CLERK I
CHRISTINE BAMFORD

WARRANT NO. 8/1/2014 DATE: 08/01/14
CHECK NUMBER 78039- 78040

CITY COUNCIL

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CITY OF TAFT, CA
ACCOUNTS PAYABLE CHECK REGISTER

Check Number	Check Date	Type	Vendor Number	Vendor Name	Check Amount
78039	2014 12:00:0(	PRINTED	915	CARQUEST AUTO PARTS	1,328.68
78040	2014 12:00:0(	PRINTED	2061	GOLDEN EMPIRE CONCRETE	482.15
			2 Checks	**Cash Account Total:**	**1,810.83**

CITY OF TAFT, CA
ACCOUNTS PAYABLE WARRANT REPORT
PAID INVOICE LIST

Vendor Number	Vendor Name	Invoice Number	Type	Warrant Date	Invoice Amount	Check Number	Expenditure Description	Account Number
915	CARQUEST AUTO PARTS	7305-164969	INV	4 12:00:00AM	$11.76	78039	T-21 OIL/AIR FILTER	62462 04200
915	CARQUEST AUTO PARTS	7305-165029	INV	4 12:00:00AM	$11.76	78039	T-22 OIL/AIR FILTER	62462 04200
915	CARQUEST AUTO PARTS	7305-165150	INV	4 12:00:00AM	$11.84	78039	C-6 OIL/AIR FILTER	10416 04200
915	CARQUEST AUTO PARTS	7305-165114	INV	4 12:00:00AM	$12.07	78039	T-19 DRIVEALIGN PULLEY	62462 04200
915	CARQUEST AUTO PARTS	7305-164708	INV	4 12:00:00AM	$12.45	78039	T-23 COLD WELD EPOXY	62462 04200
915	CARQUEST AUTO PARTS	7305-164654	INV	4 12:00:00AM	$13.23	78039	ME-28 DC 283	10433 04200
915	CARQUEST AUTO PARTS	7305-165151	INV	4 12:00:00AM	$13.52	78039	M-17 EXACT FIT WIPER BL	10433 04200
915	CARQUEST AUTO PARTS	7305-164728	INV	4 12:00:00AM	$14.21	78039	ME-28 AIR/HI-POP OIL FILTER	10433 04200
915	CARQUEST AUTO PARTS	7305-164665	INV	4 12:00:00AM	$16.64	78039	ME-28 PIGTAIL	10433 04200
915	CARQUEST AUTO PARTS	7305-164909	INV	4 12:00:00AM	$21.01	78039	T-21 BEARING	62462 04200
915	CARQUEST AUTO PARTS	7305-165024	INV	4 12:00:00AM	$25.68	78039	T-23 SLIDE-ON TERMINAL/QUICKSPLICE/VINYI	62462 04200
915	CARQUEST AUTO PARTS	7305-165005	INV	4 12:00:00AM	$29.48	78039	GAR-12 VOLT AMP/SLIDE-ON TERMINAL	59459 06200
915	CARQUEST AUTO PARTS	7305-164922	INV	4 12:00:00AM	$29.81	78039	T-21 DIVEALIGN PULLEY	62462 04200
915	CARQUEST AUTO PARTS	7305-164549	INV	4 12:00:00AM	$37.80	78039	T-14 OIL/AIR/TRANS FILTERS	62462 04200
915	CARQUEST AUTO PARTS	7305-164188	INV	4 12:00:00AM	$41.59	78039	ME-18 COM & TRACTOR BAT	10433 04200
915	CARQUEST AUTO PARTS	7305-165099	INV	4 12:00:00AM	$71.91	78039	T-22 OIL/AIR FILTER	62462 04200
915	CARQUEST AUTO PARTS	7305-165100	INV	4 12:00:00AM	$93.51	78039	T-21 AUTO BATTERY	62462 04200
915	CARQUEST AUTO PARTS	7305-165115	INV	4 12:00:00AM	$103.01	78039	T-19 PRESTONE DEXCOOL GAL	62462 04200
915	CARQUEST AUTO PARTS	7305-164608	INV	4 12:00:00AM	$105.27	78039	T-23 BATTERY/OIL/AIR FILTER	62462 04200
915	CARQUEST AUTO PARTS	7305-164970	INV	4 12:00:00AM	$110.17	78039	ST-BRAKE CLEANER	10433 04200
915	CARQUEST AUTO PARTS	7305-164981	INV	4 12:00:00AM	$179.42	78039	T-21 CONTROL ARM ASSEMBLY	62462 04200
915	CARQUEST AUTO PARTS	7305-164763	INV	4 12:00:00AM	$286.71	78039	M-23 REMAN STARTER	10433 04200
915	CARQUEST AUTO PARTS	7305-164764	INV	4 12:00:00AM	$399.72	78039	T-15 REMAN STARTER	62462 04200

CITY OF TAFT, CA
ACCOUNTS PAYABLE WARRANT REPORT
PAID INVOICE LIST

Vendor Number	Vendor Name	Invoice Number	Type	Warrant Date	Invoice Amount	Check Number	Expenditure Description	Account Number
915	CARQUEST AUTO PARTS	7305-164294	CRM	4 12:00:00AM	-$281.05	78039	T-23 RADIATOR	62462 04200
915	CARQUEST AUTO PARTS	7305-164667	CRM	4 12:00:00AM	-$18.28	78039	T-23 AUTO BATTERY	62462 04200
915	CARQUEST AUTO PARTS	7305-164925	CRM	4 12:00:00AM	-$13.81	78039	T-21 DRIVEALIGN PULLEY	62462 04200
915	CARQUEST AUTO PARTS	7305-164235	CRM	4 12:00:00AM	-$10.75	78039	ME-18 COM & TRACTOR BAT	10433 04200
2061	GOLDEN EMPIRE CONCRETE	48095	INV	4 12:00:00AM	-$5.37	78040	FEDWWTP-1500 CADET RD	10360 00300
2061	GOLDEN EMPIRE CONCRETE	48095	INV	4 12:00:00AM	$487.52	78040	FEDWWTP-1500 CADET RD	58558 16015

$1,810.83

CITY OF
TAFT
energized for the future

August 11, 2014

Members of City Council
City of Taft

Reference· Treasurer's Report for the Month of June, 2014

Dear Members of the City Council:

The attached are Treasurer's Investment Fund Summary Report, Cash Receipts & Disbursements Summary Report, and other supporting documents of the report. The investment Fund Summary Report is presented at fair market value, as well as book value in accordance with Statement No. 31 of the Governmental Accounting Standards Board (GASB), Accounting and Financial Reporting for Certain Investments. As defined, when the Treasurer's Pooled Cash Portfolio is an external pool and must report accordance with GASB 31 for fiscal years beginning after June 15, 1997. The reporting at fair market value is for compliance with GASB 31 and is not to be used for budgetary purposes, since actual fund values and interest allocated in the Investment Fund are on an accrued accounting basis according to Generally Accepted Accounting Principles.

The monthly and quarterly interest earnings from the pooled unrestricted money investments in passbook/checking accounts, certificate of deposit, and investment in U S. government securities for the month ended June 30, 2014, were $1,727.47, and the quarterly interest from the pooled unrestricted money investment in the Local Agency Investment Funds and certificate of deposit for the quarter ended June 30, 2014 were $7,833.99, and the restricted money investment monthly interest earning were $16.16. These earnings represented an average net annualized yield of 1.36%, .24%, and .27%, respectively. For reference, a comparable statement of interest earnings on a quarterly basis for the year ending June 30, 2014 is shown at the bottom of the Summary of Receipts & Disbursements report. The investment program generates additional annual operating revenue for the City. Interest earnings are distributed quarterly to the participating funds in the City's Investment Fund.

California Government Code Section 53646 (b)(2) requires a report of "compliance with the statement of investment policy, or manner in which the investment is not in compliance". At the time of purchase all investments were in compliance with State law and our investment policy.

ADMINISTRATION ▪ FINANCE ▪ PLANNING ▪ PUBLIC WORKS
209 E. KERN STREET ▪ TAFT, CA 93268
661 / 763-1222 ▪ 661 / 765-2480 Fax
www.cityoftaft.org

California Government Code Section 53646 (b)(3) requires a "statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months……" To the best of my knowledge, the City's investment fund has sufficient liquidity to meet its obligations for the next six month's.

It is recommended that you receive and file this information.

Very truly yours,

Ben Magnum
City Treasurer

Cc: Craig Jones, City Manager
Teresa C. Binkley, Finance Director
Samantha Anderson, Accountant

FILE NAME. S./VOL1/FINANCE/TRES REPORT/TR613.RPT.doc

EXHIBIT A

CITY OF TAFT
TREASURER'S REPORT - CASH & INVESTMENT SUMMARY
AS OF JUNE 30, 2014

A/C #	POOLED DESIGNATED AND OPERATING CASH & INVESTMENTS.	BOOK VALUE	MARKET VALUE	PERCENT OF PORTFOLIO	MATURITY DATE	# OF DAYS TO MATURITY	YIELD TO MATURITY 360 DAYS EQUIVALENT	YIELD TO MATURITY 365 DAYS EQUIVALENT
9-100	Passbook / Checking Accounts WESTAMERICA BANK "NOW" Demand Deposits (365)	$150,876 29	$150,876.29	2.59%	NOW	1	0.05%	0.05%
	TOTAL	$150,876 29	$150,876.29					
9-101	Local Agency Investment Funds (A) State Pool Demand Deposits(365)	$540,328 47	$540,328 47	9.28%	NOW	1	0 24%	0.24%
	TOTAL	$540,328 47	$540,328 47					
9-103	Certificate of Deposit United Security Bank	$255,476 96	$255,476.96	4.39%	NOW	1	1 37%	1 39%
	TOTAL	$255,476.96	$255,476.96					
9-104	Investment-U.S. Government Securities US Bankcorp Piper Jaffray ($2,500,000.00 Fire Dept Reserves)	$3,007,283.89	$2,982,591.39	51 65%	SEE EXHIBIT E	1	0 95%	0 97%
	TOTAL	$3,007,283.89	$2,968,228.89					
9-113	Multi-Bank Securities, Inc	$300,097.67	$301,344.67	5.15%	SEE EXHIBIT G	1	1.31%	1.33%
	TOTAL	$300,097 67	$301,344 67					
9-114	Morgan Stanley Securities	$610,384 19	$611,646 92	10.48%	SEE EXHIBIT I	1	1 14%	1.16%
	TOTAL	$610,384.19	$609,872 51					
9-115	UBS Financial Services, Inc	$502,993.02	$507,182.02	8.64%	SEE EXHIBIT K	1	1.00%	1.94%
	TOTAL	$502,993.02	$507,182.02					
9-116	Morgan Stanley Securities Smith Barney	$200,310.98	$204,618 98	3.44%	SEE EXHIBIT M	1	2.00%	2 00%
	TOTAL	$200,310.98	$204,618.98					
9-117	Mutual Securities	$255,000 20	$260,467.70	4 38%	SEE EXHIBIT O	1	2 00%	2 00%
	TOTAL	$255,000.20	$260,467.70					
	OPERATING CASH & INVESTMENTS:	$5,822,751.67	$5,798,396 49	100 00%				
	RESTRICTED CASH & INVESTMENTS							
53-100	Restricted cash - Inmate Welfare Fund	$3,531.71	$3,531.71	0.10%	NOW	1	0.00%	0 00%
54-100	Restricted cash - Inmate Trust Fund	$67,195.44	$67,195 44	1.84%	NOW	1	0.10%	0 10%
60-114	Restricted cash- Escrow Account CDFW	$17,343 14	$17,343.14	0 48%	10/21/08	1	0.10%	0.10%
64-101	Restricted 97 CCF Lease Rev Bond Investments US Bank Security of U S. Government (365)	$3,094,334 40	$3,094,334 40	84 77%	01/01/17		0 00%	0.00%
65-102	Restricted TCDA Successor Agency Rev. Bond Inves WestAmercia Bank	$0.00	$0 00	0.00%	01/01/17		0.00%	0.00%
66-101	Restricted TCDA/Low Mod\ Rev. Bond Investments WestAmercia Bank	$0.00	$0 00	0.00%	01/01/17		0.03%	0.03%
67-101	Restricted 98 Rev Refunding Bond Investments US Bank Security of U.S Government (365)	$374,135.80	$375,913.35	10.30%	01/07/28		1.03%	1 04%
62-104	Restricted cash - Transit PTMISEA Investment US Bank	$92,084.34	$92,084.34	2.52%	NOW	1	0.10%	0.10%
	TOTAL RESTRICTED CASH & INVESTMENTS.	$3,648,624.83	$3,650,402.38	100 00%				
	GRAND TOTAL CASH & INVESTMENTS	$9,471,376.50	$9,448,798.87					

This report is presented pursuant to the City of Taft's Investment Policy which was revised by the Taft City Council at its regularly scheduled meeting of February 5, 2013
There are sufficient funds to meet the next 6 months' obligations

(A) As allowed by California Government Code Section 53646(e), see attached most recent copies of the statements from LAIF and WestAmerica Bank in lieu of the information required by section 53646(b)(1).

Ben Mangum, Treasurer, City of Taft

EXHIBIT B

CITY OF TAFT
Treasurer's Report - Summary of Receipts & Disbursements
For the month ended JUNE 30, 2014

	BALANCE AS OF 05/31/14	RECEIPTS	DISBURSEMENTS	ACCRUED INTEREST	TRANSFER IN	TRANSFER (OUT)	BALANCE AS OF 06/30/14
POOLED DESIGNATED AND OPERATING CASH & INVESTMENTS:							
PASSBOOK/CHECKING ACCOUNT-WA	$871,682.11	$1,039,732.11	($1,760,557 23)	$19.30	$0.00	$0.00	$150,876 29
CETIFICATE OF DEPOSIT/UNITED SECURITY BANK	$255,347.27	$0.00	$0.00	$129 69	$0 00	$0.00	$255,476.96
LOCAL AGENCY INVESTMENT FUND	$990,328.47	$0.00	$0.00	$0 00	$0 00	($450,000.00)	$540,328.47
INVESTMENT-U.S. GOVERNMENT SECURITIES ($2,500,000.00 Fire Dept. Reserves)	$3,000,000 00	$0.00	$0.00	$7,283 89	$0 00	$0 00	$3,007,283 89
MULTI-BANK SECURITIES, INC	$300,000 00	$0.00	$0.00	$97.67	$0 00	$0 00	$300,097 67
CERTIFICATE OF DEPOSIT/MORGAN STANLEY	$609,854.66	$0.00	$0.00	$529.53	$0.00	$0 00	$610,384 19
CERTIFICATE OF DEPOSIT/UBS FINANCIAL SERVICES INC.	$502,381.51	$0.00	$0.00	$611 51	$0 00	$0 00	$502,993.02
CERTIFICATE OF DEPOSIT/MORGAN STANLEY SMITH BARNEY	$200,311 70	$339.73	($339.73)	($0 72)	$0.00	$0 00	$200,310.98
CERTIFICATE OF DEPOSIT/MUTUAL SECURITIES	$255,000 16	$0 00	$0.00	$0.04	$0 00	$0.00	$255,000.20
TOTAL POOLED DESIGNATED AND OPERATING CASH & INVESTMENTS:	$6,984,905.88	$1,040,071.84	($1,760,896.96)		$0 00	($450,000 00)	$5,822,751 67
RESTRICTED CASH & INVESTMENTS							
INMATE WELFARE FUND	$247.66	$3,283.91	$0.00	$0.14	$0 00	$0.00	$3,531.71
INMATE TRUST FUND	$67,416.56	$20,736.60	($20,963.59)	$5.87	$0.00	$0.00	$67,195.44
ESCROW ACCOUNT-CDFW	$17,341.71	$1.43	$0 00	$0.00	$0.00	$0.00	$17,343.14
UNITED SECURITY BANK/PTMISEA	$92,076.77	$7.57	$0.00	$0.00	$0.00	$0.00	$92,084.34
WESTAMERICA BANK-TCDA/SUCCESSOR AGENCY	$0 00	$0 00	$0 00	$0.00	$0.00	$0 00	$0 00
WESTAMERICA BANK-TCDA/LOW MOD HOUSING FUND	$509,610.73	$0.00	($509,610 73)	$0.00	$0.00	$0.00	$0.00
98 REV REFUNDING BOND - US BANK	$372,401.64	$0.00	$0.00	$1,734.16	$0.00	$0.00	$374,135.80
97 C.C.F LEASE REV BOND - US BANK	$2,937,775.23	$156,559 17	$0 00	$0.00	$0 00	$0.00	$3,094,334 40
TOTAL RESTRICTED CASH & INVESTMENTS:	$3,996,870 30	$180,588 68	($530,574.32)	$1,740 17	$0.00	$0 00	$3,648,624.83
GRAND TOTAL CASH & INVESTMENTS	$10,981,776 18	$1,220,660 52	($2,291,471 28)	$1,740.17	$0.00	($450,000.00)	$9,471,376.50

INTEREST EARNED DURING THE CURRENT MONTH ENDED JUNE 30, 2014 ARE AS FOLLOWS:

	MONTHLY	QUARTERLY	SEMI-ANNUAL	TOTAL
POOLED CASH & INVESTMENTS - WITH - WA	$19 30		$7,283.89	$7,303.19
POOLED CASH & INVESTMENTS - WITH - US BANK	$129.69			$129.69
POOLED CASH & INVESTMENTS-WITH-MULTI-BANK SEC	$97.67			$97.67
POOLED CASH & INVESTMENTS - WITH - L.A I.F	$0.00	$550.10		$550.10
POOLED CASH & INVESTMENTS-WITH-MORGAN STANLEY SM	$339 73			$339.73
POOLED CASH & INVESTMENTS-WITH-MORGAN STANLEY	$529.53			$529.53
POOLED CASH & INVESTMENTS-WITH-UBS FINANCIAL SERVIC	$611 51			$611.51
POOLED CASH & INVESTMENTS-MUTUAL SECURITIES	$0.04			$0 04
RESTRICTED CASH & INVESTMENTS	$16 16			$16.16
TOTAL	$1,743 63	$550.10	$7,283.89	$9,577 62

QUARTERLY INTEREST EARNING ARE AS FOLLOWS.

	QTR. ENDING SEP. 30, 2013	QTR. ENDING DEC. 31, 2013	QTR. ENDING MARCH 31, 2014	QTR. ENDING JUNE 30, 2014	FISCAL YEAR TO DATE
POOLED CASH & INVESTMENTS - WITH - WA	$88.09	$41.35	$73 88	$63.73	$267.05
POOLED CASH & INVESTMENTS - WITH - RAYMOND JAMES	$0 00	$0 00	$0.00	$0.00	$0 00
POOLED CASH & INVESTMENTS - WITH - US BANK	$10,775 00	$3,700.00	$10,775.00	$3,700.00	$28,950 00
POOLED CASH & INVESTMENTS-WITH-MULTI BANK SEC	$233 56	$320.55	$283.56	($280.41)	$557.26
POOLED CASH & INVESTMENTS - WITH - L.A.I F	$1,931 04	$1,835.84	$1,207.67	$550.10	$5,524.65
POOLED CASH & INVESTMENTS - WITH - UNITED SECURTIY B	$484.54	$480.24	$475 91	$384.66	$1,825 35
POOLED CASH & INVESTMENTS - WITH - MORAN STANLEY SM	$0.00	$2,005.50	$986.31	$1,008 23	$4,000.04
POOLED CASH & INVESTMENTS - WITH - MS	$1,586.63	$1,594 24	$1,433.21	$1,594 09	$6,208.17
POOLED CASH & INVESTMENTS - WITH - UBS	$1,723.84	$3,909.73	$3,629.59	$1,795 09	$11,058.25
POOLED CASH & INVESTMENTS - WITH - MUTUAL SECURITIES	$0 00	$2,506.89	$0.06	$2,493.21	$5,000.16
RESTRICTED CASH & INVESTMENTS	$1,352.26	$69 52	$1,938 30	$57.94	$3,418.02
TOTAL	$18,174.96	$16,463.86	$20,803.49	$11,366.64	$66,808.95

EXHIBIT C

CITY OF TAFT
TREASURER'S REPORT - CASH & INVESTMENT SUMMARY
POOLED DESIGNATED, OPERATING CASH, & INVESTMENTS
AS OF JUNE 30, 2014

A/C #	POOLED DESIGNATED AND OPERATING CASH & INVESTMENTS:		BOOK VALUE	MARKET VALUE
9-100	Passbook / Checking Accounts WESTAMERICA BANK "NOW" Demand Deposits (365)		$150,876.29	$150,876.29
		TOTAL	$150,876.29	$150,876.29
9-101	*Local Agency Investment Funds (A)* State Pool Demand Deposits(365)		$540,328 47	$540,328 47
		TOTAL	$540,328 47	$540,328 47
9-103	Certificate of Deposit UNITED SECURITY BANK		$255,476 96	$255,476 96
		TOTAL	$255,476 96	$255,476 96
9-104	Investment-U.S. Government Securities US Bankcorp Piper Jaffray **($ 2,500,000.00 Fire Dept. Reserves)**		$3,007,283 89	$2,982,591.39
		TOTAL	$3,007,283.89	$2,982,591.39
9-113	Certificate of Deposit MULTI-BANK SECURITIES		$300,097.67	$301,344.67
		TOTAL	$300,097 67	$301,344.67
9-114	Certificate of Deposit MORGAN STANLEY		$610,384.19	$611,646.92
		TOTAL	$610,384 19	$611,646.92
9-115	BOND SECURITY UBS FINANCIAL SERVICES, INC		$502,993.02	$507,182.02
		TOTAL	$502,993.02	$507,182.02
9-116	Certificate of Deposit MORGAN STANLEY SMITH BARNEY		$200,310.98	$204,618 98
		TOTAL	$200,310 98	$204,618.98
9-117	Certificate of Deposit MUTUAL SECURITIES		$255,000.20	$260,467 70
		TOTAL	$255,000.20	$260,467 70
	TOTAL POOLED DESIGNATED AND OPERATING CASH & INVESTMENTS:		$5,822,751 67	$5,814,533.40

SUMMARY OF CASH & INVESTMENT BALANCES BY FUNDS

GENERAL FUND	$2,115,644.62
SPECIAL REVENUE FUND	$427,048 98
COMMUNITY CORRECTIONAL FACILITY	($5,576,676.36)
SEWER FUND	$1,829,596 72
REFUSE FUND	$985,942 10
TRANSIT FUND	($700,048.08)
FEDERAL WWTP	$2,962,726.78
TAFT COMMUNITY DEVELOPMENT AGENCY	$160,046.94
WASTEWATER TREATMENT PLANT	$3,618,469.97
UNALLOCATED INTEREST INCOME	$0.00
PRINT FORMAT: P. TOTAL POOLED DESIGNATED AND OPERATING CASH & INVESTMENTS:	$5,822,751.67

EXHIBIT D

CITY OF TAFT
Treasurer's Report - CASH & Investment Summary Comparison
Balances as JUNE 13 and JUNE 14

	Balance As of 06/30/13	Balance As of 06/30/14	Changes Inc <Dec>
POOLED DESIGNATED AND OPERATING CASH & INVESTMENTS:			
Passbook/Checking Account - WA	$470,089 08	$150,876.29	($319,212.79)
Certificates of Deposits - United Security Bank	$253,065 10	$255,476 96	$2,411 86
Local Agency Investment Fund	$2,931,152.14	$540,328 47	($2,390,823 67)
Investments-U S Government Securities US Bancorp Piper Jaffray **($2,500,000.00 Fire Dept. Reserves)**	$3,000,000 00	$3,007,283 89	$7,283 89
Certificates of Deposits - Morgan Stanley	$602,602.12	$610,384 19	$7,782.07
Certificates of Deposits - Multi-Bank Securities	$300,678 08	$300,097 67	($580 41)
Certificates of Deposits - UBS Financial Services	$500,927 80	$502,993 02	$2,065.22
Certificates of Deposits - Morgan Stanley Smith Barn	$200,311 70	$200,310 98	($0 72)
Certificates of Deposits -Mutual Securities	$250,000 00	$255,000.20	$5,000.20
TOTAL POOLED DESIGNATED AND OPERATING CASH & INVESTMENTS:	$8,508,826 02	$5,822,751 67	($2,686,074 35)
RESTRICTED CASH & INVESTMENTS:			
INMATE WELFARE FUND	$0 12	$247 66	$247 54
INMATE TRUST FUND	$8,809 75	$67,195 44	$58,385 69
ESCROW ACCOUNT CDFW - US BANK	$0 00	$17,343 14	$17,343 14
TRANSIT SYSTEM SAFETY & SERVICE - US BANK	$0 00	$0 00	$0 00
TRANSIT PTMISEA - US BANK	$0 00	$92,084 34	$92,084 34
98 REV REFUNDING BOND - US BANK	$371,742.10	$374,135 80	$2,393 70
97 C C F LEASE REV BOND - US BANK	$2,786,039 82	$3,094,334 40	$308,294 58
TCDA SUCCESSOR AGENCY REV BOND INVEST	$3,734 64	$0 00	($3,734 64)
TCDA/LOW MOD REV BOND INVESTMENT	$512,539 61	$0 00	($512,539 61)
TOTAL RESTRICTED CASH & INVESTMENTS:	$3,682,866 04	$3,645,340 78	($37,525 26)
GRAND TOTAL CASH & INVESTMENTS:	$12,191,692.06	$9,468,092.45	($2,723,599 61)

EXHIBIT E

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif
July 15, 2014

CITY OF TAFT

DIRECTOR OF FINANCE
209 EAST KERN STREET
TAFT, CA 93268

PMIA Average Monthly Yields

Account Number:
98-15-912

Tran Type Definitions

June 2014 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
6/12/2014	6/12/2014	RW	1434704	TERESA BINKLEY	-150,000 00
6/30/2014	6/27/2014	RW	1436034	TERESA BINKLEY	-300,000 00

Account Summary

Total Deposit:	0 00	Beginning Balance:	990,328.47
Total Withdrawal:	-450,000.00	Ending Balance:	540,328 47

EXHIBIT F

CITY OF TAFT
INVESTMENT IN US GOVERNMENT SECURITIES
BALANCES AS OF 6/30/14

INVESTMENT DESCRIPTION	COST AT PAR	ACCRUED INTEREST	TOTAL COSTS COST @ PAR+ ACCRUED INT.	MARKET VALUE	RATE OF RETURNS	ANNUAL INCOME	INTEREST PAYMENT DATES	
FEDL HOME LOAN BANK BONDS PURCHASED· 11/8/12/ DUE. 5/08/17 FIRST COUPON: 5/08/14/12/ CALL. 2/8/13	$ 1,000,000.00	$ -	$ 1,000,000.00	$ 991,450.00	0.740%	$7,400.00	May 8	November 8
FEDERAL FARM CREDIT BANK PURCHASED· 3/12/13/ DUE: 3/12/18 FIRST COUPON: 9/12/13/ CALL. 3/12/14	$ 1,000,000 00	$ -	$ 1,000,000.00	$ 993,920.00	1.030%	$10,300.00	March 12	September 12
FEDERAL NATIONAL MTG ASSN PURCHASED· 3/20/13/ DUE. 3/20/18 FIRST COUPON. 9/20/13/ CALL. 9/20/14	$ 1,000,000.00		$ 1,000,000.00	$ 991,050 00	1 125%	$11,250.00	March 20	September 20
CASH BALANCE	$ -	$ -	$ -	$ -				
INCOME BALANCE	$ -	$ -	$ -	$ -				
ACCRUED INTEREST BALANCE	$ -	$ 7,283.89	$ 7,283.89	$ 7,283 89				
TOTAL INVESTMENTS	$ 3,000,000.00	$ 7,283.89	$ 3,007,283.89	$ 2,983,703.89	0.965%	$28,950.00		

TOTAL ANNUAL INTEREST INCOME FROM THESE INVESTMENTS. $28,950.00

GUIDES FOR THE JOURNEY® | PiperJaffray.

STATEMENT OF ACCOUNT

Registered Representative:

UME-UKEJE
877-337-4737

Piper Jaffray & Co.
800 Nicollet Mall, Suite 800
Minneapolis, MN 55402-7020

RECEIVED
JUL 14 2014
CITY OF TAFT

00006723 01 MB 0.432 01 TR 00028 PJBPD402 000000
CITY OF TAFT
ATTN TERESA STATLER
FINANCE DIRECTOR
209-E KERN STREET
TAFT CA 93268

EXHIBIT G

S 006723 PJBPD402 005860

Account Value

Value as of June 30, 2014	$2,983,703.89

Customer Notice

Reduce your mail! If you have multiple accounts at Piper Jaffray, you can request that your statements are mailed in one envelope. Also, clients whose accounts are carried solely for the purpose of execution on a DVP/RVP basis may opt out of receiving monthly statements. Contact your Registered Representative to discuss suppression and householding options for your account statements.

THIS SUMMARY IS FOR INFORMATIONAL PURPOSES ONLY IT IS NOT INTENDED AS A TAX DOCUMENT
THIS STATEMENT SHOULD BE RETAINED FOR YOUR RECORDS.

GENERAL INFORMATION

The following information is provided to help you understand your Piper Jaffray & Co. account statement. The descriptions that follow cover most statement sections; however, some of the information may not apply to your particular account statement. An explanatory brochure, "How to Read Your Account Statement," is available upon request and provides additional descriptions and explanations. If you have any questions, please contact your Piper Jaffray registered representative.

Account Value is the total value of your account as of the last business day of the statement period. It does not include unpriced securities.

Account Value Summary shows the opening and closing value of your portfolio for the statement period, categorized by investment type and cash balances. The total is the value of all cash and money market funds plus priced securities. *Net Change in Account Value* is the difference in priced securities and cash balances from the previous statement period.

Dividends, Interest, and Tax Activity Summary shows total portfolio income for the current statement period and year to date, including dividend and bond interest and other types of interest income and expenses.

Retirement Activity Summary reflects contributions received and distributions paid during the current year and prior year

Activity Summary recaps the transactions in your account during the current statement period.

Portfolio Summary is a listing of securities in your account organized by product type.

Verification Notice shows the information on file at Piper Jaffray & Co. regarding the owner(s) of your account.

Estimated Annual Income (EAI)/Estimated Current Yield (EY) for certain types of securities could include a return of principal or capital gains in which case the EAr and EY would be overstated. Both EAr and EY are estimates and the actual income and yield might be lower or higher than the estimated amounts. The EY reflects only the income generated by an investment. It does not reflect changes in its price, which may fluctuate.

REGULATORY INFORMATION

Market Prices/Bond Ratings - Prices for determining market values represent estimates obtained from multiple sources, including Piper Jaffray & Co., its affiliates and outside vendors. Pricing estimates may be based upon bids, prices within the bid/ask spread, closing prices or a matrix methodology that uses data relating to other securities where prices are more ascertainable, producing a hypothetical price based on the estimated yield spread relationship between the securities. Pricing estimates do not constitute a bid for any security or futures contract. Actual prices realized at sale may be more or less than shown on your statement. Bond ratings are received from outside sources. *(While we believe our sources for market values and bond ratings to be reliable, we cannot guarantee their accuracy.)*

Loan/Margin Account Clients - If you have a margin account, this is a combined statement of your general account and the Special Memorandum Account maintained for you under Section 220.6 of Regulation T, issued by the Board of Governors of the Federal Reserve System. As required by Regulation T, the permanent record of the separate sub-accounting is available for your inspection.

Callable Securities - In the event of a partial call of corporate or municipal bonds or preferred stock held in bulk by us for you and other securities clients, the securities to be called will automatically be called using a random selection procedure prescribed by the FINRA (Financial Industry Regulatory Authority). The probability that your securities will be selected is proportional to the number of your holdings relative to the total holdings.

Free Credit Balances - Under the client protection rules, we are required to disclose to you that we may use free credit balances in your account in the ordinary course of our business and these funds are payable to you on demand.

Securities Account Protection - Piper Jaffray & Co. is a member of the Securities Investor Protection Corporation (SIPC). SIPC protects securities clients of member firms that are in liquidation for up to $500,000 per account (including up to $250,000 in cash). Although SIPC was created by the Securities Investor Protection Act of 1970, it is not a government agency or regulatory authority It is a nonprofit membership corporation funded by its members. To learn more about what the Securities Investor Protection Corporation does, for membership questions, or to obtain a copy of the SIPC brochure, you may call 202 371-8300 or visit the SIPC Web site at www.sipc.org.

Protection through SIPC does not protect against losses in the market value of investments.

Tax Reporting - As required by law, at year-end we will report to you, the Internal Revenue Service and to certain states specific information on sales (including short sales and cost basis, as required), dividends and various types of interest that have been credited to your account. Therefore, your statement should not be used to complete your tax return.

Your account is currently set up with a First In, First Out (FIFO) accounting method for tax lot designation on sales; shares with the oldest purchase date are sold first. If you wish to sell a specific tax lot, you must notify your registered representative by settlement date ofthe sale. Contact your registered representative for more information.

Our firm does not provide tax, accounting or legal advice. Please contact your tax advisor regarding tax deferred plans, tax lot designation and the suitability of tax-exempt investments in your portfolio and your accounting advisor to determine the appropriate treatment of certain securities for required financial representation.

Piper Jaffray & Co. Statement of Financial Condition - *You* may obtain a copy of our Statement of Financial Condition by visiting our Web site at piperjaffray.com or by requesting a copy be mailed to you free-of-charge by calling us toll free at 866676-9480

Changes in Your Situation - Please advise your Piper Jaffray & Co registered representative promptly of any material change in your investment objectives or financial condition.

Inaccuracies/Discrepancies - Should you find any error or discrepancy in your account, a trade confirmation or tax documents provided by Piper Jaffray & Co., you should promptly notify your Piper Jaffray & Co. registered representative. If Piper Jaffray & Co. is acting as your clearing broker, you should promptly notify both Piper Jaffray & Co. and your introducing firm. Any verbal communication should be re-confirmed in writing.

Under the Public Disclosure Program, referred to as the BrokerCheck program, FINRA provides certain information regarding the disciplinary history of FINRA member firms and their associated persons. An investor brochure that includes information describing the BrokerCheck program may be obtained from FINRA by calling 800 289-9999 or visiting the FINRA Web site at www.finra.org.

Complaints - Complaints regarding your Piper Jaffray & Co. account can be directed, in writing, to the Piper Jaffray & Co. Compliance Department c/o Chief Compliance Officer, 800 Nicollet Mall, Minneapolis MN 55402, or by calling 612-303-6000.

ACCOUNT VALUE SUMMARY

Description	As of 05/30/14	This Period
U.S. Agency Securities	$2,977,720.00	$2,976,420.00
Subtotal	**$2,977,720.00**	**$2,976,420.00**
Accrued Interest Balance	4,871.39	7,283.89
TOTAL	**$2,982,591.39**	**$2,983,703.89**
NET CHANGE IN ACCOUNT VALUE		**$1,112.50**

DIVIDENDS, INTEREST, AND TAX ACTIVITY SUMMARY

Description	This Statement	Year to Date
Government Agency Interest	$0.00	$14,475.00
TOTAL INCOME	**$0.00**	**$14,475.00**

PORTFOLIO SUMMARY

Bond ratings are provided by Moody's and Standard & Poor's, respectively. For more information about bond ratings please contact your Registered Representative.

Note: The accrued interest displayed for certain fixed income securities is the interest accrued from the previous coupon payment date through the end of the statement period. While this accrued interest is reflected in your account value as Accrued Interest Balance or Short Accrued Int. Balance, the payment of the coupon interest is not guaranteed.

US AGENCY SECURITIES

Account Type	Quantity	Description	Bond Ratings	Current Price	Market Value	Estimated Annual Income	Estimated Current Yield
CASH	1,000,000	FEDERAL HOME LOAN BANK DATED DATE 11/08/12 DUE 05/08/2017 .740% MN 08 CUSIP - 3133812G9	MOODY: S&P: AA+	$99.1450 ACCRU. INT	$991,450.00 1,068.89	$7,400.00	0.7500%
CASH	1,000,000	FEDERAL FARM CREDIT BANK DATED DATE 03/12/13 DUE 03/12/2018 1.030% MS 12 CUSIP - 3133ECHS6	MOODY: Aaa S&P: AA+	99.3920 ACCRU. INT	993,920.00 3,090.00	10,300.00	1.0400%
CASH	1,000,000	FEDERAL NATIONAL MTG ASSN DATED DATE 03/20/13 DUE 03/20/2018 1.125% MS 20 CUSIP - 3135G0VL4	MOODY: Aaa S&P: AA+	99.1050 ACCRU INT	991,050.00 3,125.00	11,250.00	1.1400%
		MARKET VALUE OF US AGENCY SECURITIES			**$2,976,420.00**	**$28,950.00**	

EXHIBIT H

CITY OF TAFT
MULTI-BANK SECURITIES, INC CERTIFICATE OF DEPOSITS
BALANCES AS OF 6/30/14

INVESTMENT DESCRIPTION	COST AT PAR	INTEREST EARNED	TOTAL COSTS COST @ PAR+ ACCRUED INT.	MARKET VALUE	RATE OF RETURNS	ANTICIPATED INCOME (ANNUALIZED)	INTEREST PAYMENT DATES
SALLIE MAE BK SALT LAKE CITY UT PURCHASED· 11/13/13/ DUE. 11/13/17 FIRST COUPON: 5/13/14/ CALL. 11/13/17	$ 100,000.00	$ -	$ 100,000.00	$ 100,536 00	1 450%	$1,450.00	Monthly
FIRSTBANK P R SANTURCE PURCHASED· 6/21/10/ DUE. 11/25/13 FIRST COUPON: 12/24/10/ CALL. 11/25/13	$ 100,000.00	$ -	$ 100,000.00	$ 100,184.00	1.500%	$1,600.00	Monthly
DISCOVER BK GREENWOOD DEL CTF PURCHASED· 5/09/12/ DUE. 5/11/15 FIRST COUPON: 11/09/12/ CALL. 5/11/15	$ 100,000.00	$ -	$ 100,000.00	$ 100,527.00	1 050%	$1,050.00	Semi Annual
MONEY MARKET FUND	$ -	$ -	$ -	$ -			
DIVIDENDS/INTEREST	$ -	$ 97 67	$ 97.67	$ 97.67			
TOTAL INVESTMENTS	$ 300,000.00	$ 97 67	$ 300,097.67	$ 301,344 67	1.333%	$4,100.00	

TOTAL ANNUAL INTEREST INCOME FROM THESE INVESTMENTS: $4,100.00

MBS MULTI-BANK SECURITIES, INC.
1000 Town Center, Suite 2300
Southfield, MI 48075
(800) 967-9045
Member of FINRA & SIPC, MSRB

Brokerage Account Statement

RECEIVED
JUL 14 2014
CITY OF TAFT

* 00209318 01 AT 0.403 01 TR 00967 X112PD22 000000

Account Number: RMB-017534
Statement Period: 06/01/2014 - 06/30/2014

CITY OF TAFT
209 EAST KERN ST
TAFT CA 93268-3224

Your Account Executive:
MICHAEL DEGEETER
(800) 967-4507

Valuation at a Glance

	This Period
Beginning Account Value	**$301,022.00**
Dividends/Interest	97.67
Change in Account Value	225.00
Ending Account Value	**$301,344.67**
Estimated Annual Income	$3,650.00

Asset Allocation

	Last Period	This Period	% Allocation
Cash, Money Funds, and Bank Deposits	0.00	97.67	1%
Fixed Income	301,022.00	301,247.00	99%
Account Total	**$301,022.00**	**$301,344.67**	**100%**

EXHIBIT I

PAR-02-ROLL
A0000000CSF112DP
Go paperless
ASK ABOUT E-DELIVERY
Rated Excellent
Every Year Since 2007
DALBAR RATED COMMUNICATIONS EXCELLENCE
Clearing through Pershing LLC, a wholly owned subsidiary of The Bank of New York Mellon Corporation (BNY Mellon)
Pershing LLC, member FINRA, NYSE, SIPC

Client Service Information

Your Account Executive: MAW

MICHAEL DEGEETER
MULTI-BANK SECURITIES
1000 TOWN CENTER, STE 2300
SOUTHFIELD MI 48075-1239

Contact Information

Telephone Number: (800) 967-4507
E-Mail Address: customerservice@mbssecurities.com

Client Service Information

Service Hours: Weekdays 09:00 a.m. - 05:00 p.m. (EST)
Client Service Telephone Number: (800) 967-9045
Web Site: WWW.MBSSECURITIES.COM

Your Account Information

Investment Objective

Investment Objective: NONE SPECIFIED
Risk Exposure: NONE SPECIFIED
Please discuss your investment objective with your Account Executive.

Tax Lot Default Disposition Method

Default Method for Mutual Funds: FIRST IN FIRST OUT
Default Method for Stocks in a Dividend Reinvestment Plan: FIRST IN FIRST OUT
Default Method for all Other Securities: FIRST IN FIRST OUT

Electronic Delivery

You have not selected any account communications for electronic delivery. To register and turn off paper communications, log in to your account or contact your Account Executive for more information.

Income and Expense Summary

	Current Period		Year-to-Date	
	Taxable	Non Taxable	Taxable	Non Taxable
Interest Income				
Other Interest	97.67	0.00	1,813.14	0.00
Total Dividends, Interest, Income and Expenses	**$97.67**	**$0.00**	**$1,813.14**	**$0.00**

Portfolio Holdings

Description	Quantity	Opening Balance	Closing Balance	Accrued Income	30-Day Yield
Cash, Money Funds, and Bank Deposits 1.00% of Portfolio					
Cash Balance		**0.00**	**97.67**		
Total Cash, Money Funds, and Bank Deposits		**$0.00**	**$97.67**	**$0.00**	

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Pershing LLC, member FINRA, NYSE, SIPC

MBS MULTI-BANK SECURITIES, INC.
1000 Town Center, Suite 2300
Southfield, MI 48075
(800) 967-9045
Member of FINRA & SIPC, MSRB

Brokerage Account Statement

Statement Period: 06/01/2014 - 06/30/2014

Portfolio Holdings *(continued)*

Description	Quantity	Market Price	Market Value	Accrued Interest	Estimated Annual Income	Estimated Yield
Fixed Income 99.00% of Portfolio *(In Maturity Date Sequence)*						
Certificates of Deposit						
DISCOVER BK GREENWOOD DEL CTF DEP DTD 05/09/2012 ACT/365 1.050% 05/11/15 B/E DTD 05/09/12 Security Identifier 254671AR1	100,000.000	100.5270	100,527.00	149.59	1,050.00	1.04%
FIRSTBANK P R SANTURCE CTF DEP ACT/365 1.150% 11/21/16 B/E DTD 11/21/12 1ST CPN DTE 12/21/12 Security Identifier 33764JPJ8	100,000.000	100.1840	100,184.00	28.36	1,150.00	1.14%
SALLIE MAE BK SALT LAKE CITY UT CTF DEP ACT/365 1.450% 11/13/17 B/E DTD 11/13/13 1ST CPN DTE 05/13/14 Security Identifier 795450RH0	100,000.000	100.5360	100,536.00	190.68	1,450.00	1.44%
Total Certificates of Deposit:	300,000.000		$301,247.00	$368.63	$3,650.00	
Total Fixed Income:	300,000.000		$301,247.00	$368.63	$3,650.00	

	Market Value	Accrued Interest	Estimated Annual Income
Total Portfolio Holdings	$301,344.67	$368.63	$3,650.00

Portfolio Holdings Disclosures

Pricing

This section includes the net market value of the securities in your account on a settlement date basis, including short positions, at the close of the statement period. The market prices have been obtained from sources which we believe to be reliable. Pershing may not use the closing price of the particular exchange or marketplace where your position was purchased as the "Market Price." Securities for which a price is not available are marked ""N/A"" and are omitted from the Total.

THE AS OF PRICE DATE ONLY APPEARS WHEN THE PRICE DATE DOES NOT EQUAL THE STATEMENT DATE.

Estimated Annual Figures

The estimated annual income (EAI) and estimated annual yield (EAY) figures are estimates and for informational purposes only. These figures are not considered to be a forecast or guarantee of future results. These figures are computed using information from providers believed to be reliable; however, no assurance can be made as to the accuracy. Since interest and dividend rates are subject to change at any time, and may be affected by current and future economic, political, and business conditions; they should not be relied on for making investment, trading, or tax decisions. These figures assume that the position quantities, interest and dividend rates, and prices remain constant. A capital gain or return of principal may be included in the figures for certain securities, thereby overstating them. Refer to www.pershing.com/business_continuity.html for specific details as to formulas used to calculate the figures. Accrued interest represents interest earned but not yet received.

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Portfolio Holdings Disclosures *(continued)*

Reinvestment

The dollar amount of Mutual Fund distributions, Money Market Fund dividend income, Bank Deposit interest income, or dividends for other securities shown on your statement may have been reinvested. You will not receive confirmation of these reinvestments. Upon written request to your financial institution, information pertaining to these transactions, including the time of execution and the name of the person from whom your security was purchased, may be obtained. In dividend reinvestment transactions, Pershing acts as your agent and receives payment for order flow.

Option Disclosure

Information with respect to commissions and other charges incurred in connection with the execution of option transactions has been included in confirmations previously furnished to you. A summary of this information is available to you promptly upon your written request directed to your introducing firm. In order to assist your introducing firm in maintaining current background and financial information concerning your option accounts, please promptly advise them in writing of any material change in your investment objectives or financial situation. Expiring options which are valuable are exercised automatically pursuant to the exercise by exception procedure of the Options Clearing Corporation. Additional information regarding this procedure is available upon written request to your introducing firm.

Certificates of Deposit

Please be advised that the secondary market for CDs is generally illiquid; the actual value of CDs may be different from their purchase price; and a significant loss of principal could result if your CDs are sold prior to maturity. In the event that the CDs listed above do not indicate a market valuation, an accurate market value could not be determined. In the event that a price is listed above for your CDs, Pershing has obtained a price from sources deemed to be reliable or has priced your CDs using a matrix formula. Prices are estimates and the actual value you may obtain for your CD may be different if you elect to sell your CD in the secondary market.

Foreign Currency Transactions

Pershing may execute foreign currency transactions as principal for your account. Pershing may automatically convert foreign currency to or from U.S. dollars for dividends and similar corporate action transactions unless you instruct your financial organization otherwise. Pershing's currency conversion rate will not exceed the highest interbank conversion rate identified from customary banking sources on the conversion date or the prior business day, increased by up to 1%, unless a particular rate is required by applicable law. Your financial organization may also increase the currency conversion rate. This conversion rate may differ from rates in effect on the date you executed a transaction, incurred a charge, or received a credit. Transactions converted by agents (such as depositories) will be billed at the rates such agents use.

Proxy Vote

Securities not fully paid for in your margin account may be lent by Pershing to itself or others in accordance with the terms outlined in the Margin Agreement. The right to vote your shares held on margin may be reduced by the amount of shares on loan. The Proxy Voting Instruction Form sent to you may reflect a smaller number of shares entitled to vote than the number of shares in your margin account.

Activity Summary *(All amounts shown are in base currency)*

Credits	This Period	Year-to-Date
Dividends and Interest	**$97.67**	**$1,813.14**
Cash		
Withdrawals	0.00	0.00
Total Cash	**$0.00**	**$0.00**
Total Credits	**$97.67**	**$1,813.14**

Debits	This Period	Year-to-Date
Dividends and Interest	**$0.00**	**$0.00**
Cash		
Withdrawals	0.00	-1,809.99
Total Cash	**$0.00**	**-$1,809.99**
Total Debits	**$0.00**	**-$1,809.99**

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Brokerage Account Statement

Statement Period: 06/01/2014 - 06/30/2014

Transactions by Type of Activity

Process/ Settlement Date	Activity Type	Description	Quantity	Price	Accrued Interest	Amount	Currency
Dividends and Interest							
06/23/14	BOND INTEREST RECEIVED	100000 FIRSTBANK P R SANTURCE CTF DEP ACT/365 33764JPJ8 1 150% 11/21/16 B/E DTD 11/21/12 RD 06/06 PD 06/21/14				97 67	USD
Total Dividends and Interest					**$0.00**	**$97.67**	**USD**
Total Value of Transactions					**$0.00**	**$97.67**	**USD**

The price and quantity displayed may have been rounded.

Messages

Although a money market mutual fund seeks to preserve the value of your investment at $1 per share, it is possible to lose money by investing in a money market mutual fund. Shares of a money market mutual fund or the balance of a bank deposit product held in your brokerage account may be liquidated upon request with the proceeds credited to your brokerage account. Please see the money market mutual fund's prospectus or the bank deposit product's disclosure document or contact your advisor for additional information.

Please note that the following language supersedes previous versions of our disclosure, Pershing's Impartial Lottery Process: Partial Calls:

Pershing's Impartial Lottery Process: Partial Calls

When a security is subject to a partial redemption, pursuant to New York Stock Exchange (NYSE) Rule 402.30, which has been incorporated into the FINRA Consolidated Rulebook, Pershing must have procedures in place that are designed to treat clients fairly in accordance with an impartial lottery process. When an issuer initiates a partial call of securities, the depository holding such securities (typically, the Depository Trust Clearing and Corporation, or DTCC) conducts an impartial, computerized lottery using an incremental random number technique to determine the allocation of called securities to participants for which it holds securities on deposit (including Pershing). Because DTCC's lottery is random and impartial, participants may or may not receive an allocation of securities selected for redemption.

When Pershing is notified that it received an allocation of called securities, Pershing conducts a similar, computer-generated random lottery The lottery determines the accounts that will be selected and the number of securities in the account that will be redeemed. Allocations are based on the number of trading units held in the account. The probability of any trading unit held by an account being selected as called in a partial call is proportional to the total number of trading units held through Pershing.

Once the lottery is complete, Pershing notifies introducing broker-dealers whose introduced accounts have received an allocation. Securities registered in the client's name, either in transit or held in custody, are excluded from the Pershing lottery process.

Pershing initiates the lottery process by identifying the accounts holding the called security, the total par value of the called securities held, and the trading unit of the security

Example (unit of trade = $25,000):

Client Account: ABC-123234, Par Value: $100,000; Number of Trading Units: 4

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Messages *(continued)*

Client Account: DEF-325465; Par Value: $75,000; Number of Trading Units: 3

Client Account: EDR-567433; Par Value: $150,000; Number of Trading Units: 6

Client Account: EGT-876574; Par Value: $50,000; Number of Trading Units: 2

Client Account: EGT-888345; Par Value: $25,000; Number of Trading Units: 1

Client Account: FRT-435234; Par Value: $25,000; Number of Trading Units: 1

Client Account: FRT-658797; Par Value. $75,000; Number of Trading Units: 3

In brief, the allocation process involves the following steps:

> The number of trading units held in each account is identified.

> A sequential number is assigned to each trading unit (e.g., account EDR-567433 would be assigned six numbers).

> A random number is generated that will result in one of these trading units being the first unit in the selection process.

> Thereafter, the trading units participating in the allocation are based on an incremental random number technique until the number of trading units allocated to Pershing is exhausted.

Additional Information

The allocation of called securities is not made on a pro-rata basis. Therefore, it is possible that a client may receive a full or partial redemption of shares held. Conversely, it is also possible that a client may not have any securities selected for redemption at all

When a partial call is deemed favorable to the holders of the called security, Pershing will exclude certain accounts from the lottery. Excluded accounts will include Pershing's proprietary and employee accounts, as well as proprietary and employee accounts of introducing broker-dealers (if Pershing carries and clears those accounts). No allocation will be made to these proprietary and employee accounts until all other client positions at Pershing in such securities have been called. When a partial call is deemed unfavorable to holders of the called security, Pershing will not exclude any accounts from the lottery

If the partial call is made at a price above the current market price as captured in Pershing's price reporting system, Pershing will generally categorize the partial call as one that is favorable to the holders of such security If the partial call is made at a price that is equal to or below the current market price of the security as captured in Pershing's price reporting system, Pershing will generally categorize that call as one that is unfavorable to holders of the security

Clients have the right to withdraw uncalled, fully paid securities from Pershing at any time prior to the cutoff date and time established by the issuer, transfer agent and/or depository with respect to the partial call. Clients also have the right to withdraw excess margin securities, provided that the client account is not subject to restriction under Regulation T or that such withdrawal will not cause an under-margined condition.

Important Information and Disclosures

The Role of Pershing

- Pershing carries your account as clearing broker pursuant to a clearing agreement with your financial institution. Pershing may accept from your financial institution without inquiry or investigation (i) orders for the purchase and sale of securities and other property and (ii) any other instructions concerning your account. Pershing is not responsible or liable for any acts or omissions of your financial institution or its employees and it does not supervise them. Pershing provides no investment advice nor does it assess the suitability of any transaction or order. Pershing acts as the agent of your financial institution and you agree that you will not hold Pershing or any person controlling or under common control with it liable for any investment losses incurred by you.
- Pershing performs several key functions at the direction of your financial institution. It acts as custodian for funds and securities you may deposit with it directly or through your financial institution or that it receives as the result of securities transactions it processes.
- Your financial institution is responsible for adherence to the securities laws, regulations and rules which apply to it regarding its own operations and the supervision of your account, its sales representatives

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Important Information and Disclosures *(continued)*

The Role of Pershing *(continued)*

and other personnel. Your financial institution is also responsible for approving the opening of accounts and obtaining account documents; the acceptance and, in certain instances, execution of securities orders; the assessment of the suitability of those transactions, where applicable, the rendering of investment advice, if any, to you and in general, for the ongoing relationship that it has with you.

- Inquiries concerning the positions and balances in your account may be directed to the Pershing Customer Service Department at (201) 413-3333. All other inquiries regarding your account or activity should be directed to your financial institution. Your financial organization's contact information can be found on the first page of this statement.
- For a description of other functions performed by Pershing please consult the Disclosure Statement provided to you upon the opening of your account. This notice is not meant as a definitive enumeration of every possible circumstance, but as a general disclosure. If you have any questions regarding this notice or if you would like additional copies of the Disclosure Statement, please contact your financial institution.
- Pershing is a member of the Securities Investor Protection Corporation (SIPC®). Please note that SIPC does not protect against loss due to market fluctuation. In addition to SIPC protection, Pershing provides coverage in excess of SIPC limits. For more detailed information please visit: www.pershing.com/strength_stability.html.
- This statement will be deemed conclusive. You are advised to report any inaccuracy or discrepancy (including unauthorized trading), to your financial organization and Pershing, within ten days after receipt of this statement. Please be advised that any oral communication should be re-confirmed in writing to further protect your rights, including your rights under the Securities Investor Protection Act.
- Your financial organization's contact information can be found on the first page of this statement. Pershing's contact information is as follows: Pershing LLC; Legal Department; One Pershing Plaza; Jersey City, New Jersey 07399; (201) 413-3330 Errors and Omissions excepted.

Important Arbitration Disclosures

- All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- The arbitrators do not have to explain the reason(s) for their award, unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date.
- The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry
- The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

Important Arbitration Agreement

Any controversy between you and Pershing LLC shall be submitted to arbitration before the Financial Industry Regulatory Authority. No person shall bring a putative or certified class action to arbitration, nor seek to enforce any predispute arbitration agreement against any person who has initiated in court a putative class action, who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until; (I) the class certification is denied; (II) the class is decertified; or (III) the client is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein. The laws of the State of New York govern.

Pershing's contact information is as follows: Pershing LLC; Legal Department; One Pershing Plaza; Jersey City, New Jersey 07399; (201) 413-3330.

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TERMS AND CONDITIONS

TRANSACTIONS

- ALL ORDERS AND TRANSACTIONS SHALL BE SOLELY FOR YOUR ACCOUNT AND RISK SHALL BE SUBJECT TO THE CONSTITUTION, RULES, REGULATIONS, CUSTOMS, USAGES, RULINGS AND INTERPRETATIONS OF THE EXCHANGE OR MARKET AND THE CLEARING FACILITY, IF ANY, WHERE THE TRANSACTIONS ARE EXECUTED AND/OR SETTLED, OR IF APPLICABLE, OF THE FINANCIAL INDUSTRY REGULATORY AUTHORITY AND TO ALL APPLICABLE LAWS AND REGULATIONS.
- TITLE TO SECURITIES SOLD TO YOU, WHERE PERSHING HAS ACTED AS PRINCIPAL, SHALL REMAIN WITH PERSHING UNTIL THE ENTIRE PURCHASE PRICE IS RECEIVED OR UNTIL THE SETTLEMENT DATE, WHICHEVER IS LATER.
- YOU MAY HAVE RECEIVED CONFIRMATIONS FOR TRANSACTIONS WHICH DO NOT APPEAR ON YOUR STATEMENT. IF SO, THE TRANSACTIONS WILL APPEAR ON YOUR NEXT PERIODIC STATEMENT. SUCH TRANSACTIONS MUST BE CONSIDERED BY YOU WHEN COMPUTING THE VALUE OF YOUR ACCOUNT. THIS IS ESPECIALLY TRUE IF YOU HAVE WRITTEN OPTIONS WHICH HAVE BEEN EXERCISED.

FREE CREDIT BALANCES: ANY FREE CREDIT BALANCE CARRIED FOR YOUR ACCOUNT REPRESENTS FUNDS PAYABLE UPON DEMAND WHICH, ALTHOUGH PROPERLY ACCOUNTED FOR ON PERSHING'S BOOKS OF RECORD, ARE NOT SEGREGATED AND MAY BE USED IN THE CONDUCT OF ITS BUSINESS.

DEBIT BALANCES: INTEREST CHARGED ON DEBIT BALANCES IN YOUR ACCOUNT APPEARS ON THE STATEMENT. THE RATE OF INTEREST AND PERIOD COVERED ARE INDICATED. THE RATE MAY CHANGE FROM TIME TO TIME DUE TO FLUCTUATIONS IN MONEY RATES OR OTHER REASONS. INTEREST IS COMPUTED AS DESCRIBED IN MATERIAL PREVIOUSLY FURNISHED TO YOU. PLEASE CONTACT YOUR FINANCIAL INSTITUTION IF YOU DESIRE ADDITIONAL COPIES.

MARGIN INFORMATION: IF YOU MAINTAIN A MARGIN ACCOUNT, THIS IS A COMBINED STATEMENT OF YOUR GENERAL ACCOUNT AND A SPECIAL MEMORANDUM ACCOUNT MAINTAINED FOR YOU UNDER REGULATION T OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM. THE PERMANENT RECORD OF THE SEPARATE ACCOUNT AS REQUIRED BY REGULATION T IS AVAILABLE FOR YOUR INSPECTION UPON REQUEST.

TAX INFORMATION

- AFTER YEAR END, PERSHING IS REQUIRED TO PROVIDE TAX INFORMATION TO THE INTERNAL REVENUE SERVICE AND OTHER GOVERNMENTAL AUTHORITIES. AT THAT TIME PERSHING WILL PROVIDE THAT INFORMATION ON THE ANNUAL TAX INFORMATION STATEMENT TO YOU; USE THAT STATEMENT TO PREPARE YOUR TAX FILINGS. THE TAX STATEMENT ALSO INCLUDES OTHER USEFUL INFORMATION TO ASSIST IN ACCUMULATING THE DATA TO PREPARE YOUR TAX RETURNS.
- DIVIDENDS, INTEREST AND OTHER DISTRIBUTIONS SHOWN ON THIS STATEMENT WERE CLASSIFIED AS TAXABLE OR NONTAXABLE BASED ON CERTAIN INFORMATION KNOWN AS OF THE DISTRIBUTION DATE. THIS CLASSIFICATION IS SUBJECT TO CHANGE AND IS SOLELY INTENDED FOR USE AS GENERAL INFORMATION.
- PERSHING DOES NOT PROVIDE TAX, INVESTMENT OR LEGAL ADVISORY SERVICES AND NO ONE ASSOCIATED WITH PERSHING IS AUTHORIZED TO RENDER SUCH ADVICE. DO NOT RELY UPON ANY SUCH ADVICE, IF GIVEN. INVESTORS ARE ENCOURAGED TO CONSULT THEIR TAX ADVISORS TO DETERMINE THE APPROPRIATE TAX TREATMENT OF THEIR BUSINESS.

GENERAL INFORMATION

- WHENEVER YOU ARE INDEBTED TO PERSHING LLC ("PERSHING") FOR ANY AMOUNT, ALL SECURITIES HELD BY IT FOR YOU IN ANY ACCOUNT IN WHICH YOU HAVE ANY INTEREST SHALL SECURE ALL YOUR LIABILITIES TO PERSHING, AND PERSHING MAY IN ITS DISCRETION AT ANY TIME, WITHOUT TENDER, DEMAND OR NOTICE TO YOU, CLOSE OR REDUCE ANY OR ALL OF YOUR ACCOUNTS BY PUBLIC OR PRIVATE SALE OR PURCHASE OR BOTH OF ALL OR ANY SECURITIES CARRIED IN SUCH ACCOUNTS, ANY BALANCE REMAINING DUE PERSHING TO BE PROMPTLY PAID BY YOU.
- WHENEVER YOU ARE INDEBTED TO PERSHING FOR ANY AMOUNT, ALL SECURITIES CARRIED FOR YOUR ACCOUNT ARE OR MAY BE, WITHOUT FURTHER NOTICE TO YOU, LOANED OR PLEDGED BY PERSHING, EITHER SEPARATELY OR UNDER CIRCUMSTANCES WHICH WILL PERMIT THE COMMINGLING THEREOF, WITH OTHER SECURITIES FOR ANY AMOUNT LESS THAN, EQUAL TO OR GREATER THAN YOUR LIABILITIES TO PERSHING, BUT NOT UNDER CIRCUMSTANCES FOR AN AMOUNT PROHIBITED BY LAW.
- PERSHING MAY TRADE FOR ITS OWN ACCOUNT AS A MARKET MAKER, SPECIALIST, ODD LOT DEALER, BLOCK POSITIONER, ARBITRAGEUR OR INVESTOR. CONSEQUENTLY, AT THE TIME OF ANY TRANSACTION YOU MAY MAKE, PERSHING MAY HAVE A POSITION IN SUCH SECURITIES, WHICH POSITION MAY BE PARTIALLY OR COMPLETELY HEDGED.
- IF AVERAGE PRICE TRANSACTION IS INDICATED ON THE FRONT OF THIS STATEMENT YOUR FINANCIAL INSTITUTION OR PERSHING MAY HAVE ACTED AS PRINCIPAL, AGENT OR BOTH. DETAILS AVAILABLE UPON REQUEST.
- A FINANCIAL STATEMENT OF PERSHING IS AVAILABLE FOR YOUR PERSONAL INSPECTION AT PERSHING'S OFFICES. A COPY OF IT WILL BE MAILED UPON YOUR WRITTEN REQUEST OR YOU CAN VIEW IT ONLINE AT WWW.PERSHING.COM.
- FOR BUSINESS CONTINUITY AND ADDITIONAL DISCLOSURES: WWW.PERSHING.COM/BUSINESS_CONTINUITY.HTML
- THIS STATEMENT SHOULD BE RETAINED FOR YOUR RECORDS.

PAYMENT FOR ORDER FLOW AND ORDER ROUTING POLICIES DISCLOSURES [REGULATION NMS—RULE 607(A)(1)–(2)]

PERSHING SENDS CERTAIN EQUITY ORDERS TO EXCHANGES, ELECTRONIC COMMUNICATION NETWORKS, OR BROKER-DEALERS DURING NORMAL BUSINESS HOURS AND DURING EXTENDED TRADING SESSIONS. CERTAIN OF THESE VENUES PROVIDE PAYMENTS TO PERSHING OR CHARGE ACCESS FEES TO PERSHING DEPENDING UPON THE CHARACTERISTICS OF THE ORDER AND ANY SUBSEQUENT EXECUTION. IN ADDITION PERSHING MAY EXECUTE CERTAIN EQUITY ORDERS AS PRINCIPAL. THE DETAILS OF THESE PAYMENTS AND FEES ARE AVAILABLE UPON WRITTEN REQUEST. PERSHING RECEIVES PAYMENTS FOR DIRECTING LISTED OPTIONS ORDER FLOW TO CERTAIN OPTION EXCHANGES. COMPENSATION IS GENERALLY IN THE FORM OF A PER OPTION CONTRACT CASH PAYMENT.

BEST EXECUTION: NOTWITHSTANDING THE PREVIOUS PARAGRAPH REGARDING PAYMENT FOR ORDER FLOW, PERSHING SELECTS CERTAIN MARKET CENTERS TO PROVIDE EXECUTION OF OVER-THE-COUNTER AND EXCHANGE-LISTED SECURITIES TRANSACTIONS WHICH AGREE TO ACCEPT ORDERS, TRANSMITTED ELECTRONICALLY UP TO A SPECIFIED SIZE, AND TO EXECUTE THEM AT OR BETTER THAN THE NATIONAL BEST BID OR OFFER (NBBO), ON CERTAIN LARGER ORDERS, OR IF THE DESIGNATED MARKET CENTERS DO NOT MAKE A MARKET IN THE SUBJECT SECURITY, PERSHING DIRECTLY CONTACTS MARKET CENTERS TO OBTAIN AN EXECUTION. THE DESIGNATED MARKET CENTERS TO WHICH ORDERS ARE AUTOMATICALLY ROUTED ARE SELECTED BASED ON THE CONSISTENT HIGH QUALITY OF THEIR EXECUTIONS IN ONE OR MORE MARKET SEGMENTS AND THEIR ABILITY TO PROVIDE OPPORTUNITIES FOR EXECUTIONS AT PRICES SUPERIOR TO THE NBBO. PERSHING ALSO REGULARLY REVIEWS REPORTS FOR QUALITY OF EXECUTION PURPOSES.

IF ANY OF THE ABOVE TERMS AND CONDITIONS ARE UNACCEPTABLE TO YOU, PLEASE NOTIFY PERSHING IMMEDIATELY IN WRITING BY CERTIFIED MAIL TO ONE PERSHING PLAZA, JERSEY CITY, NJ 07399, ATTN: LEGAL DEPT

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EXHIBIT J

CITY OF TAFT
MORGAN STANLEY INVESTMENT IN CERTIFICATE OF DEPOSIT
BALANCES AS OF 6/30/14

INVESTMENT DESCRIPTION	COST AT PAR	INTEREST EARNED	TOTAL COSTS COST @ PAR+ ACCRUED INT.	MARKET VALUE	RATE OF RETURNS	ANTICIPATED INCOME (ANNUALIZED)	INTEREST PAYMENT DATES	
CIT BANK SALT LAKE CITY CD PURCHASED: 8/11/11/ DUE. 2/17/15 FIRST COUPON: 2/17/12/ CALL. 2/17/15	$ 34,000.00	$ -	$ 34,000.00	$ 34,258.06	1.250%	$425.00	FEB 17	AUG 17
BANCO BILBAO VIZCAYA ARGENTARIA, PURTO RICO CD PURCHASED· 2/14/12/ DUE. 8/14/12 FIRST COUPON: 8/14/12/ CALL. 8/14/14	$ 240,000.00	$ -	$ 240,000.00	$ 240,220.80	0.850%	$2,040.00	FEB '14	AUG' 14
ORIENTAL B&T CD HATO REY PR CD PURCHASED· 5/6/13 /DUE. 5/16/17 FIRST COUPON: 6/16/13/ CALL. 11/15/13	$ 118,000.00	$ -	$ 118,000.00	$ 117,948.08	0.900%	$1,062.00	Monthly	Monthly
GE CAP RET BK DRAPER UT CD PURCHASED· 7/6/12/ DUE. 1/6/15 FIRST COUPON: 1/6/13/ CALL. 1/6/15	$ 56,000.00	$ -	$ 56,000.00	$ 56,171.92	1 100%	$6,500.00	JAN 6	JUL 6
GOLDMAN SACHS CD NEW YORK CD PURCHASED· 11/9/12/ DUE. 11/14/16 FIRST COUPON: 1/9/13/ CALL. 11/14/16	$ 53,000.00	$ -	$ 53,000.00	$ 53,465.87	1.350%	$715.50	MAY 14	NOV 14
WORLD FINANCIAL NETWORK BANK WILMINGT PURCHASED· 9/21/11/ DUE. 9/22/14 FIRST COUPON: 10/2/11/ CALL. 9/22/14	$ 100,000.00	$ -	$ 100,000.00	$ 100,198.00	1.500%	$1,500.00	OCT 2	NOV 2
MORGAN STANLEY BANK	$ 7,914.52		$ 7,914.52	$ 7,914.52	0.010%	$12.00		
ACCRUED INTEREST	$ -	$ -	$ 1,469.67	$ 1,469.67				
TOTAL INVESTMENTS	$ 608,914.52	$ -	$ 610,384.19	$ 611,646.92	1.160%	$12,254.50		

TOTAL ANNUAL INTEREST INCOME FROM THESE INVESTMENTS. $12,254.50

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CLIENT STATEMENT | For the Period June 1-30, 2014

Morgan Stanley

RECEIVED
JUL 10 2014
CITY OF TAFT

STATEMENT FOR:
CITY OF TAFT
C/O TERESA BINKLEY, BEN MANGUM &

TOTAL VALUE OF YOUR ACCOUNT (as of 6/30/14) **$611,646.92**
Includes Accrued Interest

Morgan Stanley Smith Barney LLC. Member SIPC.

Your Financial Advisor
Rupert Gregorio
Rupert.Gregorio@morganstanley.com
661 663-4654

Your Branch
9100 MING AVENUE, SUITE 205
BAKERSFIELD, CA 93311
Telephone: 661-663-8100; Alt. Phone: 800-421-2171; Fax: 661-663-4650

EXHIBIT K

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0007408402 AT 0 403 02 TR 00509 MSGDD44A 100000
CITY OF TAFT
C/O TERESA BINKLEY, BEN MANGUM &
CRAIG JONES
209 E. KERN STREET
TAFT CA 93268-3224

Client Service Center (24 Hours a Day; 7 Days a Week): 800-869-3326

Access Your Account Online: www.morganstanley.com/online

117 - 066979 - 235 - 1 - 0

Account Summary

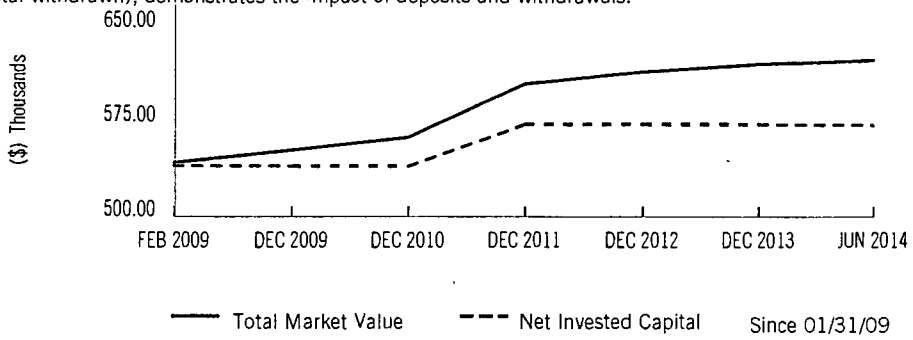
Active Assets Account 117-066979-235
CITY OF TAFT
C/O TERESA BINKLEY, BEN MANGUM &

CHANGE IN VALUE OF YOUR ACCOUNTS (includes accrued interest)

	This Period (6/1/14-6/30/14)	This Year (1/1/14-6/30/14)
TOTAL BEGINNING VALUE	**$611,259.08**	**$608,515.41**
Credits	—	—
Debits	—	(150.00)
Security Transfers	—	—
Net Credits/Debits/Transfers	—	**$(150.00)**
Change in Value	**387.84**	**3,281.51**
TOTAL ENDING VALUE	**$611,646.92**	**$611,646.92**

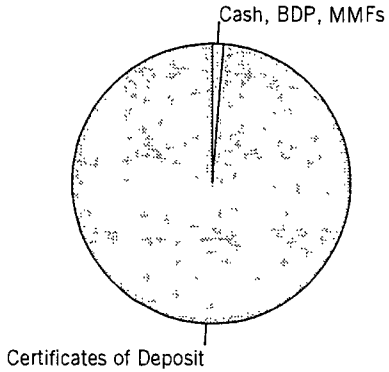
CHANGE IN VALUE OVER TIME

The display of market value (total account value) and net invested capital (total amount invested minus total withdrawn), demonstrates the impact of deposits and withdrawals.



This graph does not reflect corrections to Net Invested Capital or Market Value made subsequent to the dates depicted. It may also exclude transactions in Annuities or where we are not the custodian, which could delay the reporting of Market Value or affect the Net Invested Capital.

ALLOCATION OF HOLDINGS



	Market Value	Percentage %
Cash, BDP, MMFs*	$7,914 52	1.3
Certificates of Deposit ^	603,732.40	98.7
TOTAL VALUE ^	**$611,646.92**	**100.0%**

*This allocation represents holdings on a trade date basis, and projected settled Cash/ BDP and MMF balances. These classifications are not intended to serve as a suitability analysis. * FDIC rules apply and Bank Deposits are eligible for FDIC insurance but are not covered by SIPC. Cash and securities (including MMFs) are eligible for SIPC coverage. See Expanded Disclosures. ^ Includes Estimated Accrued Interest*

Security Mark at Right

Account Summary

Active Assets Account 117-066979-235

CITY OF TAFT
C/O TERESA BINKLEY, BEN MANGUM &

BALANCE SHEET (^ includes accrued interest)

	Last Period (as of 5/31/14)	This Period (as of 6/30/14)
Cash, BDP, MMFs	$7,696 86	$7,914.52
Certificates of Deposit ^	603,562.22	603,732.40
Total Assets	**$611,259.08**	**$611,646.92**
Total Liabilities (outstanding balance)	—	—
TOTAL VALUE	**$611,259.08**	**$611,646.92**

CASH FLOW

	This Period (6/1/14-6/30/14)	This Yea (1/1/14-6/30/14
OPENING CASH, BDP, MMFs	**$7,696.86**	**$4,878.70**
Income	217.66	3,185.82
Total Investment Related Activity	**$217.66**	**$3,185.82**
Other Debits	—	(150 00
Total Cash Related Activity	—	**$(150.00**
Total Card/Check Activity	—	—
CLOSING CASH, BDP, MMFs	**$7,914.52**	**$7,914.52**

INCOME SUMMARY

	This Period (6/1/14-6/30/14)	This Year (1/1/14-6/30/14)
Interest	$217.66	$3,185.82
Total Taxable Income	**$217.66**	**$3,185.82**
Total Tax-Exempt Income	—	—
TOTAL INCOME	**$217.66**	**$3,185.82**

Taxable and tax exempt income classifications are based on the characteristics of the underlying securities and not the taxable status of the account.

GAIN/(LOSS) SUMMARY

	Realized This Period (6/1/14-6/30/14)	Realized This Year (1/1/14-6/30/14)	Unrealize Inception to Dat (as of 6/30/14
Long-Term Gain	—	—	$1,314 65
Long-Term (Loss)	—	—	(51.92
Total Long-Term	—	—	**$1,262.73**

Gain/(Loss) Summary information is provided for informational purposes only and should not be used for tax preparation. This information may change due to basis adjustments.
Refer to the Gain/(Loss) Information in the Expanded Disclosures for additional information.

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Account Detail

Active Assets Account 117-066979-235

CITY OF TAFT
C/O TERESA BINKLEY, BEN MANGUM &

Investment Objectives†: Income, Aggressive Income, Capital Appreciation

Brokerage Account

† See the Expanded Disclosures for more information about investment objectives. Please review for accuracy and inform us if your investment objectives change.

HOLDINGS

This section reflects positions purchased/sold on a trade date basis, and includes positions purchased and omits positions sold in the current month. "Market Value" and "Unrealized Gain/(Loss)" are representative values as of the last business day of the statement period and may not reflect the value that could be obtained in the market. Fixed Income securities are sorted by maturity or pre-refunding date, and alphabetically within date. Estimated Annual Income (EAI) is calculated on a pre-tax basis and does not include any reduction for applicable non-US withholding taxes, if any. EAI for certain securities may include return of principal or capital gains which could overstate such estimates. For securities that have a defined maturity date within the next 12 months, EAI is reflected only through maturity date. Actual income or yield may be lower or higher than the estimates. Estimated yield reflects only the income generated by an investment, and does not reflect changes in its price. Structured products, identified in the Security Description column, appear in various statement product categories. Accrued interest, annual income and yield for structured products with a contingent income feature (such as Range Accrual Notes or Contingent Income Notes) are estimates and assume specified accrual conditions are met during the relevant period and payment in full of all contingent interest. For Floating Rate Securities, the accrued interest, annual income and yield are estimates based on the current floating coupon rate and may not reflect historic rates within the accrual period. New Treasury regulations require that we report on Form 1099-B, after the close of the tax year, your adjusted cost basis on the sale of covered securities acquired on or after January 1, 2011, and classify the gain or loss as either long-term or short-term. These regulations also require that we make basis adjustments on covered securities due to wash sales, certain corporate actions and transfers by gift or inheritance, which will be reflected on your Form 1099-B. Cost basis is reflected on statements for informational purposes and should not be used in the preparation of your income tax returns. Refer to the Expanded Disclosures for additional information.

CASH, BANK DEPOSIT PROGRAM AND MONEY MARKET FUNDS

Cash, Bank Deposit Program, and Money Market Funds are generally displayed on a settlement date basis. You have the right to instruct us to liquidate your bank deposit balance(s) or shares of any money market fund balance(s) at any time and have the proceeds of such liquidation remitted to you. Estimated Annual Income, Accrued Interest, and APY% will only be displayed for fully settled positions.

Description	Value	Estimated Annual Income	7-Day Current Yield %	Annual Percentage Yield %
MORGAN STANLEY BANK N.A. #	$7,914.52	$1 00	—	0 010

	Percentage of Assets %	Market Value	Estimated Annual Income / Accrued Interest
CASH, BDP, AND MMFs	1.3%	$7,914.52	$1.00 $0.00

 # Bank Deposits are held at either (1) Morgan Stanley Bank, N.A., and/or Morgan Stanley Private Bank, National Association, affiliates of Morgan Stanley Smith Barney LLC, or (2) Citibank, N.A., each a national bank and FDIC member.

Security Mark at Right

Account Detail

Active Assets Account 117-066979-235

CITY OF TAFT
C/O TERESA BINKLEY, BEN MANGUM &

CERTIFICATES OF DEPOSIT

Security Description	Trade Date	Face Value	Orig. Unit Cost / Adj. Unit Cost	Orig. Total Cost / Adj. Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income / Accrued Interest	Yield %
BANCO BILBAO VIZCAYA ARGENTARI A PUERTO RICO SAN JUAN PR CD CUSIP 059457UF6	2/2/12	240,000.000	$100.000 $100.000	$240,000 00 $240,000 00	**$240,220.80**	$220 80 LT	$1,020.00 $766.40	0.42
Unit Price: $100 092; Coupon Rate 0.850%; Matures 08/14/2014; Int. Semi-Annually Feb/Aug 14; Issued 02/14/12; Maturity Value = $240,000.00								
WORLD FINANCIAL NETWORK BANK (JUMBO) WILMINGTON DE CD CUSIP 981999U52	9/13/11	100,000 000	100.000 100 000	100,000 00 100,000.00	**100,198.00**	198.00 LT	375.00 116.66	0.37
Unit Price: $100.198; Coupon Rate 1.500%; Matures 09/22/2014; Interest Paid Monthly Oct 02; Yield to Maturity .630%; Issued 09/21/11; Maturity Value = $100,000.00								
GE CAP RET BK DRAPER UT CD CUSIP 36157QGQ4	7/2/12	56,000 000	100.000 100 000	56,000.00 56,000.00	**56,171.92**	171.92 LT	616.00 297.79	1 09
Unit Price: $100.307; Coupon Rate 1 100%, Matures 01/06/2015; Int. Semi-Annually Jan/Jul 06; Yield to Maturity .506%; Issued 07/06/12, Maturity Value = $56,000 00								
CIT BANK SALT LAKE CITY CD CUSIP 17284AWC8	8/11/11	34,000 000	100.000 100 000	34,000.00 34,000.00	**34,258.06**	258.06 LT	425.00 156 14	1.24
Unit Price: $100.759; Coupon Rate 1.250%, Matures 02/17/2015; Int. Semi-Annually Feb/Aug 17; Issued 08/17/11; Maturity Value = $34,000.00								
GOLDMAN SACHS CD NEW YORK NY CD CUSIP 38143AU37	11/9/12	53,000.000	100.000 100.000	53,000.00 53,000.00	**53,465.87**	465.87 LT	716.00 91.38	1.33
Unit Price: $100.879; Coupon Rate 1.350%, Matures 11/14/2016, Int. Semi-Annually May/Nov 14; Yield to Maturity .974%; Issued 11/14/12; Maturity Value = $53,000.00								
ORIENTAL B&T CD HATO REY PR CD CUSIP 686184TH5	5/6/13	118,000 000	100.000 100.000	118,000 00 118,000 00	**117,948.08**	(51.92) LT	1,062 00 41.30	0 90
Unit Price: $99 956; Coupon Rate 0 900%, Matures 05/16/2017; Interest Paid Monthly Jun 16, Callable $100 00 on 08/15/14, Yield to Maturity .916%, Issued 05/16/13; Maturity Value = $118,000.00								

	Face Value / Percentage of Assets %	Orig. Total Cost / Adj. Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income / Accrued Interest	Yield %
CERTIFICATES OF DEPOSIT	601,000.000	$601,000.00 $601,000.00	$602,262.73	$1,262.73 LT	$4,214.00 $1,469.67	0.70%
TOTAL CERTIFICATES OF DEPOSIT (incl.accr.int.)	98.7%		$603,732.40			

	Percentage of Assets %	Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income / Accrued Interest	Yield %
TOTAL MARKET VALUE	100.0%	$601,000.00	$610,177.25	$1,262.73 LT	$4,215.00 $1,469.67	0.69%
TOTAL VALUE (includes accrued interest)			$611,646.92			

Unrealized Gain/(Loss) totals only reflect positions that have cost basis and/or market value information available. Cash, MMF, Deposits and positions stating 'Please Provide' are not included.

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Account Detail

Active Assets Account 117-066979-235
CITY OF TAFT
C/O TERESA BINKLEY, BEN MANGUM &

ACTIVITY

CASH FLOW ACTIVITY BY DATE

Transaction Date	Settlement Date	Activity Type	Description	Comments	Quantity	Price	Credits/(Debits)
6/2	6/2	Interest Income	WORLD JUMBO CD 1500 14SP22	CUSIP: 981999U52			$127 40
6/16	6/16	Interest Income	ORIENTAL B&T CD 0900 *17MY16	CUSIP: 686184TH5			90 20
6/27	6/27	Interest Income	MORGAN STANLEY BANK N.A. (Period 05/30-06/27)				0 06
NET CREDITS/(DEBITS)							$217.66

MONEY MARKET FUND (MMF) AND BANK DEPOSIT PROGRAM ACTIVITY

Date	Activity Type	Description	Credits/(Debits)
6/3	Automatic Investment	BANK DEPOSIT PROGRAM	$127 40
6/17	Automatic Investment	BANK DEPOSIT PROGRAM	90.20
6/27	Automatic Investment	BANK DEPOSIT PROGRAM	0 06
NET ACTIVITY FOR PERIOD			$217.66

MESSAGES

Important Information Regarding the Bank Deposit Program
The Bank Deposit Program ("BDP") currently credits interest on the second to last business day of the month. Beginning in September 2014, interest will be credited on the last business day of the month. There will be no change to your current eligible credited interest rate or any of the other terms and conditions of the program. For more information regarding BDP, please refer to the BDP disclosure document at: www.morganstanley.com/wealth/services/pdfs/BDP_disclosure.pdf

Sign up for eDelivery of your Statements Today
Would you like to receive your Statements and other documents faster, more securely and with the added benefit of reducing paper mail? Simply visit www.morganstanley.com/edelivery to set your eDelivery preferences today. Please note, if you have not already, you will first need to register for Morgan Stanley Online to make your eDelivery selections.

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Expanded Disclosures

Expanded Disclosures, which apply to all statements Morgan Stanley Smith Barney LLC (we/us) sends to you, are provided with your first statement and thereafter twice a year.

Questions?

Questions regarding your account may be directed to either your Financial Advisor or the Branch Manager for the branch office where you maintain your account. If you require further assistance, call the Client Service Center at (800) 869-3326 or for account-related concerns contact our Client Advocate at (866) 227-2256 or via U.S. mail at P O. Box 95002, South Jordan, Utah 84095

Errors and Inquiries

It is your responsibility to review your statement promptly and to seek immediate clarification about entries that you do not understand or believe were made in error by contacting the Branch Manager of the office where you maintain your account. Oral communications regarding any inaccuracy or discrepancy in this statement should be re-confirmed in writing to further protect your rights, including rights under the Securities Investor Protection Act (SIPA). Your statement will be deemed correct unless we receive a written inquiry of a suspected error See your account documentation for special rules regarding your rights and responsibilities with respect to erroneous electronic fund transfers, including a description of the transfers covered.

Account Valuation

Account values are computed by adding (1) the market value of all priced positions and (2) market values provided by pricing services and/or outside custodians, as applicable for other positions, and by adding any credit or subtracting any debit to your closing Cash, Money Market Funds and/or Deposit balance. Cash, Deposits and Money Market Funds are displayed on a settlement date basis, and other positions are displayed in your account on a trade date basis. The values of fixed income positions in summary displays include accrued interest in the totals. In the "Holdings" section, fixed income market value and accrued interest are also displayed in separate columns. Accrued interest is the interest earned but not yet paid on the bond since its last interest payment. In most cases, it is calculated from the date of the last coupon payment (or "dated date") through the closing date of the statement. Foreign Currency Deposits are reflected in U S. dollars as of the statement end date. The Annual Percentage Yield (APY) for deposits represents the applicable rate in effect for your deposits at the statement ending date. This APY may be different than the APY that was in effect during the statement period. For current Bank Deposit or Money Market Fund yields, go to www morganstanleyindividual.com/AccountOptions/ActiveAssets/InvestmentFeatures.

Additional IRA Information

IRA contributions are subject to IRS eligibility rules and regulations. The "Max. Individual Contributions Allowed (by SSN)" reflects the annual limit on contributions that you can make to IRAs (Traditional, Roth, SEP, and SARSEP) The limit applies on a per person basis, not per account. The Contributions information included in this statement pertains to a particular account, without reference to any other IRA. You cannot make an individual contribution to a Traditional IRA for the year in which you reach age 70 1/2 or later Other special rules may apply; e.g., in conversions or recharacterizations of Traditional to Roth, Roth to Traditional IRAs. Check with your tax advisor to verify how much you can contribute, whether or not the contribution will be tax deductible, and whether other special rules may apply. The categorization of any deductibility is based upon information provided by you and is included for your convenience. Contact your Financial Advisor if this information is incorrect. The account value used for your Required Minimum Distribution calculation is based on your account's prior December 31st Account Value, including accrued interest. This information is not intended to constitute tax, legal or accounting advice.

Availability of Free Credit Balances and Financial Statements

Under the customer protection rules of the SEC [17 CFR §240.15c3-3], we may use funds comprising free credit balances carried for customer accounts here, provided that these funds are payable to customers on demand (i.e., are free of a lien or right of set-off in our favor or on behalf of some third party to whom you have given control). A financial statement of this organization is available for your personal inspection at its offices, or a copy will be mailed to you upon your written request.

Gain/(Loss) Information

Gain/(Loss) is provided for informational purposes. It is not a substitute for Internal Revenue Service (IRS) Form 1099 (on which we report cost basis for covered securities) or any other IRS tax form. It is not intended to be, nor should it be used for tax preparation. Unrealized Gain/(Loss) provided on this statement is an estimate. Contact your own independent legal or tax advisor to determine the appropriate use of the Gain/(Loss) information on this statement. For more information, go to www.morganstanley.com/wealth/disclosures/disclosures.asp, or call Client Service Center

Tax Reporting

Under Federal Income Tax law, we are required to report the gross proceeds of sales transactions (including entering into short sales) to you on Form 1099-B by February 15 of the year following the calendar year of the transaction for reportable (i.e. non-retirement) accounts. For the sale of certain securities acquired on or after January 1, 2011 we are required to report additional transaction information on Form 1099-B The information reported on your Form 1099-B for the calendar year should be exclusively relied upon for the purpose of filing your tax return for the year Under U.S. Internal Revenue Service regulations, if you have not provided us with a certification of either U.S. or foreign status on an appropriate Form W-9 or W-8, your accounts may be subject to either 28% back-up withholding or 30% nonresident alien withholding, as applicable, on payments made to your accounts.

Investment Objectives

The following is an explanation of the investment objective alternatives applicable to your account(s): Income - for investors seeking regular income with low to moderate risk to principal; Capital Appreciation - for investors seeking capital appreciation with moderate to high risk to principal; Aggressive Income - for investors seeking higher returns either as growth or as income with greater risk to principal; Speculation - for investors seeking high profits or quick returns with considerable possibility of losing most or all of their investment.

Listed Options

Information with respect to commissions and other charges related to the execution of options transactions has been included in confirmations of such transactions previously furnished to you and such information will be made available to you promptly at your request. Promptly advise us of any material change in your investment objectives or financial situation.

Important Information if you are a Margin Customer (not available for certain accounts such as IRAs or retirement accounts)

If you have margin privileges, you may borrow money from us in exchange for pledging assets in your accounts as collateral. The amount you may borrow is based on the value of eligible securities in your margin accounts. If a security has eligible shares the number of shares pledged as collateral is indicated below the position. If you have a margin account, as permitted by law, we may use certain securities in your account for, among other things, settling short sales or lending the securities for short sales, for which we may receive compensation.

Margin Interest Charges

We calculate interest charges on margin loans as follows: (1) multiply the applicable margin interest rate by the daily close of business net settled debit balance, and (2) divide by 360 (days). Margin interest accrues daily throughout the month and is added to your debit balance at month-end The month-end interest charge is the sum of the daily accrued interest calculations for the month. We add the accrued interest to your debit balance and start a new calculation each time the applicable interest rate changes and at the close of every statement month. For current margin loan interest rates, go to www.morganstanley com/online/MIRates.

Information regarding Special Memorandum Account

CONTINUED

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Expanded Disclosures (CONTINUED)

If you have a Margin Account, this is a combined statement of your Margin Account and Special Memorandum Account maintained for you under Section 220 5 of Regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the Special Memorandum Account as required by Regulation T is available for your inspection at your request.

Money Market Fund (MMF) Pricing

An investment in a MMF is neither insured nor guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although MMFs seek to preserve the value of your investment at $1.00 per share, there can be no assurance that will occur and it is possible to lose money should the fund value per share fall. In some circumstances MMFs may cease operations when the value of a fund drops below $1.00 per share. In that event, the fund's holdings would be liquidated and distributed to the fund's shareholders. This process could take up to one month or more. During that time, these funds would not be available to you to support purchases, withdrawals, and if applicable, check writing or ATM debits from your account.

Notice Regarding Investment Advisor Research

Morgan Stanley's Consulting Group Investment Advisor Research conducts research on various mutual funds and exchange-traded funds for clients holding those funds in certain investment advisory programs. If you have invested in any of these funds in another type of account, such as a brokerage account, you will not receive the same research materials and status updates on the funds as we provide to investment advisory clients (including instructions on selling fund shares).

Pricing of Securities

The prices of securities are derived from various sources, and do not necessarily represent the prices at which those securities could have been bought or sold. Although we attempt to use reliable sources of information, we can offer no assurance as to their accuracy. Prices of securities not actively traded may not be available, and are indicated by N/A (not available) For additional information on how we price securities, go to
www morganstanley.com/wealth/disclosures/disclosures.asp.

Important Information About Auction Rate Securities

For certain Auction Rate Securities there is no or limited liquidity Therefore, the price(s) for any Auction Rate Securities shown may not reflect the price(s) you would receive upon a sale at auction or in a secondary market transaction, and is not an indication of any offer to purchase at such price. There can be no assurance that a successful auction will occur or that a secondary market exists or will develop for a particular security The prices of any Auction Rate Securities in most cases reflect par value, but may be derived from various sources. These prices may differ from: prices provided to us or our affiliates by outside pricing services; our affiliates' own internal bookkeeping valuations; prices of transactions executed in any secondary market that exists or may develop; and/or the prices at which issuer repurchases or redemptions may occur.

Special Considerations Regarding Structured Investments

Structured Investments are complex products and may be subject to special risks, which may include, but are not limited to: loss of initial investment; issuer credit risk and price volatility resulting from any actual or anticipated changes to issuer's and/or guarantor's credit ratings or credit spreads; limited or no appreciation and limits on participation in any appreciation of underlying asset(s); risks associated with the underlying reference asset(s); no periodic payments; call prior to maturity; early redemption fees for market linked deposits; lower interest rates and/or yield compared to conventional debt with comparable maturity; unique tax implications, limited or no secondary market; and conflicts of interest due to affiliation, compensation or other factors which could adversely affect market value or payout to investors. Investors also should consider the concentration risk of owning the related security and their total exposure to any underlying asset. Structured Investments may not perform in a manner consistent with the statement product category where they appear and therefore may not satisfy portfolio asset allocation needs for that category. Accrued interest, estimated annual income and estimated yield for Structured Investments with a contingent income feature, including Range Accrual Notes and Contingent Income Notes, assume optimal performance of the underlying asset(s) and payment in full of all contingent interest. However, contingent interest is only paid if the specified accrual conditions are met during the relevant observation period. Actual accrued interest, annual income and yield will be dependent upon the performance of the underlying asset(s) and may be significantly lower than the estimates shown. For more information about the risks specific to your Structured Investments, you should contact your Financial Advisor.

Security Measures

This statement features several embedded security elements to safeguard its authenticity. One is a unique security mark--a blue rectangle printed in heat-sensitive ink on the back side of every page. When exposed to warmth, the blue rectangle will disappear, and then reappear

SIPC Protection

We are a member of Securities Investor Protection Corporation (SIPC), which protects securities of its customers up to $500,000 (including $250,000 for claims for cash). An explanatory brochure is available upon request or at www.sipc.org. Losses due to market fluctuation are not protected by SIPC and assets not held with us may not be covered by SIPC protection. To obtain information about SIPC, including an explanatory SIPC brochure, contact SIPC at 1-202-371-8300 or visit www.sipc.org.

Certain Assets Not Held at Morgan Stanley Smith Barney LLC

You may purchase certain assets through us that may be held at another financial institution. Assets not held with us may not be covered by SIPC protection. We may include information about certain of these assets on this statement solely as a service to you and are not responsible for any information provided by external sources. Generally, any financial institution that holds securities is responsible for year-end reporting (1099s) and separate periodic statements, which may vary from our information due to different tax reporting periods. In the case of networked mutual funds, we perform all year-end tax reporting. Under certain circumstances, such as IRA accounts, we perform all tax reporting.

Total Income

Total income, as used in the income summaries, represents dividends and/or interest on securities we receive on your behalf and credit to your account(s) during the calendar year. We report dividend distributions and taxable bond interest credited to your account to the Internal Revenue Service. The totals we report may differ from those indicated as "This Year" figures on the last statement for the calendar year In the case of Real Estate Investment Trusts (REITs), Master Limited Partnerships, Regulated Investment Companies and Unit Investment Trusts, some sponsors may reclassify the distribution to a different tax type for year-end reporting.

Transaction Dates and Conditions

Transactions display trade date and settlement date. Transactions are included on this statement on trade date basis (excluding BDP and MMFs). Trades that have not settled as of statement month end will also be displayed in the "Unsettled Purchases/Sales Activity" section. Upon written request, we will give you the date and time of a transaction and the name of the other party to a transaction. We and/or our affiliates may accept benefits that constitute payment for order flow Details regarding these benefits and the source and amount of any other remuneration received or to be received by us in connection with any transaction will be furnished upon written request.

U.S. Treasury Circular 230 Disclosure

We do not render advice on tax and tax accounting matters to clients. The information provided herein was not intended or written to be used, and it cannot be used, by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under US federal tax laws.

Revised 06/2014

Security Mark at Right

EXHIBIT L

CITY OF TAFT
UBS FINANCIAL SERVICES INC.
BALANCES AS OF 6/30/14

INVESTMENT DESCRIPTION	COST AT PAR	INTEREST EARNED	TOTAL COSTS COST @ PAR+ ACCRUED INT	MARKET VALUE	RATE OF RETURNS	ANTICIPATED INCOME (ANNUALIZED)	INTEREST PAYMENT DATES
AMERICAN EXP CENT UT US PURCHASED· 8/1/13 DUE. 8/01/18 FIRST COUPON: 9/1/13/ CALL. 8/01/18	$ 100,000.00	$ -	$ 100,000.00	$ 101,221.00	0.550%	$550.00	MONTHLY
GE CAPITAL FIN UT US PURCHASED· 7/27/12/ DUE: 7/28/14 FIRST COUPON: 7/27/12/ CALL. 7/27/16	$ 100,000.00	$ -	$ 100,000.00	$ 100,036.00	1.000%	$1,000.00	MONTHLY
AMERICAN EXP CENT UT US PURCHASED· 8/07/12/ DUE. 8/03/15 FIRST COUPON: 9/07/12/ CALL. 8/03/15	$ 100,000.00	$ -	$ 100,000.00	$ 100,576.00	1 110%	$1,100.00	MONTHLY
GE CAPITAL FIN UT US PURCHASED· 7/27/12/ DUE. 7/27/16 FIRST COUPON: 7/27/12/ CALL. 7/27/16	$ 100,000.00	$ -	$ 100,000.00	$ 100,950.00	1.350%	$1,350.00	MONTHLY
GE CAP RETAIL BNK UT US PURCHASED· 7/27/12/ DUE. 7/27/17 FIRST COUPON: 7/27/12/ CALL. 7/27/17	$ 100,000.00	$ -	$ 100,000.00	$ 101,406.00	1.800%	$1,800.00	MONTHLY
CASH AND MONEY BALANCE	$ -	$ -	$ -	$ -			
ACCRUED INTEREST	$ -	$ -	$ 2,993.02	$ 2,993.02			
UNREALIZED GAINS AND LOSSES	$ -	$ -	$ -	$ -			
TOTAL INVESTMENTS	$ 500,000.00	$ -	$ 502,993 02	$ 507,182.02	1.937%	$5,800.00	

TOTAL ANNUAL INTEREST INCOME FROM THESE INVESTMENTS: $5,800.00

UBS

UBS Financial Services Inc.
10001 Woodloch Forest Dr
Suite 100
The Woodlands TX 77380-1924

APZ3001543187 0614 X12 EM 0

Business Services Account

June 2014

RECEIVED
JUL 08 2014
CITY OF TAFT

00000745 02 AT 0 403 02 TR 00004 B301B041 110000 edg
CITY OF TAFT
ATTN MS TERESA BINKLEY
209 EAST KERN ST
TAFT CA 93268-3224

Account name: CITY OF TAFT
ATTN MS TERESA BINKLEY
Account number: EM 16414 70

Your Financial Advisor:
EBERT, RICHARD
Phone 281-362-6360/866-215-5651

Questions about your statement?
Call your Financial Advisor or the ResourceLine at 800-762-1000, account 735016414

Visit our website:
www ubs.com/financialservices

Items for your attention

- Help protect yourself from fraud and review bank, credit card, and brokerage statements regularly Also, get your free credit report annually from www.annualcreditreport.com.

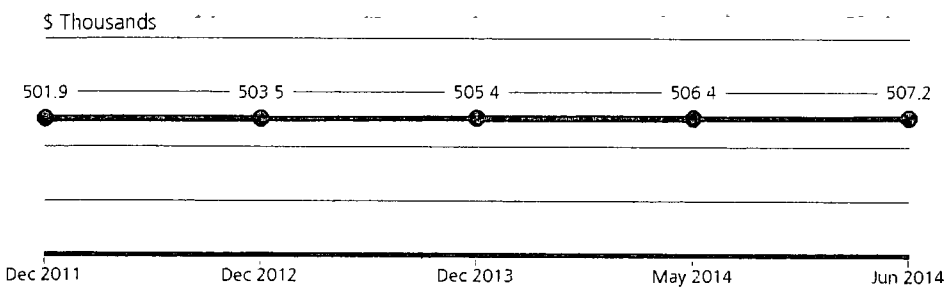
Value of your account

	on May 30 ($)	on June 30 ($)
Your assets	506,390 51	507,182 02
Your liabilities	0 00	0 00
Value of your account	**$506,390.51**	**$507,182.02**
Accrued interest in value above	$2,381 51	$2,993 02

As a service to you, your portfolio value of $507,182.02 includes accrued interest.

EXHIBIT M

Tracking the value of your account



Sources of your account growth during 2014

Value of your account at year end 2013	$505,385 19
Net deposits and withdrawals	-$3,629 59
Your investment return:	
Dividend and interest income	$3,629 59
Change in value of accrued interest	-$59 17
Change in market value	$1,856 00
Value of your account on Jun 30, 2014	**$507,182.02**

Your account balance sheet

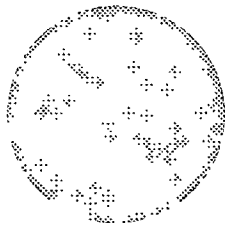
The value of your account includes assets held at UBS and certain assets held away from UBS See page 1 for more information.

Summary of your assets

		Value on June 30 ($)	Percentage of your account
A	Cash and money balances	0 00	0 00%
B	Cash alternatives	0 00	0 00%
C	Equities	0 00	0 00%
D	Fixed income	507,182 02	100 00%
E	Non-traditional	0 00	0 00%
F	Commodities	0 00	0 00%
G	Other	0 00	0 00%
Total assets		**$507,182.02**	**100.00%**

Value of your account **$507,182.02**

Your current asset allocation



D

Eye on the markets

Index	Percentage change June 2014	Percentage change Year to date
S&P 500	2 07%	7 14%
Russell 3000	2.51%	6 94%
MSCI - Europe, Australia & Far East	0 99%	5 14%
Barclays Capital U.S Aggregate Bond Index	0 05%	3 93%

Interest rates on June 30, 2014

3-month Treasury bills. 0 04%

One-month LIBOR. 0 16%

Change in the value of your account

	June 2014 ($)	Year to date ($)
Opening account value	**$506,390.51**	**$505,385.19**
Withdrawals and fees, including investments transferred out	0 00	-3,629 59
Dividend and interest income	0 00	3,629 59
Change in value of accrued interest	611 51	-59 17
Change in market value	180 00	1,856 00
Closing account value	**$507,182.02**	**$507,182.02**

Dividend and interest income earned

For purposes of this statement, taxability of interest and dividend income has been determined from a US tax reporting perspective Based upon the residence of the account holder, account type, or product type, some interest and/or dividend payments may not be subject to United States (US) and/or Puerto Rico (PR) income taxes. The client monthly statement is not intended to be used and cannot be relied upon for tax purposes Clients should refer to the applicable tax reporting forms they receive from UBS annually, such as the Forms 1099 and the Forms 480, for tax reporting information. It is the practice of UBS to file the applicable tax reporting forms with the US Internal Revenue Service and PR Treasury Department, and in such forms accurately classify dividends and/or interest as tax exempt or taxable income Please consult your individual tax preparer

	June 2014 ($)	Year to date ($)
Taxable interest	0 00	3,629 59
Total current year	**$0.00**	**$3,629.59**
Total dividend & interest	**$0.00**	**$3,629.59**

Summary of gains and losses

Values reported below exclude products for which gains and losses are not classified.

	Realized gains and losses		Unrealized
	June 2014 ($)	Year to date ($)	gains and losses ($)
Short term	0 00	0 00	1,221 00
Long term	0 00	0 00	2,968 00
Total	**$0.00**	**$0.00**	**$4,189.00**

Cash activity summary

See *Account activity this month* for details Balances in your Sweep Options are included in the opening and closing balances value FDIC insurance applies only to deposits at UBS Bank USA, not to deposits at UBS AG, Stamford Branch or bank deposits placed through the UBS International Deposit Account program. SIPC protection applies to money market sweep fund holdings but not bank deposits. See *Important information about your statement* on the last two pages of this document for details

	June 2014 ($)	Year to date ($)
Opening balances	**$0.00**	**$0.00**
Additions		
Dividend and interest income	0 00	3,629 59
Total additions	**$0.00**	**$3,629.59**
Subtractions		
Other funds debited	0 00	-3,629 59
Total subtractions	**$0.00**	**-$3,629.59**
Closing balances	**$0.00**	**$0.00**

Your investment objectives:

You have identified the following investment objectives for this account. If you have questions about these objectives, disagree with them, or wish to change them, please contact your Financial Advisor or Branch Manager You can find a full description of the alternative investment objectives in *Important information about your statement* at the end of this document.

Your return objective:
Current income & capital appreciation
Your risk profile:
Primary - Moderate
Investment eligibility consideration - None selected

Your account instructions

- Your account cost basis default closing method is FIFO, First In, First Out.

Your assets

Some prices, income and current values shown may be approximate As a result, gains and losses may not be accurately reflected. See *Important information about your statement* at the end of this document for more information.

Fixed income

Certificates of deposit

Cost basis has been adjusted for accreted original issue discount (OID) on long-term (more than 1 year) CDs. Cost basis has been automatically adjusted for amortization of premium using the constant yield method on long-term (more than 1 year) CDs

Holding	Trade date	Total face value at maturity ($)	Purchase price ($)	Adjusted cost basis ($)	Price on Jun 30 ($)	Value on Jun 30 ($)	Unrealized gain or loss ($)	Holding period
GE CAPITAL FIN UT US RATE 01 0000% MAT 07/28/2014 FIXED RATE CD ACCRUED INTEREST $421.92 CUSIP 36160WT41 EAI $500 Current yield: 1 00%	Jul 23, 12	100,000 000	100 000	100,000 00	100 036	100,036 00	36 00	LT
AMERICAN EXP CENT UT US RATE 01 1000% MAT 08/03/2015 FIXED RATE CD ACCRUED INTEREST $446 03 CUSIP 02587DKQ0 EAI. $1,100 Current yield: 1 09%	Jul 23, 12	100,000 000	100 000	100,000 00	100 576	100,576 00	576 00	LT
GE CAPITAL FIN UT US RATE 01.3500% MAT 07/27/2016 FIXED RATE CD ACCRUED INTEREST $569 59 CUSIP 36160WT74 EAI· $1,350 Current yield: 1.34%	Jul 23, 12	100,000 000	100 000	100,000 00	100 950	100,950 00	.950 00	LT
GE CAP RETAIL BNK UT US RATE 01 8000% MAT 07/27/2017 FIXED RATE CD ACCRUED INTEREST $759 45 CUSIP 36160NQR3 EAI. $1,800 Current yield: 1 78%	Jul 23, 12	100,000 000	100 000	100,000 00	101 406	101,406.00	1,406 00	LT

continued next page

Your assets › Fixed income › Certificates of deposit (continued)

Holding	Trade date	Total face value at maturity ($)	Purchase price ($)	Adjusted cost basis ($)	Price on Jun 30 ($)	Value on Jun 30 ($)	Unrealized gain or loss ($)	Holding period
AMERICAN EXP CENT UT US								
RATE 01.9500% MAT 08/01/2018								
FIXED RATE CD								
ACCRUED INTEREST $796 03								
CUSIP 02587DQZ4								
EAI: $1,950 Current yield: 1.93%	Jul 26, 13	100,000.000	100 000	100,000.00	101.221	101,221 00	1,221 00	ST
Total		**$500,000.000**		**$500,000.00**		**$504,189.00**	**$4,189.00**	

Total accrued interest: $2,993.02

Total estimated annual income: $6,700

Your total assets

		Value on Jun 30 ($)	Percentage of your account	Cost basis ($)	Estimated annual income ($)	Unrealized gain or loss ($)
Fixed income	Certificates of deposits	504,189 00		500,000 00	6,700 00	4,189 00
	Total accrued interest	2,993 02				
	Total fixed income	**507,182.02**	**100.00%**	**500,000.00**	**6,700.00**	**4,189.00**
Total		**$507,182.02**	**100.00%**	**$500,000.00**	**$6,700.00**	**$4,189.00**

Important information about your statement

UBS Financial Services Inc. (the Firm or UBS Financial Services), is a member of all principal security, commodity and options exchanges. UBS Financial Services and UBS Bank USA are indirect subsidiaries of UBS AG and affiliates of UBS Securities LLC The Firm's financial statement is available upon request. The Firm's executive offices are at:

UBS Financial Services Inc.
1200 Harbor Boulevard
Weehawken, NJ 07086

This statement represents the only official record of your UBS Financial Services account. Other records, except official tax documents, containing conflicting data should not be relied upon If you believe there is an error or omission, please report it immediately in writing to the Branch Manager of the office serving your account.

Although all figures shown are intended to be accurate, statement data should not be used for tax purposes Rely solely on year-end tax forms, (i.e., Form 1099 5498, 1042S, etc.) when preparing your tax return The Firm is required by law to report to the IRS all taxable dividends, reportable non-taxable dividends and taxable interest earned on securities held in your account, net proceeds on sale transactions, and cost basis on certain covered securities.

Communications with the Firm

- Please re-confirm any oral communications in writing to further protect your rights, including your rights under the Securities Investor Protection Act (SIPA).

- If the financial institution on the top left of the front of this statement is not UBS Financial Services, UBS Financial Services carries your account as clearing broker by arrangement with the indicated institution. We informed you of this relationship when you opened this account. In this case, your funds and securities are located at UBS Financial Services and not the introducing broker, and you must make a report of any error or omission to **both** firms.

  All account statements shall be deemed complete and accurate if not objected to in writing within 60 days.

- Please direct customer complaints or inquiries to the Firm's Client Relations Department at 201-352-1699 or toll-free at 800-354-9103, 8:00 A.M. to 6:00 P.M. ET Monday through Friday, or in writing to UBS Financial Services Inc., Client Relations Department, P O Box 766 Union City, NJ 07087

- In case of errors or questions about an electronic funds transfer (EFT), bill payment or UBS Visa® debit card transactions, call 800-762-1000, or write to UBS Financial Services Inc., 1000 Harbor Blvd , 6th floor, Weehawken, NJ 07086, Attn: RMA/BSA Services.

  Call or write as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer on the statement or receipt. The Firm or Card Issuer (as applicable) must hear from you no later than 60 days after the Firm sent you the first statement on which the error or problem appeared.
  - Provide your name and account number (if any).
  - Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
  - Provide the dollar amount of the suspected error

The Firm or Card Issuer will investigate your complaint and will correct any error promptly

Please make all checks payable to the Firm or the financial institution indicated on the front of this statement. In addition to regular account fees, accounts may be subject to maintenance fees, charges for late payment for securities purchases and charges for unpaid amounts in cash accounts. Accounts that are transferred to other institutions may be subject to a transfer fee.

UBS Sweep Options

UBS offers options for sweeping cash balances, balances to bank deposits at UBS Bank USA and UBS AG Stamford branch (Bank Sweep Programs), money market mutual funds (Money Funds) and the International Deposit Account (IDA)for customers with an International Resource Management Account. Through the Bank Sweep Programs, cash balances are swept to UBS Bank USA up to an established limit and then to UBS AG Stamford Branch, or a Money Fund. Deposits at UBS Bank USA are FDIC insured in accordance with FDIC rules. For more information please visit www.fdic.gov Deposits at UBS AG Stamford Branch and shares of Money Funds are not insured by the FDIC

Through the IDA, available to cash balances are swept to deposit accounts at UBS AG New York Branch and UBS AG Cayman Branch. These deposits are not insured by the FDIC Balances held at the UBS AG Cayman Branch are temporarily exposed to the sovereign risk of the Cayman Islands, and there is no guarantee or other obligation of UBS AG to repay the balances while on the UBS Cayman's Brach's books.

Deposits at UBS Bank USA and each UBS AG Branch are not protected by SIPC Money Fund shares are protected by SIPC See "UBS Financial Services Account Protection" below

Upon your request, balances in the Bank Sweep Programs or IDA may be withdrawn, and shares of a Money Fund may be liquidated, and the proceeds returned to you or your securities account

Further information about available sweep options, including current interest rates and yields, is available at www.ubs.com/sweepyields, from your Financial Advisor or by calling 800-762-1000

UBS Financial Services account protection

The Firm is a member of the Securities Investor Protection Corporation (SIPC), which protects securities accounts of its members up to $500,000 (including $250,000 for claims for cash). The SIPC asset protection limits apply to all accounts that you hold in a particular capacity

The Firm, together with certain affiliates, has also purchased supplemental protection The maximum amount payable to all eligible clients, collectively under this protection is $500 million as of December 10, 2013

Subject to the policy conditions and limitations, cash at the Firm is further protected for up to $1.9 million in the aggregate for all your accounts held in a particular capacity A full copy of the policy wording is available upon request.

The SIPC protection and the supplemental protection both do not apply to

- Certain financial assets controlled by (and included in your account value) but held away from UBS Financial Services (e g., certain (i) cash at UBS Bank, (ii) cash at UBS AG Stamford branch, (iii) insurance products, including variable annuities, and (iv) shares of mutual funds where such shares are registered directly in the name of the account holder on the books and records of the applicable issuer or transfer agent);

- Certain investment contracts or investment interests (e.g., limited partnerships and private placements) that are not registered under the Securities Act of 1933; and

- Commodities contracts (e.g., foreign exchange and precious metal contracts), including futures contracts and commodity option contracts.

The SIPC protection and the supplemental protection do not apply to these assets even if they otherwise appear on your statements. The SIPC protection and the supplemental protection do not protect against changes in the market value of your investments (whether as a result of market movement, issuer bankruptcy or otherwise).

More information is available upon request. You may obtain more information about SIPC, including the SIPC Brochure, by contacting SIPC at 202-371-8300 or by visiting the SIPC website at www.sipc.org.

Dividend Reinvestment Program (DRIP)

The price reflected is an average price. You may obtain the actual price from your Financial Advisor Only whole shares are purchased under DRIP; partial shares will be sold and the cash will be deposited in your account The dividend reinvestment price supplied by the issuer may differ from the market price at which the partial shares are sold

Cash-in-lieu

Only whole units may be held in your account If you are entitled to a partial unit as a result of a dividend payment or otherwise, the Firm will either sell partial units at market price or accept an amount determined by a registered clearing agency, and credit your account

Investment objectives

The investment objectives and risk profile are specific to each account and may vary between. Please advise the Firm promptly in writing of any significant change in your financial situation or investment objectives. For each account held, you choose one of the following investment objectives:

- *Produce Current Income*: Investments seeking the generation of income only
- *Achieve Capital Appreciation*: Investments seeking growth of principal rather than the generation of income.
- *Produce Combination of Income and Capital Appreciation*: Investments seeking both the generation of income and growth of principal

Overall risk profiles

- *Conservative*. Seeks to maintain initial principal, with low risk and volatility to the account overall, even if that means the account does not generate significant income or returns and may not keep pace with inflation
- *Moderate*: Willing to accept some risk to principal and tolerate some volatility to seek higher returns
- *Aggressive*: Willing to accept high risk to principal and high volatility to seek high returns over time.

Statement "householding"

We may consolidate all related account statements with the same address in the same envelope Accounts may be related for this purpose because they have owners who also maintain joint account relationships with other clients at the same address. This practice is known as "householding." If you prefer to receive individual statements mailed in separate envelopes — you may decline householding by calling your Financial Advisor

Friendly account name

The Friendly account name reflects information that you entered on the Firm's online services website It is a customizable "nickname" chosen by you to assist you with your recordkeeping It has no legal effect on your account. You can change your Friendly account names, through Online Services or by contacting your Financial Advisor

Account overview

- *Value of your account/portfolio* Net of assets and liabilities
- *Assets*. Includes available cash balances, values for restricted security (est.), and Global Time Deposits, unrealized marks to market, and certain assets not held by the Firm. Does not include unpriced securities assets at the end of the prior and current statement periods, or private investments, unvested stock options and exercisable stock options.
- *Liabilities*. Includes debit balances, outstanding margin loans, credit line, short account balances.
- *Cash/money balances*. Total of uninvested available cash balances, plus UBS Bank-USA deposit balances, UBS AG Stamford Branch deposit balances and money market mutual fund sweep balances, at the close of the statement period Non-commodity free credit balances in your account are not segregated from other balances and the Firm may use any of these funds in the ordinary course of its business These funds are payable upon your demand. This total is included in the current period closing value.

Lending information
For detailed information on the Firm's lending practices and disclosures, refer to your Client Relationship Agreement or Account Agreement and the General Terms and Conditions. UBS Statement of Credit Practices available in *Agreements and Disclosures* at *www.ubs.com/accountdisclosures*.

Your assets
Your statement itemizes securities and other assets held in the account at the end of the statement period. You may ask for delivery of fully paid securities at any time. You may receive securities used as loan collateral after paying any balance due on them. Any securities transferred to the Firm during the statement period are listed at market value as of the end of the statement period

- **Cost basis.** In determining the cost basis of the securities included in this statement, where indicated with the number "1," UBS Financial Services has relied on information obtained from sources other than UBS Financial Services, including information from another firm or that you may have provided to your Financial Advisor The Firm does not independently verify or guarantee the accuracy or validity of any information provided by sources other than UBS Financial Services.

  In addition, although UBS Financial Services generally updates this information as it is received, the Firm does not provide any assurances that the information under "Cost basis" and "Unrealized gain/loss" is accurate as of the date of this statement. As such, please do not rely on this information to make purchase or sale decisions, for tax purposes or otherwise. Accounts transferred to the Firm may reflect gain/loss information only for the period of time they are held at the Firm. More historical information can be added by your Financial Advisor

- **Unrealized gains/losses**. When data is available, estimated unrealized gains/losses are calculated for individual security lots. The transaction data for individual lots may or may not reflect commissions, charges and/or security reorganization events. Dividend and other reinvestment lots and systematic purchase lots are each combined to display one averaged lot. The "Trade date" column presents the original transaction trade date.

- **Callable securities**. Bonds and preferred stock that the issuer calls for early redemption will be selected impartially by lot from among all securities of that issue held in our name or in nominee name for our clients. Call feature information is obtained from third parties and its accuracy is not guaranteed. Other call features may exist which could affect yield; complete information will be provided upon request.

- **Certificates of deposit (CDs)**. CDs are FDIC insured up to $250,000 in principal and accrued interest per depositor and per depository institution, in accordance with FDIC rules.

- **Price/value**. Prices displayed for securities and other products may be higher or lower than the price that you would actually receive in the market Prices are obtained from various third party sources which we believe to be reliable, but we do not guarantee their accuracy
  - We generally use the closing price when available or the mean of the bid and ask prices for listed securities and options or only bid prices for OTC securities.
  - Less actively traded securities may be priced using a valuation model or the most recent price we obtained and may not reflect an actual market price or value.
  - Certain positions may appear without a price and will show as "price was not available" if we are unable to obtain a price for a security
  - Deposits or securities denominated in currencies other than U.S. dollars are reflected at the exchange rate as of the statement date.
  - For certain securities trading in non-conforming denominations, price and quantity (face value) may have been adjusted to facilitate proper valuation.

  To obtain current quotations, when available, contact your Financial Advisor

- **Private investments and structured products.** Private investment securities (including direct participation program and real estate investment trust securities) and structured products are generally highly illiquid. Certain structured products have not been registered with the Securities and Exchange Commission or under any state securities laws. We provide estimated values for private investment securities and structured products for informational purposes only Accuracy is not guaranteed.
  - These values may differ substantially from prices, if any, at which a private investment security or structured product may be bought or sold and do not necessarily represent the value you may receive upon liquidation.
  - Third party estimates of value are as of a certain date and are supplied to UBS Financial Services on a regular basis by an independent valuation firm.
  - Issuer, general partner or sponsor estimated values, if any, are supplied to the Firm by the issuer, general partner or sponsor and may be calculated based on different information from that used by third parties to derive their estimated values.
  - You can obtain additional information regarding the methodology used to determine the estimate of value and the date of the information that is the basis for the estimate by contacting your Financial Advisor
  - Third party estimated values may be reflected as "Not priced" in several situations: when an independent valuation firm has not supplied or is unable to assign a value, when we become aware that a material event has occurred that may call a previously reported value into question, or when a value would be highly speculative due to the nature of the security
  - When neither an issuer, general partner or sponsor estimated value nor a third-party estimated value is provided, the value of the security will be different from its purchase price.
  - "Distributions to date" may include return of capital, income or both.
  - "Original unit size" represents the initial offering price per unit and may not reflect your cost basis.

- **Restricted securities**. Restricted securities generally are not currently eligible for public sale UBS Financial Services uses the market price of the unrestricted stock of the same issuer as an imputed value for the restricted stock *for purposes of this statement only* To the extent that restricted securities are eligible for sale, the value received may be substantially less than the imputed value shown.

- **Est. (estimated) income, current yields and rates.** An estimate of annual income is based on current dividend and interest rates, assuming the securities will be held for one year from statement date or until maturity This estimate is only a guideline; accuracy and continued income are not guaranteed.
  - Estimated annual income and current yield for certain types of securities could include a return of principal or capital gains in which case the est. income (and current yield) would be overstated.
  - Estimated annual income and current yield and the actual income and yield might be lower or higher than the estimated amounts.
  - An estimate of annualized income (dividend and/or interest) divided by the current market value/average balance is based on the last dividend or interest payment made by the issuer and assumes the securities/deposits will be held for one year from the statement date or until maturity Accuracy and continued yield are not guaranteed.

- **Assets not held by UBS Financial Services.** Certain assets are not held by the Firm and not within the Firm's possession or control. These assets are displayed on your statement for informational purposes only Positions and values presented are provided by the issuing firm. UBS Financial Services is not responsible for this information and does not guarantee its accuracy These assets are not protected by SIPC or the Firm's supplemental SIPC coverage

- **Revenue sharing and additional compensation.**
  - In addition to commissions on sales and 12b-1 fees received in connection with the distribution of mutual funds to our clients we and/or our affiliate receive revenue sharing payments from distributors and/or advisors of the mutual funds that we sell. These amounts are based on two different components: (i) the amount of sales by UBS of a particular mutual fund family to our clients; and (ii) the asset value of a particular mutual fund family's shares held at the firm.
  - We and our affiliate also receive networking and omnibus processing fees in consideration for transfer agent services that we provide to the mutual funds. These fees generally are paid from investor assets in the mutual fund and are a fixed dollar amount based on the number of accounts at the broker-dealer holding mutual funds of that fund family
  - In addition to commissions received in connection with the sale or distribution of annuity contracts and unit investment trust units to our clients, we and/or our affiliate receive revenue sharing compensation from many of the insurance companies underwriting the annuity contracts, affiliates of the insurance companies or sponsors of the unit investment trusts we distribute.
  - Our affiliates also receive trading commissions and other compensation from mutual funds and insurance companies whose products we distribute.
  - We receive an annual fee from UBS Bank USA and UBS AG Stamford Branch of up to $25 per account sweeping to the banks under the UBS Bank Sweep Programs.

Activity
Information regarding commissions and other charges incurred in connection with the execution of trades, including option transactions has been included on confirmations previously furnished to you, and will be provided to you promptly on request.

Short selling
If you are engaged in short selling a security, you may incur a charge due to certain borrowing costs for that particular security

Open orders
Regarding open or "good-till-cancelled" orders that were not executed by the statement date, open buy and sell stop orders are reduced by the amount of dividends or rights on an ex-dividends or ex-rights date unless instructed otherwise by you. You are responsible for orders that are executed due to your failure to cancel existing open orders.

Privacy
To obtain a copy of our current Client Privacy Notice, please contact your Financial Advisor or visit our website at *www.ubs.com/privacypolicy*

UBS Financial Services is not a bank. The RMA, Business Services Account BSA and IRMA are brokerage accounts which provide access to banking services and products through arrangements with affiliated banks and other third-party banks, and provides access to insurance and annuity products issued by unaffiliated third-party insurance companies through insurance agency subsidiaries of UBS Financial Services Inc.

Investment, insurance, and annuity products:
Not FDIC insured • No bank guarantee• May lose value

RMA. Resource Management Account, Business Services Account BSA, IRMA and international Resource Management Account are registered service marks of UBS Financial Services Inc.

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UBS Financial Services Inc. Rev 201402

CITY OF TAFT
MORGAN STANLEY SMITHBARNEY INVESTMENT IN CERTIFICATE OF DEPOSIT
BALANCES AS OF 6/30/14

INVESTMENT DESCRIPTION	COST AT PAR	INTEREST EARNED	TOTAL COSTS COST @ PAR+ ACCRUED INT	MARKET VALUE	RATE OF RETURNS	ANTICIPATED INCOME (ANNUALIZED)	INTEREST PAYMENT DATES
WORLD FINANCIAL NETWORK BANK (JUMBO) WILMINGTON DE CD PURCHASED: 8/30/11/ DUE. 9/7/16 FIRST COUPON: 9/30/11/ CALL. 9/17/16	$ 200,000.00	$ -	$ 200,000.00	$ 204,308.00	2.000%	$4,000.00	Monthly
MORGAN STANLEY BANK	$ -	$ -	$ -	$ -			
ACCRUED INTEREST	$ -	$ -	$ 310.98	$ 310.98			
TOTAL INVESTMENTS	$ 200,000.00	$ -	$ 200,310.98	$ 204,618.98	2.000%	$4,000.00	

TOTAL ANNUAL INTEREST INCOME FROM THESE INVESTMENTS: $4,000.00

EXHIBIT N

CLIENT STATEMENT | For the Period June 1-30, 2014

RECEIVED
JUL 10 2014
CITY OF TAFT

STATEMENT FOR:
CITY OF TAFT
C/O TERESA BINKLEY

Morgan Stanley Smith Barney LLC. Member SIPC.

S 074089 MSGDD44A 014360

#BWNJGWM
00074089 02 AT 0.403 02 TR 00509 MSGDD44A 101000
CITY OF TAFT
C/O TERESA BINKLEY
209 EAST KERN STREET
TAFT CA 93268-3224

Morgan Stanley

TOTAL VALUE OF YOUR ACCOUNT (as of 6/30/14) $204,618.98
Includes Accrued Interest

Your Financial Advisor
Stephen Bernstein
First Vice President
Stephen.Bernstein@morganstanley.com
973 425-2305

Your Branch
1200 MT KEMBLE AVENUE
MORRISTOWN, NJ 07962-1903
Telephone: 973-539-6700; Alt. Phone: 800-755-4253; Fax: 973-425-2366

EXHIBIT O

Client Service Center (24 Hours a Day; 7 Days a Week): 800-869-3326

Access Your Account Online: www.morganstanley.com/online

615 - 115505 - 245 - 1 - 0

Account Summary

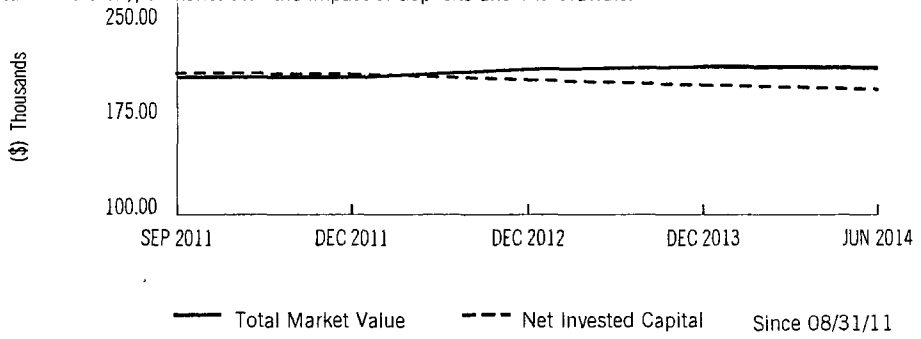
Active Assets Account 615-115505-245 CITY OF TAFT C/O TERESA BINKLEY

CHANGE IN VALUE OF YOUR ACCOUNTS (includes accrued interest)

	This Period (6/1/14-6/30/14)	This Year (1/1/14-6/30/14)
TOTAL BEGINNING VALUE	**$203,875.70**	**$204,507.70**
Credits	—	—
Debits	(339.73)	(1,994.54)
Security Transfers	—	—
Net Credits/Debits/Transfers	**$(339.73)**	**$(1,994.54)**
Change in Value	**1,083.01**	**2,105.82**
TOTAL ENDING VALUE	**$204,618.98**	**$204,618.98**

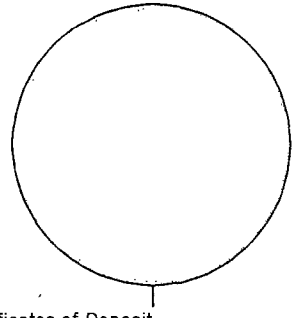
CHANGE IN VALUE OVER TIME

The display of market value (total account value) and net invested capital (total amount invested minus total withdrawn), demonstrates the impact of deposits and withdrawals.



This graph does not reflect corrections to Net Invested Capital or Market Value made subsequent to the dates depicted. It may also exclude transactions in Annuities or where we are not the custodian, which could delay the reporting of Market Value or affect the Net Invested Capital.

ALLOCATION OF HOLDINGS



Certificates of Deposit

	Market Value	Percentage %
Certificates of Deposit ^	$204,618.98	100.0
TOTAL VALUE ^	**$204,618.98**	**100.0%**

This allocation represents holdings on a trade date basis, and projected settled Cash/ BDP and MMF balances. These classifications are not intended to serve as a suitability analysis. ^ Includes Estimated Accrued Interest

Security Mark at Right

Account Summary

Active Assets Account 615-115505-245

CITY OF TAFT
C/O TERESA BINKLEY

BALANCE SHEET (^ includes accrued interest)

	Last Period (as of 5/31/14)	This Period (as of 6/30/14)
Certificates of Deposit ^	$203,875 70	$204,618 98
Total Assets	**$203,875.70**	**$204,618.98**
Total Liabilities (outstanding balance)	—	—
TOTAL VALUE	**$203,875.70**	**$204,618.98**

CASH FLOW

	This Period (6/1/14-6/30/14)	This Yea (1/1/14-6/30/14
OPENING CASH, BDP, MMFs	—	—
Income	339.73	1,994 54
Total Investment Related Activity	**$339.73**	**$1,994.54**
Electronic Transfers-Debits	(339.73)	(1,994.54
Total Cash Related Activity	**$(339.73)**	**$(1,994.54**
Total Card/Check Activity	—	—
CLOSING CASH, BDP, MMFs	—	—

INCOME SUMMARY

	This Period (6/1/14-6/30/14)	This Year (1/1/14-6/30/14)
Interest	$339.73	$1,994 54
Total Taxable Income	**$339.73**	**$1,994.54**
Total Tax-Exempt Income	—	—
TOTAL INCOME	**$339.73**	**$1,994.54**

Taxable and tax exempt income classifications are based on the characteristics of the underlying securities and not the taxable status of the account.

GAIN/(LOSS) SUMMARY

	Realized This Period (6/1/14-6/30/14)	Realized This Year (1/1/14-6/30/14)	Unrealizec Inception to Dat (as of 6/30/14
Long-Term Gain	—	—	$4,308 00

Gain/(Loss) Summary information is provided for informational purposes only and should not be used for tax preparation. This information may change due to basis adjustments.
Refer to the Gain/(Loss) Information in the Expanded Disclosures for additional information.

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Account Detail

Active Assets Account 615-115505-245

CITY OF TAFT
C/O TERESA BINKLEY

Investment Objectives†: Income, Aggressive Income

Brokerage Account

† See the Expanded Disclosures for more information about investment objectives. Please review for accuracy and inform us if your investment objectives change.

HOLDINGS

This section reflects positions purchased/sold on a trade date basis, and includes positions purchased and omits positions sold in the current month. "Market Value" and "Unrealized Gain/(Loss)" are representative values as of the last business day of the statement period and may not reflect the value that could be obtained in the market. Fixed Income securities are sorted by maturity or pre-refunding date, and alphabetically within date. Estimated Annual Income (EAI) is calculated on a pre-tax basis and does not include any reduction for applicable non-US withholding taxes, if any. EAI for certain securities may include return of principal or capital gains which could overstate such estimates. For securities that have a defined maturity date within the next 12 months, EAI is reflected only through maturity date. Actual income or yield may be lower or higher than the estimates. Estimated yield reflects only the income generated by an investment, and does not reflect changes in its price. Structured products, identified in the Security Description column, appear in various statement product categories. Accrued interest, annual income and yield for structured products with a contingent income feature (such as Range Accrual Notes or Contingent Income Notes) are estimates and assume specified accrual conditions are met during the relevant period and payment in full of all contingent interest. For Floating Rate Securities, the accrued interest, annual income and yield are estimates based on the current floating coupon rate and may not reflect historic rates within the accrual period. New Treasury regulations require that we report on Form 1099-B, after the close of the tax year, your adjusted cost basis on the sale of covered securities acquired on or after January 1, 2011, and classify the gain or loss as either long-term or short-term. These regulations also require that we make basis adjustments on covered securities due to wash sales, certain corporate actions and transfers by gift or inheritance, which will be reflected on your Form 1099-B. Cost basis is reflected on statements for informational purposes and should not be used in the preparation of your income tax returns. Refer to the Expanded Disclosures for additional information.

CERTIFICATES OF DEPOSIT

Security Description	Trade Date	Face Value	Orig. Unit Cost / Adj. Unit Cost	Orig. Total Cost / Adj. Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income / Accrued Interest	Yield %
WORLD FINANCIAL NETWORK BANK	8/30/11	200,000.000	$100 000	$200,000 00			$4,000.00	1.95
(JUMBO) WILMINGTON DE CD			$100.000	$200,000.00	$204,308.00	$4,308.00 LT	$310 98	
CUSIP 981999S71								

Unit Price: $102.154; Coupon Rate 2.000%; Matures 09/07/2016, Interest Paid Monthly Oct 02; Yield to Maturity 1 002%; Issued 09/07/11; Maturity Value = $200,000 00

	Face Value / Percentage of Assets %	Orig. Total Cost / Adj. Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income / Accrued Interest	Yield %
CERTIFICATES OF DEPOSIT	200,000.000	$200,000.00 $200,000.00	$204,308.00	$4,308.00 LT	$4,000.00 $310.98	1.96%
TOTAL CERTIFICATES OF DEPOSIT (incl.accr int.)	100.0%		$204,618.98			

	Percentage of Assets %	Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income / Accrued Interest	Yield %
TOTAL MARKET VALUE	100.0%	$200,000.00	$204,308.00	$4,308.00 LT	$4,000.00 $310.98	1.95%
TOTAL VALUE (includes accrued interest)			$204,618.98			

Unrealized Gain/(Loss) totals only reflect positions that have cost basis and/or market value information available. Cash, MMF, Deposits and positions stating 'Please Provide' are not included.

Security Mark at Right

Account Detail

Active Assets Account
615-115505-245

CITY OF TAFT
C/O TERESA BINKLEY

ACTIVITY

CASH FLOW ACTIVITY BY DATE

Transaction Date	Settlement Date	Activity Type	Description	Comments	Quantity	Price	Credits/(Debits)
6/2	6/2	Interest Income	WORLD JUMBO CD 2000 16SP07	CUSIP 981999S71			$339.73
6/2	6/2	Funds Transferred	MONTHLY INCOME CHECK	INCOME FOR JUNE 2014			(339.73)
NET CREDITS/(DEBITS)							$0.00

MESSAGES

Important Information Regarding the Bank Deposit Program
The Bank Deposit Program ("BDP") currently credits interest on the second to last business day of the month. Beginning in September 2014, interest will be credited on the last business day of the month. There will be no change to your current eligible credited interest rate or any of the other terms and conditions of the program. For more information regarding BDP, please refer to the BDP disclosure document at. www.morganstanley.com/wealth/services/pdfs/BDP_disclosure.pdf

Sign up for eDelivery of your Statements Today
Would you like to receive your Statements and other documents faster, more securely and with the added benefit of reducing paper mail? Simply visit www.morganstanley.com/edelivery to set your eDelivery preferences today. Please note, if you have not already, you will first need to register for Morgan Stanley Online to make your eDelivery selections.

Expanded Disclosures

Expanded Disclosures, which apply to all statements Morgan Stanley Smith Barney LLC (we/us) sends to you, are provided with your first statement and thereafter twice a year.

Questions?

Questions regarding your account may be directed to either your Financial Advisor or the Branch Manager for the branch office where you maintain your account. If you require further assistance, call the Client Service Center at (800) 869-3326 or for account-related concerns contact our Client Advocate at (866) 227-2256 or via U.S. mail at P.O. Box 95002, South Jordan, Utah 84095.

Errors and Inquiries

It is your responsibility to review your statement promptly and to seek immediate clarification about entries that you do not understand or believe were made in error by contacting the Branch Manager of the office where you maintain your account. Oral communications regarding any inaccuracy or discrepancy in this statement should be re-confirmed in writing to further protect your rights, including rights under the Securities Investor Protection Act (SIPA). Your statement will be deemed correct unless we receive a written inquiry of a suspected error. See your account documentation for special rules regarding your rights and responsibilities with respect to erroneous electronic fund transfers, including a description of the transfers covered.

Account Valuation

Account values are computed by adding (1) the market value of all priced positions and (2) market values provided by pricing services and/or outside custodians, as applicable for other positions, and by adding any credit or subtracting any debit to your closing Cash, Money Market Funds and/or Deposit balance. Cash, Deposits and Money Market Funds are displayed on a settlement date basis, and other positions are displayed in your account on a trade date basis. The values of fixed income positions in summary displays include accrued interest in the totals. In the "Holdings" section, fixed income market value and accrued interest are also displayed in separate columns. Accrued interest is the interest earned but not yet paid on the bond since its last interest payment. In most cases, it is calculated from the date of the last coupon payment (or "dated date") through the closing date of the statement. Foreign Currency Deposits are reflected in U.S. dollars as of the statement end date. The Annual Percentage Yield (APY) for deposits represents the applicable rate in effect for your deposits at the statement ending date. This APY may be different than the APY that was in effect during the statement period. For current Bank Deposit or Money Market Fund yields, go to www.morganstanleyindividual.com/AccountOptions/ActiveAssets/InvestmentFeatures.

Additional IRA Information

IRA contributions are subject to IRS eligibility rules and regulations. The "Max. Individual Contributions Allowed (by SSN)" reflects the annual limit on contributions that you can make to IRAs (Traditional, Roth, SEP, and SARSEP) The limit applies on a per person basis, not per account. The Contributions information included in this statement pertains to a particular account, without reference to any other IRA. You cannot make an individual contribution to a Traditional IRA for the year in which you reach age 70 1/2 or later. Other special rules may apply; e.g., in conversions or recharacterizations of Traditional to Roth, Roth to Traditional IRAs. Check with your tax advisor to verify how much you can contribute, whether or not the contribution will be tax deductible, and whether other special rules may apply. The categorization of any deductibility is based upon information provided by you and is included for your convenience. Contact your Financial Advisor if this information is incorrect. The account value used for your Required Minimum Distribution calculation is based on your account's prior December 31st Account Value, including accrued interest. This information is not intended to constitute tax, legal or accounting advice.

Availability of Free Credit Balances and Financial Statements

Under the customer protection rules of the SEC [17 CFR §240.15c3-3], we may use funds comprising free credit balances carried for customer accounts here, provided that these funds are payable to customers on demand (i.e., are free of a lien or right of set-off in our favor or on behalf of some third party to whom you have given control). A financial statement of this organization is available for your personal inspection at its offices, or a copy will be mailed to you upon your written request.

Gain/(Loss) Information

Gain/(Loss) is provided for informational purposes. It is not a substitute for Internal Revenue Service (IRS) Form 1099 (on which we report cost basis for covered securities) or any other IRS tax form. It is not intended to be, nor should it be used for tax preparation. Unrealized Gain/(Loss) provided on this statement is an estimate. Contact your own independent legal or tax advisor to determine the appropriate use of the Gain/(Loss) information on this statement. For more information, go to www morganstanley com/wealth/disclosures/disclosures.asp, or call Client Service Center

Tax Reporting

Under Federal Income Tax law, we are required to report the gross proceeds of sales transactions (including entering into short sales) to you on Form 1099-B by February 15 of the year following the calendar year of the transaction for reportable (i.e. non-retirement) accounts. For the sale of certain securities acquired on or after January 1, 2011 we are required to report additional transaction information on Form 1099-B. The information reported on your Form 1099-B for the calendar year should be exclusively relied upon for the purpose of filing your tax return for the year Under U.S. Internal Revenue Service regulations, if you have not provided us with a certification of either U.S. or foreign status on an appropriate Form W-9 or W-8, your accounts may be subject to either 28% back-up withholding or 30% nonresident alien withholding, as applicable, on payments made to your accounts.

Investment Objectives

The following is an explanation of the investment objective alternatives applicable to your account(s): Income - for investors seeking regular income with low to moderate risk to principal; Capital Appreciation - for investors seeking capital appreciation with moderate to high risk to principal; Aggressive Income - for investors seeking higher returns either as growth or as income with greater risk to principal; Speculation - for investors seeking high profits or quick returns with considerable possibility of losing most or all of their investment.

Listed Options

Information with respect to commissions and other charges related to the execution of options transactions has been included in confirmations of such transactions previously furnished to you and such information will be made available to you promptly at your request. Promptly advise us of any material change in your investment objectives or financial situation.

Important Information if you are a Margin Customer (not available for certain accounts such as IRAs or retirement accounts)

If you have margin privileges, you may borrow money from us in exchange for pledging assets in your accounts as collateral. The amount you may borrow is based on the value of eligible securities in your margin accounts. If a security has eligible shares the number of shares pledged as collateral is indicated below the position. If you have a margin account, as permitted by law, we may use certain securities in your account for, among other things, settling short sales or lending the securities for short sales, for which we may receive compensation.

Margin Interest Charges

We calculate interest charges on margin loans as follows: (1) multiply the applicable margin interest rate by the daily close of business net settled debit balance, and (2) divide by 360 (days) Margin interest accrues daily throughout the month and is added to your debit balance at month-end. The month-end interest charge is the sum of the daily accrued interest calculations for the month. We add the accrued interest to your debit balance and start a new calculation each time the applicable interest rate changes and at the close of every statement month. For current margin loan interest rates, go to www.morganstanley com/online/MIRates.

Information regarding Special Memorandum Account

CONTINUED

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Expanded Disclosures (CONTINUED)

If you have a Margin Account, this is a combined statement of your Margin Account and Special Memorandum Account maintained for you under Section 220.5 of Regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the Special Memorandum Account as required by Regulation T is available for your inspection at your request.

Money Market Fund (MMF) Pricing

An investment in a MMF is neither insured nor guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Although MMFs seek to preserve the value of your investment at $1 00 per share, there can be no assurance that will occur and it is possible to lose money should the fund value per share fall. In some circumstances MMFs may cease operations when the value of a fund drops below $1 00 per share. In that event, the fund's holdings would be liquidated and distributed to the fund's shareholders. This process could take up to one month or more. During that time, these funds would not be available to you to support purchases, withdrawals, and if applicable, check writing or ATM debits from your account.

Notice Regarding Investment Advisor Research

Morgan Stanley's Consulting Group Investment Advisor Research conducts research on various mutual funds and exchange-traded funds for clients holding those funds in certain investment advisory programs. If you have invested in any of these funds in another type of account, such as a brokerage account, you will not receive the same research materials and status updates on the funds as we provide to investment advisory clients (including instructions on selling fund shares).

Pricing of Securities

The prices of securities are derived from various sources, and do not necessarily represent the prices at which those securities could have been bought or sold. Although we attempt to use reliable sources of information, we can offer no assurance as to their accuracy. Prices of securities not actively traded may not be available, and are indicated by N/A (not available). For additional information on how we price securities, go to
www morganstanley.com/wealth/disclosures/disclosures.asp.

Important Information About Auction Rate Securities

For certain Auction Rate Securities there is no or limited liquidity Therefore, the price(s) for any Auction Rate Securities shown may not reflect the price(s) you would receive upon a sale at auction or in a secondary market transaction, and is not an indication of any offer to purchase at such price. There can be no assurance that a successful auction will occur or that a secondary market exists or will develop for a particular security. The prices of any Auction Rate Securities in most cases reflect par value, but may be derived from various sources. These prices may differ from prices provided to us or our affiliates by outside pricing services; our affiliates' own internal bookkeeping valuations; prices of transactions executed in any secondary market that exists or may develop; and/or the prices at which issuer repurchases or redemptions may occur.

Special Considerations Regarding Structured Investments

Structured Investments are complex products and may be subject to special risks, which may include, but are not limited to: loss of initial investment, issuer credit risk and price volatility resulting from any actual or anticipated changes to issuer's and/or guarantor's credit ratings or credit spreads, limited or no appreciation and limits on participation in any appreciation of underlying asset(s); risks associated with the underlying reference asset(s), no periodic payments; call prior to maturity; early redemption fees for market linked deposits; lower interest rates and/or yield compared to conventional debt with comparable maturity; unique tax implications; limited or no secondary market; and conflicts of interest due to affiliation, compensation or other factors which could adversely affect market value or payout to investors. Investors also should consider the concentration risk of owning the related security and their total exposure to any underlying asset. Structured Investments may not perform in a manner consistent with the statement product category where they appear and therefore may not satisfy portfolio asset allocation needs for that category Accrued interest, estimated annual income and estimated yield for Structured Investments with a contingent income feature, including Range Accrual Notes and Contingent Income Notes, assume optimal performance of the underlying asset(s) and payment in full of all contingent interest. However, contingent interest is only paid if the specified accrual conditions are met during the relevant observation period. Actual accrued interest, annual income and yield will be dependent upon the performance of the underlying asset(s) and may be significantly lower than the estimates shown. For more information about the risks specific to your Structured Investments, you should contact your Financial Advisor

Security Measures

This statement features several embedded security elements to safeguard its authenticity. One is a unique security mark--a blue rectangle printed in heat-sensitive ink on the back side of every page. When exposed to warmth, the blue rectangle will disappear, and then reappear.

SIPC Protection

We are a member of Securities Investor Protection Corporation (SIPC), which protects securities of its customers up to $500,000 (including $250,000 for claims for cash). An explanatory brochure is available upon request or at www.sipc.org. Losses due to market fluctuation are not protected by SIPC and assets not held with us may not be covered by SIPC protection. To obtain information about SIPC, including an explanatory SIPC brochure, contact SIPC at 1-202-371-8300 or visit www.sipc.org.

Certain Assets Not Held at Morgan Stanley Smith Barney LLC

You may purchase certain assets through us that may be held at another financial institution. Assets not held with us may not be covered by SIPC protection. We may include information about certain of these assets on this statement solely as a service to you and are not responsible for any information provided by external sources. Generally, any financial institution that holds securities is responsible for year-end reporting (1099s) and separate periodic statements, which may vary from our information due to different tax reporting periods. In the case of networked mutual funds, we perform all year-end tax reporting. Under certain circumstances, such as IRA accounts, we perform all tax reporting.

Total Income

Total income, as used in the income summaries, represents dividends and/or interest on securities we receive on your behalf and credit to your account(s) during the calendar year We report dividend distributions and taxable bond interest credited to your account to the Internal Revenue Service. The totals we report may differ from those indicated as "This Year" figures on the last statement for the calendar year. In the case of Real Estate Investment Trusts (REITs), Master Limited Partnerships, Regulated Investment Companies and Unit Investment Trusts, some sponsors may reclassify the distribution to a different tax type for year-end reporting.

Transaction Dates and Conditions

Transactions display trade date and settlement date. Transactions are included on this statement on trade date basis (excluding BDP and MMFs). Trades that have not settled as of statement month end will also be displayed in the "Unsettled Purchases/Sales Activity" section Upon written request, we will give you the date and time of a transaction and the name of the other party to a transaction. We and/or our affiliates may accept benefits that constitute payment for order flow. Details regarding these benefits and the source and amount of any other remuneration received or to be received by us in connection with any transaction will be furnished upon written request.

U.S. Treasury Circular 230 Disclosure

We do not render advice on tax and tax accounting matters to clients. The information provided herein was not intended or written to be used, and it cannot be used, by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under US federal tax laws.

Revised 06/2014

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CITY OF TAFT
INVESTMENT IN MUTUAL SECURITIES
BALANCES AS OF 6/30/14

INVESTMENT DESCRIPTION	COST AT PAR	ACCRUED INTEREST	TOTAL COSTS COST @ PAR+ ACCRUED INT.	MARKET VALUE	RATE OF RETURNS	ANNUAL INCOME	INTEREST PAYMENT DATES	
STATE BK INDIA NEW YORK NY CD PURCHASED· 4/27/12 DUE. 4/27/17 FIRST COUPON: 10/27/12/ CALL. 4/27/17	$ 250,000.00	$ -	$ 250,000.00	$ 255,467.50	2.000%	$5,000.00	April, 27	October, 27
MONEY MARKET	$ -	$ -	$ 5,000.20	$ 5,000.20				
ANNUAL CUSTODY FEE	$ -	$ -	$ -	$ -				
TOTAL INVESTMENTS	$ 250,000.00	$ -	$ 255,000.20	$ 260,467 70	2.000%	$5,000.00		

TOTAL ANNUAL INTEREST INCOME FROM THESE INVESTMENTS. $5,000.00

EXHIBIT P

ENV# CEBBHBMFBBDMBWR_BBBBB
MUTUAL SECURITIES, INC.
P.O BOX 2864
CAMARILLO, CA 93011

14010353

CITY OF TAFT CA
TERESA BINKLEY
209 E KERN ST
TAFT CA 93268

MUTUAL SECURITIES, INC.
Member FINRA, SIPC • Est. 1982

RECEIVED
JUL 10 2014
CITY OF TAFT

STATEMENT FOR THE PERIOD JUNE 1, 2014 TO JUNE 30, 2014

CITY OF TAFT CA - Unincorporated Assn
Account Number: 0FN-145564

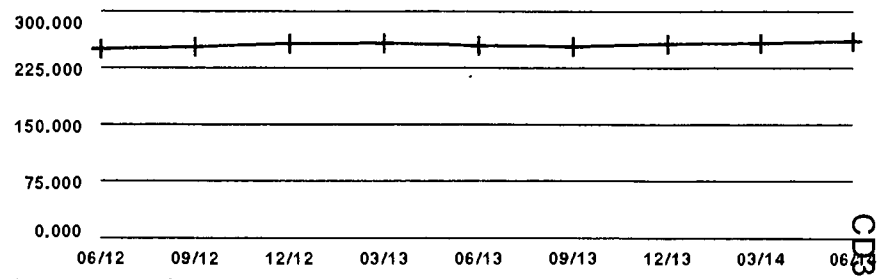
EXHIBIT Q

YOUR FINANCIAL ADVISOR IS
MICHAEL HINES
RR#: 467

For questions about your accounts:
Local: 949 715 5774

TOTAL VALUE OF YOUR PORTFOLIO **$260,467.70**

CHANGE IN VALUE OF YOUR PORTFOLIO
$ thousands



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***Change In Value Of Your Portfolio** information can be found in Miscellaneous Footnotes at the end of this statement*

Mutual Securities, Inc.

MN _CEBBHBMFBBDMBWR_BBBBB 20140630

Account carried with National Financial Services LLC, Member NYSE, SIPC

Holdings

NFS-provided cost basis, realized gain (loss) and holding period information may not reflect all adjustments necessary for tax purposes Please refer to Footnotes and Cost Basis Information at the end of this statement for more information.

CASH AND CASH EQUIVALENTS - 1.92% of Total Account Value

Description	Symbol/Cusip Account Type	Quantity	Price on 06/30/14	Current Market Value	Estimated Annual Income
Money Markets					
PRIME FUND CAPITAL RESERVES CLASS 7 DAY YIELD .01% Dividend Option Reinvest Capital Gain Option Reinvest	FPRXX CASH	5,000.2	$1.00	$5,000.20	
Total Cash and Cash Equivalents				**$5,000.20**	

HOLDINGS > FIXED INCOME - 98.08% of Total Account Value

For an explanation of fixed income pricing, please see the last page. Redemption schedule(s), bond rating(s), and other information are provided where available If information does not appear regarding a particular investment, it is not available. The ratings on this statement are provided by Standard & Poor's and/or Moody's to rate the quality based on the respective rating agency's assessment. "Ratings information from Standard & Poor's ("S&P") may not be reproduced. S&P credit ratings are statements of opinion and are not statements of fact or recommendations to purchase, hold, or sell securities, nor do they address the suitability of securities for investment purposes, and should not be relied on as investment advice S&P does not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and is not responsible for errors or omissions (negligent or otherwise). S&P gives no express or implied warranties, including but not limited to any warranties of merchantability or fitness for a particular purpose or use S&P shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of ratings"

Accrued Interest - Represents interest accumulated since the last coupon date on certain fixed income securities which may not yet have been paid by the issuer or received by NFS There is no guarantee that the accrued interest will be paid by the issuer

Description	Symbol/Cusip Account Type	Quantity	Estimated Price on 06/30/14	Estimated Current Market Value	Estimated Annual Income	Total Cost Basis	Unrealized Gain (Loss)
CDs							

ACTIVITY *continued*

	Amount
TOTAL CORE FUND ACTIVITY	**($0.04)**

ACTIVITY > INCOME > TAXABLE INCOME

Settlement Date	Account Type	Transaction	Description	Quantity	Amount
Taxable Dividends					
06/30/14	CASH	DIVIDEND RECEIVED	PRIME FUND CAPITAL RESERVES CLASS DIVIDEND RECEIVED		$0.04
Total Taxable Dividends					**$0.04**
Total Taxable Income					**$0.04**
TOTAL INCOME					**$0.04**

Footnotes and Cost Basis Information

Amortization, accretion and similar adjustments to cost basis have been provided for many fixed income securities (and some bond-like equities), however, they are not provided for certain types, such as short-term instruments, Unit Investment Trusts, foreign fixed income securities, or those that are subject to early prepayment of principal (pay downs) Where current year premium or acquisition premium amortization is provided, the prior years' cumulative amortization is reflected in the adjusted cost basis, but we cannot provide a breakdown or the total of such prior amortization amounts.

NFS is required to report certain cost basis and related information to the IRS on the Form 1099-B Your official 1099-B forms for certain transactions will reflect which lots have been sold for tax purposes. To apply a specific identification cost basis method to 1099-B reporting, appropriate instructions must be on file with NFS or be received by NFS before the trade has settled Absent such instructions, NFS determines cost basis at the time of sale based on its default methods of average cost for open-end mutual funds and first-in, first-out (FIFO) for all other securities (including ETFs) unless your broker dealer has elected to use another default method NFS applies FIFO (or other disposal method, if applicable) based on its records, which may be different from yours For transactions that are not subject to 1099-B cost basis reporting, you should refer to your trade confirmations and other applicable records to determine which lots were considered sold for tax purposes

While NFS must meet IRS requirements with respect to certain information required to be reported to the IRS, NFS-provided cost basis, realized gain and loss, and holding period information may not reflect all adjustments necessary for your tax reporting purposes. NFS makes no warranties with respect to and specifically disclaims any liability arising out of a customer's use of, or any tax position taken in reliance upon, such information

GLOSSARY **Short Account Balances** - If you have sold securities under the short sale rule, we have, in accordance with regulations, segregated the proceeds from such transactions in your Short Account. Any market increases or decreases from the original sale price will be marked to the market and will be transferred to your Margin Account on a weekly basis. **Market Value** - The Total Market Value has been calculated out to 9 decimal places, however, the individual unit price is displayed in 5 decimal places. The Total Market Value represents prices obtained from various sources, may be impacted by the frequency in which such prices are reported and such prices are not guaranteed Prices received from pricing vendors are generally based on current market quotes, but when such quotes are not available the pricing vendors use a variety of techniques to estimate value. These estimates, particularly for **fixed income securities,** may be based on certain minimum principal amounts (e.g $1 million) and may not reflect all of the factors that affect the value of the security, including liquidity risk. The prices provided are not firm bids or offers. Certain securities may reflect "N/A" or "unavailable" where the price for such security is generally not available from a pricing source The Market Value of a security, including those priced at par value, may differ from its purchase price and may not closely reflect the value at which the security may be sold or purchased based on various market factors. Investment decisions should be made only after consulting your broker-dealer **Estimated Yield ("EY")** and **Estimated Annual Income ("EAI")** - When available, the coupon rate of some fixed income securities is divided by the current market value of the fixed income security to create the EY figure and/or the current interest rate or most recently declared dividends for certain securities are annualized to create the EAI figure EAI and EY are estimates, and the income and yield might by lower or higher Estimates may include return of principal or capital gains, which would render them overstated In addition, EAI is calculated for positions or accounts where dividends are reinvested and not paid as income EY reflects only the income generated by an investment; not changes in prices which fluctuate These figures are based on mathematical calculations of available data, and have been obtained from information providers believed to be reliable, but no assurance can be made as to accuracy Since the interest and dividend rates are subject to change at any time, and may be affected by current and future economic, political and business conditions, they should not be relied on for making investment, trading decisions, or tax decisions.

CUSTOMER SERVICE: Please review your statement and report any discrepancies immediately Inquiries or concerns regarding your brokerage account or the activity therein should be directed to your broker-dealer at the telephone number and address reflected on the front of this statement and National Financial Services LLC ("NFS") who carries your brokerage account and acts as your custodian for funds and securities that are deposited with NFS by you or your broker-dealer, or as a result of transactions NFS processes for your account, may also be contacted for statement discrepancies.NFS may be called at **(800) 801-9942.** Any oral communications regarding inaccuracies or discrepancies should be reconfirmed in writing to protect your rights, including those under the Securities Investor Protection Act ("SIPA") When contacting either NFS or your broker-dealer, remember to include your entire brokerage account number to ensure a prompt reply Please notify the service center or your broker-dealer promptly in writing of any change of address.

ADDITIONAL INFORMATION **Customer free credit balances** are not segregated and may be used in NFS' business in accordance with federal securities laws. You have the right to receive, subject to open commitments in any of your brokerage accounts, any free credit balances to which you are entitled Interest on free credit balances awaiting reinvestment may be paid out at rates that may vary with current short-term money market rates and/or your brokerage account balances, set at the discretion of your broker-dealer and/or NFS. If your free credit balance is automatically transferred to a money market fund or to an FDIC insured bank account you use as your brokerage account's core position, you can liquidate the shares of the money market fund or bank balances at any time and have the proceeds remitted to you or held in your brokerage account subject to the terms and conditions of your account agreement.

Credit Adjustment Program. Accountholders receiving payments in lieu of qualified dividends may not be eligible to receive credit adjustments intended to help cover additional associated federal tax burdens. NFS reserves the right to deny the adjustment to any accountholder and to amend or terminate the credit adjustment program

Options Customers. Each transaction confirmation previously delivered to you contains full information about commissions and other charges. If you require further information, please contact your broker-dealer Assignments of American and European-style options are allocated among customer short positions pursuant to a random allocation procedure, a description of which is available upon request. Short positions in American-style options are liable for assignment at any time The writer of a European-style option is subject to exercise assignment only during the exercise period. You should advise your broker-dealer promptly of any material change in your investment objectives or financial situation. **Splits, Dividends, and Interest.** Expected stock split, next dividend payable, and next interest payable information has been provided by third parties and may be subject to change Information for certain securities may be missing if not received from third parties in time for printing NFS is not responsible for inaccurate, incomplete, or missing information. Please consult your broker-dealer for more information about expected stock split, next dividend payable, and next interest payable for certain securities.

Equity Dividend Reinvestment Customers. Shares credited to your brokerage account resulted from transactions effected as agent by either: 1) Your broker-dealer for your investment account, or 2) through the Depository Trust Company (DTC) dividend reinvestment program. For broker-dealer effected transactions, the time of the transactions, the exchange upon which these transactions occurred and the name of the person from whom the security was purchased will be furnished upon written request. NFS may have acted as market maker in effecting trades in 'over-the-counter 'securities.

Retirement Contributions/Distributions. A summary of retirement contributions/distributions is displayed for you in the activity summary section of your statement. **Income Reporting.** NFS reports earnings from investments in Traditional IRAs, Rollover IRAs, SEP-IRAs and, Keoghs as tax-deferred income Earnings from Roth IRAs are reported as tax-free income, since distributions may be tax-free after meeting the 5 year aging requirement and certain other conditions. **A financial statement** of NFS is available for your personal inspection at its office or a copy of it will be mailed to you upon your written request.

Statement Mailing. NFS will deliver statements by mail or, if applicable, notify you by e-mail of your statement's availability, if you had transactions that affected your cash balances or security positions held in your account(s) during the last monthly reporting period. At a minimum, all brokerage customers will receive quarterly statements (at least four times per calendar year) as long as their accounts contain a cash or securities balance.

Loads and Fees. In connection with access to, purchase of, and/or maintenance of positions in mutual funds and other investment products ("funds"), your introducing broker dealer and/or NFS may receive the salesloads and 12b-1 fees described in the prospectus as well as additional compensation, paid by the funds, their investment advisors or affiliates. Additional information about the source(s) and amount(s) of compensation as well as other remuneration received by your introducing broker dealer and/or NFS will be furnished to you upon written request. At time of purchase fund shares may be assigned a load, transaction fee or no transaction fee status. At time of sale, any fees applicable to your transaction will be assessed based on the status assigned to the shares at time of purchase. **Margin.** If you have applied for margin privileges and been approved, you may borrow money from NFS in exchange for pledging the assets in your account as collateral for any outstanding margin loan. The amount you may borrow is based on the value of securities in your margin account, which is identified on your statement. If you have a margin account, this is a combined statement of your margin account and special memorandum account other than your non-purpose margin accounts maintained for you under Section 220.5 of Regulation T issued by the Board of Governors of the Federal Reserve Board. The permanent record of the separate account, as required by Regulation T, is available for your inspection upon request. **NYSE and FINRA.** All transactions are subject to the constitution, rules, regulations, customs, usages, rulings and interpretations of the exchange market and its clearing house if any, where the transactions are executed, and of the New York Stock Exchange (NYSE) and of the Financial Industry Regulatory Authority ("FINRA") The FINRA requires that we notify you in writing of the availability of an investor brochure that includes information describing FINRA Regulation's BrokerCheck Program ("Program") To obtain a brochure or more information about the Program or FINRA Regulation, contact the FINRA Regulation BrokerCheck Program Hotline at (800) 289-9999 or access the FINRA's web site at www.finra.org **FINRA Rule 4311** requires that your broker-dealer and NFS allocate between them certain functions regarding the administration of your brokerage account. The following is a summary of the allocation services performed by your broker-dealer and NFS. A more complete description is available upon request. **Your broker-dealer is responsible for:** (1) obtaining and verifying brokerage account information and documentation, (2) opening, approving and monitoring your brokerage account, (3) transmitting timely and accurate orders and other instructions to NFS with respect to your brokerage account, (4) determining the suitability of investment recommendations and advice, (5) operating, and supervising your brokerage account and its own activities in compliance with applicable laws and regulations including compliance with margin rules pertaining to your margin account, if applicable, and (6) maintaining required books and records for the services that it performs. **NFS shall, at the direction of your broker-dealer:** (1) execute, clear and settle transactions processed through NFS by your broker-dealer, (2) prepare and send transaction confirmations and periodic statements of your brokerage account (unless your broker-dealer has undertaken to do so) Certain securities pricing and descriptive information may be provided by your broker-dealer or obtained from third parties deemed to be reliable, however, this information has not been verified by NFS, (3) act as custodian for funds and securities received by NFS on your behalf, (4) follow the instructions of your broker-dealer with respect to transactions and the receipt and delivery of funds and securities for your brokerage account, and (5) extend margin credit for purchasing or carrying securities on margin. Your broker-dealer is responsible for ensuring that your brokerage account is in compliance with federal, industry and NFS margin rules, and for advising you of margin requirements. NFS shall maintain the required books and records for the services it performs. **Securities in accounts carried by** NFS are protected in accordance with the Securities Investor Protection Corporation ("SIPC") up to $500,000 The $500,000 total amount of SIPC protection is inclusive of up to $250,000 protection for claims for cash, subject to periodic adjustments for inflation in accordance with terms of the SIPC statute and approval by SIPC's Board of Directors NFS also has arranged for coverage above these limits Neither coverage protects against a decline in the market value of securities, nor does either coverage extend to certain securities that are considered ineligible for coverage For more details on SIPC, or to request a SIPC brochure, visit **www.sipc.org** or call 1-202-371-8300 Funds used to purchase or sweep to a bank deposit are SIPC protected until deposited to a Program Bank at which time funds may be eligible for FDIC insurance Assets Held Away, commodities, unregistered investment contracts, futures accounts, loaned securities and other investments may not be covered Precious metals are not covered by SIPC protection. Mutual funds and/or other securities are not backed or guaranteed by any bank, nor are they insured by the FDIC and involve investment risk including possible loss of principal.

End of Statement **100924**

EXHIBIT R

CD3

ACCOUNT: 10300805 06/30/2014

United Security Bank

...response ability

RECEIVED
JUL 03 2014
CITY OF TAFT

CITY OF TAFT
209 E KERN STREET
TAFT CA 93268

TAFT OFFICE
523 CASCADE PLACE
TAFT, CA 93268

TELEPHONE:661-763-5151

Rate Increase CD CERTIFICATE 10300805

DESCRIPTION	DEBITS	CREDITS	DATE	BALANCE
BALANCE LAST STATEMENT			05/30/14	101,888.84
INTEREST		43.28	06/16/14	101,932.12
BALANCE THIS STATEMENT			06/30/14	101,932.12

INTEREST PAID 2014: 354.04
INTEREST PAID 2013: 910.10

C

101,932.12*+
102,200.54 +
51,344.30 +
003
255,476.96 *

EXHIBIT R

CD3

ACCOUNT: 10300895 06/30/2014

United Security Bank
...response ability

RECEIVED
JUL 03 2014
CITY OF TAFT
CITY OF TAFT

CITY OF TAFT
209 E KERN STREET
TAFT CA 93268

TAFT OFFICE
523 CASCADE PLACE
TAFT, CA 93268

TELEPHONE:661-763-5151

Rate Increase CD CERTIFICATE 10300895

DESCRIPTION	DEBITS	CREDITS	DATE	BALANCE
BALANCE LAST STATEMENT			05/30/14	102,129.39
INTEREST		71.15	06/06/14	102,200.54
BALANCE THIS STATEMENT			06/30/14	102,200.54

INTEREST PAID 2014: 417.01
INTEREST PAID 2013: 898.07

EXHIBIT R

CD3

ACCOUNT: 10300931 06/30/2014

United Security Bank
...response ability

RECEIVED
JUL 03 2014
CITY OF TAFT

CITY OF TAFT
209 E KERN STREET
TAFT CA 93268

TAFT OFFICE
523 CASCADE PLACE
TAFT, CA 93268

TELEPHONE:661-763-5151

Rate Increase CD CERTIFICATE 10300931

DESCRIPTION	DEBITS	CREDITS	DATE	BALANCE
BALANCE LAST STATEMENT			05/30/14	51,329.04
INTEREST		15.26	06/08/14	51,344.30
BALANCE THIS STATEMENT			06/30/14	51,344.30

INTEREST PAID 2014: 89.52
INTEREST PAID 2013: 382.41

City of Taft Agenda Report

DATE: **AUGUST 19, 2013**

TO: **MAYOR LINDER AND COUNCIL MEMBERS**

AGENDA MATTER:

TAFT COLLEGE FOUNDATION PETROLEUM PARTNERS MEMBERSHIP

SUMMARY STATEMENT:

The Taft College Foundation inaugural West Kern Petroleum Summit in October of 2013 generated strong interest within the industry to continue improvements in academia, economic development and workforce development.

The City of Taft has been invited to join the Petroleum Partners Circle in order to further engage with Taft College technology & engineering programs and to support community relationships in these areas.

RECOMMENDED ACTION:

Motion to purchase annual membership to the Taft College Foundation Petroleum Partners Circle in the amount of $1,500.

SOURCE OF FUNDING: General Fund

ATTACHMENT (Y/N): Yes; Introduction Letter

PREPARED BY: Office of the City Manager

REVIEWED BY:

CITY CLERK	FINANCE DIRECTOR	CITY MANAGER

TCF PETROLEUM PARTNERS

TAFT COLLEGE FOUNDATION PETROLEUM PARTNERS

The Taft College Foundation inaugural West Kern Petroleum Summit in October of 2013 generated a strong interest within our professional and college communities, inviting continued conversations between the petroleum and energy industry, academia and economic development.

We want to invite you, one of our most valued initial supporters, to become part of the Taft College Foundation Petroleum Partners. This provides you with the unique opportunity to engage with Taft College technology and engineering program leadership and other industry leaders like you, to support our vision for workforce development.

Petroleum Partners Circle Benefits:

- $1,000 minimum annual membership includes two (2) company representatives
- Two (2) guaranteed seats at future West Kern Petroleum Initiative Roundtables
- VIP table placement at the 2015 West Kern Petroleum Summit
- Reserved table of eight (8) at the West Kern Petroleum Summit pre-conference event
- Your company logo on the West Kern Petroleum website
- Updates and engagement with both the Energy Technology Program and Engineering Program at Taft College including speaking engagements, internship sponsorship, field trip offerings, and collaboration with program leaders
- Two (2) invitations to the annual Petroleum Partners luncheon hosted by the Taft College President

Join TCF Petroleum Partners
Contact Us Today (661) 763-7936

TAFT COLLEGE FOUNDATION

The Taft College Foundation was incorporated in 2002 as a 501(c)(3) non-profit corporation for charitable and educational purposes.

MISSION

The Taft College Foundation is dedicated to supporting student success through fund raising and development of community relationships.

TAFT COLLEGE | 29 COUGAR COURT | TAFT, CALIFORNIA 93268
(661) 763-7899 | WWW.TAFTCOLLEGE.EDU/FOUNDATION/

City of Taft Agenda Report

DATE: **August 19, 2014**

TO: **MAYOR LINDER AND COUNCIL MEMBERS**

AGENDA MATTER:

GRANT PURCHASE OF THE SUSTEEN INC SECURE VIEW NEW ULTRA COMPACT

SUMMARY STATEMENT:

The Taft Police Department routinely seizes cellular telephones from suspects and witnesses at the scene of crimes or as a result of a criminal investigation. This occurs several times a month. With the addition of the Modified Community Correctional Facility (MCCF) we know that inmates will smuggle in cellular telephones (pre-paid phones) to assist in continuing their criminal enterprises. Currently the Taft Police Department only has two (2) options. 1.) Have the Kern County Sheriff Technical Investigations Unit download the data on the phone for us at yet unknown rate. The current rate for computers is $1,000.00 per computer. 2.) Use our own I.T. (High Desert Wireless) people at a cost of $125.00 per hour.

The SUSTEEN INC has awarded the Taft Police Department a one-time grant for the purchase of a Secure View New Ultra Compact (svNUC) Cellular phone analyzer. This device which allows Law Enforcement to conduct Extraction, Analysis, and Reporting of information contained from Cellular telephones taken from suspects arrested or used in a criminal matter investigated by the Taft Police Department. This device allows for the extraction of: Photos, Video, Text Conversations, Contacts, Call Logs, Web Browsing History, and Social Media Correspondence.

The SUSTEEN INC Secure View New Ultra Compact (svNUC) Cellular phone analyzer comes with all the cables and necessary accessories to complete the required tasks from most cellular telephones. It comes with a warranty, software updates, and training. This device should last more than (5) years and should be a real benefit to this department in the collection of cell phone evidence.

The MSRP of this device is $12,390.00 but the Grant will pay for $7,391.00 leaving a balance of $4,999.00.

This cost will be paid for from Drug Forfeiture monies and not from the General Fund.

RECOMMENDED ACTION:

Motion to authorize the Police Chief to sign the agreement with Susteen Inc. and approve the match of $4,999.00 out of the Drug Forfeiture account.

FUNDING SOURCE: Asset forfeiture

ATTACHMENT (Y/N): Grant quote from SUSTEEN INC

PREPARED BY: Ed Whiting – Chief of Police

REVIEWED BY:

CITY CLERK	FINANCE DIRECTOR	CITY MANAGER

susteen

Invoice

Susteen, Inc.
8001 Irvine Center Drive
Suite 1500
Irvine, CA 92618
TEL: (949) 341-0007
FAX: (949) 341-0008

Name:	J. Shad Swanson
Organization:	Taft Police Department
Address:	320 Commerce Way
City:	Taft, CA 93268
Phone:	661-763-3101
E-mail:	swanson@taftpd.com

Date	7/23/2014
Valid To	NA
Terms	CC/Net30
RF #	taftpd-svng

Qty	Part Number	Description	MSRP	Grant Pays	Department Cost
1	CF225-M10-N02	Secure View New Ultra Compact (svNUC) **Extraction, Analysis, and Reporting** all come standard **Includes** **Full cable kit** **svPin:** access and recover passwords for locked basic phones **svSmart:** preset analytical parameters for immediate triage and evidence gathering **svLoader:** import data from other forensic tools for use with Secure View Analytics **svDelete:** recover deleted data from Android phones **iPhone Unlocking Add-On:** access and recover passwords for locked iPhones **Physical Dump/ Physical Analyzer:** analyze physical dumps of phones for recovering deleted information	$ 12,390.00	$ 7,391.00	$ 4,999.00
				SubTotal	$ 4,999.00
				Shipping & Handling	
				Taxes	$ -
				TOTAL	$ 4,999.00

Prepared By

Jeremy Kirby

Jeremy Kirby
Account Executive
Susteen, Inc.
(949) 789-8221
fax: (949) 341-0008
jkirby@susteen.com

All prices are subject to all applicable state and/or local taxes and import Fees
Terms are subject to credit department approval

City of Taft Agenda Report

DATE: **AUGUST 19, 2014**

TO: **HONORABLE MAYOR AND COUNCIL MEMBERS**

AGENDA MATTER:

REIMBURSEMENT OF ADMIN FUNDS TO CDBG PROGRAM INCOME ACCOUNT

SUMMARY STATEMENT:

During a Community Development Block Grant (CDBG) Program Review of the City's Program Income Reports for the last four fiscal years, it was discovered that the city charged admin funds to the Program Income Account for possible projects that were worked on but unfortunately were never able to fund. Since there were no deliverables to report for the admin monies spent, the city is required to reimburse that money back to the account.

These funds will be reimbursed from the General Fund, as it was the fund that would have carried the burden of these expenses over the four year period since they were not qualified CDBG grant expenses.

RECOMMENDED ACTION: Motion to reimburse the amount of $91,785.32 to the City's CDBG Program Income Account.

IMPACT ON BUDGET (Y/N): Yes, $91,785.32 from the General Fund

ATTACHMENT (Y/N): No

PREPARED BY: Yvette Mayfield

REVIEWED BY:

CITY CLERK	FINANCE DIRECTOR	CITY MANAGER

City of Taft Agenda Report

DATE: **AUGUST 19, 2014**

TO: **MAYOR LINDER AND COUNCIL MEMBERS**

AGENDA MATTER:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT SUPPORTING KERN CITIZENS FOR ENERGY

SUMMARY STATEMENT:

Nick Ortiz from Western States Petroleum Association (WSPA), presented to Council on August 5, 2014 to request support by joining a new coalition in the community supporting oil and gas development in Kern County. Their mission is to support local oil and gas production conducted in an environmentally sound manner in order to reduce dependence on foreign oil, provide local jobs and increase revenues for Kern County schools, roads and public safety. Their goal is to educate the community and provide fact based arguments to opposition claims and to support the local oil and gas industry, and to ensure that the industry will continue providing jobs and driving the economy in Kern County.

Mayor Linder requested a future agenda item supporting the Kern Citizens for Energy Coalition. All Council Members concurred.

RECOMMENDED ACTION:

Motion to direct Staff to register the City of Taft as a member of the Kern Citizens for Energy Coalition and to adopt a resolution entitled **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT SUPPORTING KERN CITIZENS FOR ENERGY**

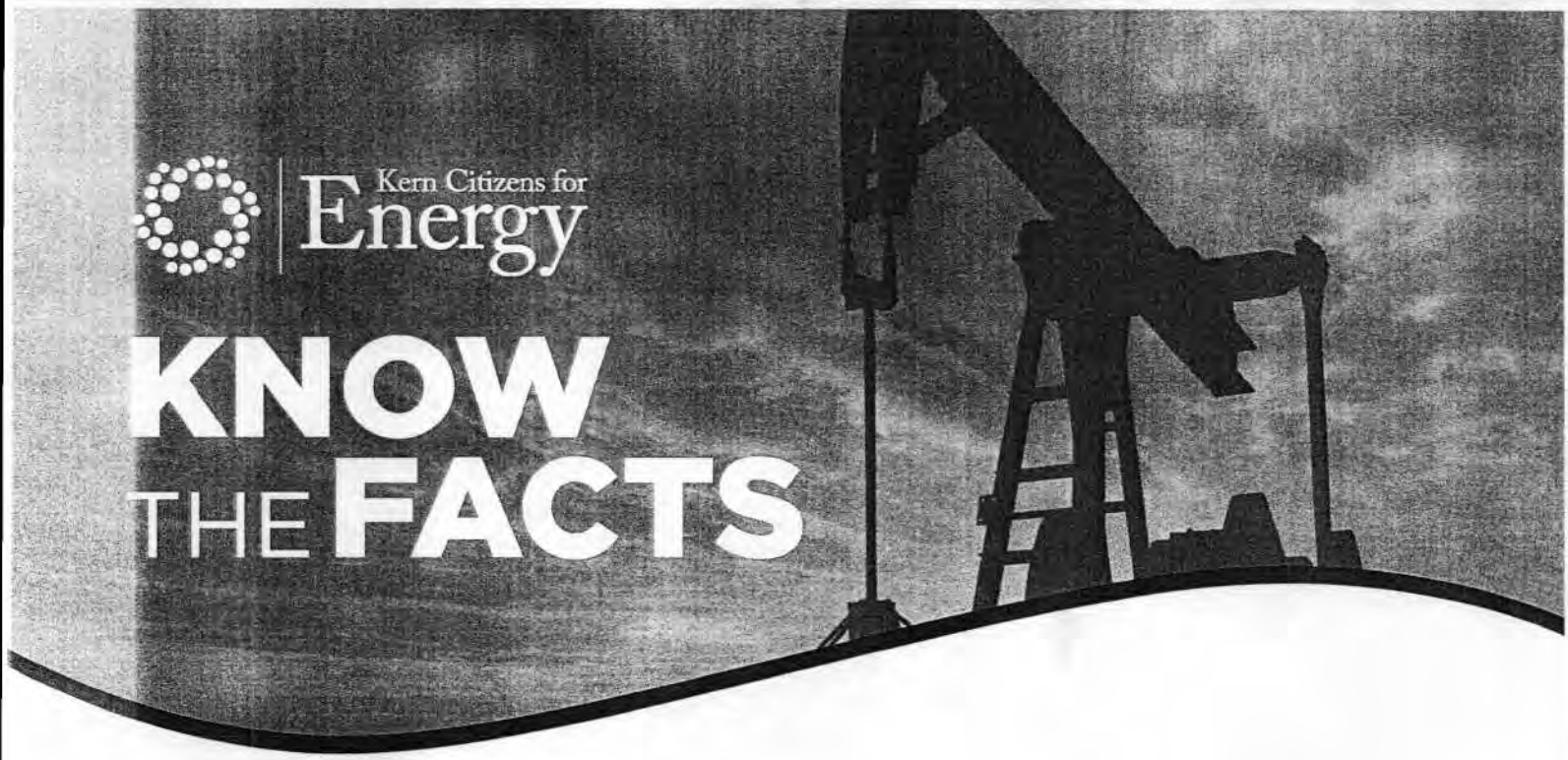
SOURCE OF FUNDING: N/A

ATTACHMENT (Y/N): Yes; Coalition Information; Resolution

PREPARED BY: Office of the City Manager

REVIEWED BY:

CITY CLERK	FINANCE DIRECTOR	CITY MANAGER



Kern Citizens for Energy is a coalition of small business owners, nonprofits, chambers of commerce, taxpayer advocates, energy companies, local elected officials and residents who support a robust oil and gas industry in Kern County. Our coalition exists to champion this important industry and the thousands of men and women who work in the oil and gas sector in Kern County.

Local oil and gas production will continue to provide jobs, reduce our dependence on foreign oil, and increase revenues for Kern County schools, roads and public safety.

Oil and gas production has been taking place in Kern County for over a century, governed during that time by an ever-increasing body of regulations—including air quality, water quality, endangered species protections, and greenhouse gas reduction requirements.

The Kern County planning department is currently analyzing petroleum production in the county to ensure that we maintain local control of decision-making and that all environmental and safety precautions are in place so that the industry can provide jobs and drive the economy in Kern for decades to come.

California has abundant natural resources yet we currently import

67%

of our total energy needs. Taking advantage of the rich resources right beneath us will provide job opportunities for those in our own state.

In Kern County the oil and gas industry provides jobs for nearly

50,000

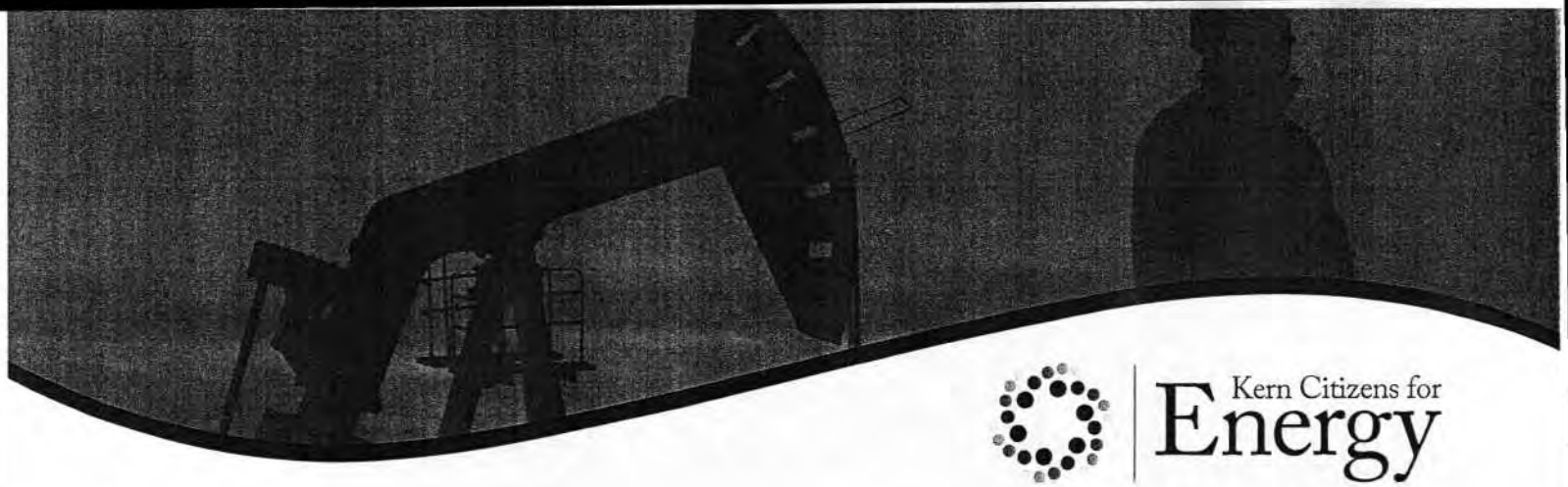
PEOPLE

The industry contributes $400 million dollars in annual Kern County property taxes. These revenues represent nearly

30%

of all property taxes paid and support our local schools, roads and public safety.

www.KernCitizensforEnergy.com



Kern Citizens for Energy

The petroleum industry contributes nearly $300 million in sales tax annually.

Oil and gas production accounts for more than $4 billion in income to Kern County families each year. This is nearly twice the annual budget for the entire county!

At more than $6.6 billion dollars, the oil industry is responsible for nearly 20% of Kern County's gross domestic product (GDP).

WHAT CAN **YOU** DO?

Join our coalition today and show your support for the thousands of current and future jobs provided to our community by the oil and gas industry!

Go to **www.KernCitizensforEnergy.com** and add your name to our growing list of supporters. We will keep you updated on the issues and additional ways for you to get involved.

Questions? info@KernCitizensforEnergy.com

Kern Citizens for Energy

Kern Citizens for Energy

WHO WE ARE

- Kern Citizens for Energy is a **grassroots group** established to support all of the men and women working in the oil and gas industry
- We are **local citizens**, small business owners, nonprofits, chambers of commerce, energy companies and taxpayer advocates who support the oil and gas industry here in Kern County
- We applaud the enormous contributions that the oil and gas industry makes in Kern County, the state of California and throughout the nation in the form of **jobs**, tax revenues and philanthropy

Kern Citizens for Energy

OUR MISSION STATEMENT

We support local oil and gas production conducted in an environmentally sound manner in order to reduce our dependence on foreign oil, provide local jobs and increase revenues for Kern County schools, roads and public safety.

Kern Citizens for Energy

WHY DO WE NEED THIS COALITION?

- To support our local oil and gas industry – and ensure that the industry will continue providing jobs and driving the economy here in Kern
- An EIR (Environmental Impact Report) is currently being prepared by Kern County that will ensure *local control* of planning decisions
- To educate the community and provide fact based arguments to opposition claims

Kern Citizens for Energy

CONSIDER THESE

FACTS...

Kern Citizens for Energy

California has abundant natural resources yet we currently import

67%

of our total energy needs. Taking advantage of the rich resources right beneath us will provide job opportunities for those in our own state.

In Kern County the oil and gas industry provides jobs for nearly

50,000

PEOPLE

Kern Citizens for Energy

The industry contributes **$400 million dollars** in annual Kern County property taxes. These revenues represent nearly

of all property taxes paid.

The petroleum industry also contributes nearly

in sales tax annually.

Kern Citizens for Energy

In addition, oil and gas supplies more than

in income to Kern County families each year.

At more than $6.6 billion dollars, the **oil industry is responsible for nearly 20%** of Kern County's gross domestic product (GDP).

Kern Citizens for Energy

DID YOU KNOW?

All of these everyday items come from oil and natural gas

Kern Citizens for Energy

WHAT CAN *YOU* DO?

Join our coalition today and show your support for the thousands of current and future jobs provided to our community by the oil and gas industry!

Go to **www.KernCitizensforEnergy.com** and add your name to our growing list of supporters. We will keep you updated on the issues and additional ways for you to get involved.

Questions? info@KernCitizensforEnergy.com
www.KernCitizensforEnergy.com

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT SUPPORTING KERN CITIZENS FOR ENERGY

WHEREAS, the oil and gas industry makes enormous contributions in Kern County, the state of California and throughout the nation in the form of jobs, tax revenues and philanthropy; and

WHEREAS, in Kern County, the oil and gas industry provides jobs for nearly 50,000 people; and

WHEREAS, the industry contributes $400 million in annual Kern County property taxes; and

WHEREAS, oil and gas supplies more than $4 billion in income to families each year; and

WHEREAS, at more than $6.6 billion, the oil industry is responsible for nearly 20% of Kern County's gross domestic product (GDP); and

WHEREAS, the Kern County planning department is currently analyzing petroleum production in the county to ensure that we maintain local control of decision making; and

WHEREAS, the petroleum industry also contributes nearly $300 million in sales tax annually; and

WHEREAS, a resource abundant California currently imports a disappointing 67% of our total energy needs; and

WHEREAS, taking advantage of the rich resources right beneath us will provide job opportunities for our residents in Kern County and across the state;

THEREFORE BE IT RESOLVED, THE CITY COUNCIL OF THE CITY OF TAFT SUPPORTS KERN CITIZENS FOR ENERGY.

PASSED, APPROVED AND ADOPTED on this _____ day of _____, 2014.

_____
Paul Linder, Mayor

ATTEST:

_____
Alina Megerdom
City Clerk

STATE OF CALIFORNIA }
COUNTY OF KERN } SS
CITY OF TAFT }

I, Alina Megerdom, City Clerk of the City of Taft, do hereby certify that the foregoing Resolution was duly and regularly adopted by the City Council of the City of Taft at a regular meeting thereof held on the_____day of _____ 2014, by the following vote:

AYES: Councilmembers:
NOES: Councilmembers:
ABSENT: Councilmembers:
ABSTAIN: Councilmembers:

_____
Alina Megerdom
City Clerk

City of Taft Agenda Report

DATE: **AUGUST 19, 2014**

TO: **MAYOR LINDER AND COUNCIL MEMBERS**

AGENDA MATTER:

ANNUAL AUDITED FINANCIAL STATEMENTS FOR 2011-2012 AND 2012-2013

SUMMARY STATEMENT:

Attached is the Annual Audited Reports for the years ended June 30, 2012 and June 30, 2013, which includes the Comprehensive Annual Financial Report (CAFR), Management Report (City wide), Wastewater Treatment Plant Financial Statements and the Management Report (WWTP). Also, attached is the Single Audit Report dated June 30, 2013.

On August 14, 2014, the Taft City Finance Committee reviewed the Annual Audited Comprehensive Financial Report with the City's auditor. The committee recommended the financial statements be presented to the City Council at this meeting.

RECOMMENDED ACTION:

Motion to receive and file the Annual Audited Comprehensive Financial Reports for the years ended June 30, 2012 and June 30, 2013.

IMPACT ON BUDGET (Y/N): No

ATTACHMENT (Y/N): *YES*, Comprehensive Annual Financial Reports dated June 30, 2012 and June 30, 2013 and Management Report and Auditor's Communication Letters for the City and the WWTP dated June 2012 and June 30, 2013
Single Audit Report dated June 30, 2013

PREPARED BY: *Teresa Binkley, Finance Director*

REVIEWED BY:

CITY CLERK	FINANCE DIRECTOR	CITY MANAGER

CITY OF TAFT
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

CITY OF TAFT
ANNUAL FINANCIAL REPORT
JUNE 30, 2012

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CITY OF TAFT
ANNUAL FINANCIAL REPORT
JUNE 30, 2012

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MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN DRIVE, SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

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, 2012, 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, 2012, 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, 2011, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions.*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013 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, contacts, 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.

OFFICES: BEVERLY HILLS · CULVER CITY · SANTA MARIA
MEMBER AMERICAN INSTITUTE OF C.P.A.'S · CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS · CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

Management has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a basic part of the 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 historic context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, the Budgetary Comparison Schedules for the Major Capital Projects and the Non-major Governmental Funds, the Combining Financial Statements for the Non-major Governmental 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 and the Non-major Governmental Funds, the Combining Financial Statements for the Non-major Governmental Funds 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, LLP

Moss, Levy & Hartzheim, LLP
Culver City, California
December 12, 2013

CITY OF TAFT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 4,061,663	$ 6,557,442	$ 10,619,105
Accounts receivable	1,829,710	744,590	2,574,300
Interest receivable	13,351	14,959	28,310
Internal balances	1,591,546	(1,591,546)	
Notes receivable	3,896,919		3,896,919
Prepaid expenses	62,761		62,761
Loan receivable - successor agency	3,215,542		3,215,542
Deferred charges, net of accumulated amortization		15,074	15,074
Capital assets not being depreciated	1,835,913	138,913	1,974,826
Capital assets, net of accumulated depreciation	6,672,506	4,915,025	11,587,531
Total assets	23,179,911	10,794,457	33,974,368
LIABILITIES			
Accounts payable	305,263	230,684	535,947
Accrued interest payable		12,186	12,186
Deposits payable		37,183	37,183
Unearned revenue		24,088	24,088
Noncurrent liabilities:			
Due within one year	37,537	153,220	190,757
Due in more than one year	652,059	338,661	990,720
Total liabilities	994,859	796,022	1,790,881
NET ASSETS			
Invested in capital assets, net of related debt	8,508,419	4,622,012	13,130,431
Restricted for:			
Streets and roads	116,648		116,648
Public safety	420,227		420,227
Public works	292,306		292,306
Community development	728,995		728,995
Unrestricted	12,118,457	5,376,423	17,494,880
Total net assets	$ 22,185,052	$ 9,998,435	$ 32,183,487

See accompanying notes to financial statements

CITY OF TAFT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	$ (2,224,860)	$ 102,451	$ 1,149,130	$ -
Public safety	(2,890,041)	34,851	357,137	
Public works	(1,879,982)	136,905	345,642	374,244
Health and welfare	(147,951)			
Community development	(410,414)		338,303	
Interest on long-term debt	(177,284)			
Total governmental activities	(7,730,532)	274,207	2,190,212	374,244
Business-type activities:				
County correctional facility (CCF)	(5,087,885)	3,806,179		
Federal WWTP	(874,751)	802,656		
Sewer	(703,721)	780,171		
Refuse	(737,510)	673,154	10,000	
Transit	(976,560)	50,013	1,046,594	
Total business-type activities	(8,380,427)	6,112,173	1,056,594	
Total government	$ (16,110,959)	$ 6,386,380	$ 3,246,806	$ 374,244

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 tranfers

Change in net assets before extraordinary item

Extraordinary Item
Gain on transfer of assets and liabilities to RDA successor trust funds

Change in net aseets

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
$ (973,279)	$ -	$ (973,279)
(2,498,053)		(2,498,053)
(1,023,191)		(1,023,191)
(147,951)		(147,951)
(72,111)		(72,111)
(177,284)		(177,284)
(4,891,869)		(4,891,869)
	(1,281,706)	(1,281,706)
	(72,095)	(72,095)
	76,450	76,450
	(54,356)	(54,356)
	120,047	120,047
	(1,211,660)	(1,211,660)
(4,891,869)	(1,211,660)	(6,103,529)
996,100		996,100
1,913,282		1,913,282
405,037		405,037
720,499		720,499
236,715	88,151	324,866
525,365		525,365
(592,413)	592,413	
4,204,585	680,564	4,885,149
(687,284)	(531,096)	(1,218,380)
4,197,026		4,197,026
3,509,742	(531,096)	2,978,646
19,339,933	10,422,203	29,762,137
(664,623)	107,328	(557,295)
18,675,310	10,529,531	29,204,842
$ 22,185,052	$ 9,998,435	$ 32,183,487

CITY OF TAFT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012

	General	WWTP Capital Projects	Revolving Loan Fund - CDBG	Total Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	34,173	$ 2,861,132	$ 29,377	$ 1,115,302	$ 4,039,984
Receivables:					
Accounts	828,065			1,001,645	1,829,710
Interest	2,794	7,358	59	3,140	13,351
Notes	5,944		2,094,320	1,796,655	3,896,919
Due from other funds	1,695,278	394,902			2,090,180
Loan Receivable from successor agency	3,215,542				3,215,542
Prepaid items	62,762				62,762
Total assets	$ 5,844,558	$ 3,263,392	$ 2,123,755	$ 3,916,742	$ 15,148,448
LIABILITIES AND FUND BALANCES					
Accounts payable	$ 204,722	$ -	$ 305	$ 96,891	$ 301,918
Due to other funds				498,634	498,634
Deferred revenue	435,010		2,094,319	1,796,655	4,325,984
Total liabilities	639,732		2,094,624	2,392,180	5,126,536
FUND BALANCES					
Nonspendable	3,284,248				3,284,248
Restricted			29,131	1,529,045	1,558,176
Assigned		3,263,392		31	3,263,423
Unassigned	1,920,578			(4,514)	1,916,065
Total fund balances	5,204,826	3,263,392	29,131	1,524,562	10,021,911
Total liabilities and fund balances	$ 5,844,558	$ 3,263,392	$ 2,123,755	$ 3,916,742	$ 15,148,448

See accompanying notes to financial statements

CITY OF TAFT
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Fund balances of governmental funds		$ 10,021,911
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	$ 17,903,452	
Accumulated depreciation	(9,395,033)	8,508,419
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 compensated absences and CalPERS side fund payable.		(671,262)
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.		4,325,983
Net assets of governmental activities		$ 22,185,052

See accompanying notes to financial statements

CITY OF TAFT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General	WWTP Capital Projects	Revolving Loan Fund - CDBG	Total Non-major Governmental Funds	Total
REVENUES					
Property taxes	$ 657,282	$ -	-	$ 189,470	$ 846,752
Sales taxes	1,913,282				1,913,282
Other taxes	1,125,536				1,125,536
Licenses and permits, and fees	202,184				202,184
Fines and forfeitures	2,518			10,481	12,999
Use of money and property	139,747	39,551	311	56,258	235,867
Intergovernmental	827,161			1,317,337	2,144,498
Current services charges	451,775			88,613	540,388
Other	529,348		24,993	59,817	614,158
Total revenues	5,848,833	39,551	25,304	1,721,976	7,635,664
EXPENDITURES					
Current:					
General government	1,301,589			796,070	2,097,659
Public safety	2,712,367			150,906	2,863,273
Public works	1,505,315			13,282	1,518,597
Health and welfare				65,621	65,621
Community development	31,489		21,812	279,054	332,355
Capital outlay	698,470			2,555	701,025
Debt service:					
Principal	209,702			140,000	349,702
Interest and fiscal charges	48,250			222,300	270,550
Total expenditures	6,507,182		21,812	1,669,788	8,198,782
Excess of revenues over (under) expenditures	(658,350)	39,551	3,492	52,188	(563,119)
OTHER FINANCING SOURCES (USES)					
Transfers in	275,427	131,200			406,627
Transfers out	(592,413)			(406,627)	(999,040)
Total other financing sources (uses)	(316,986)	131,200		(406,627)	(592,413)
Net change in fund balances before extraordinary item	(975,336)	170,751	3,492	(354,439)	(1,155,532)
EXTRAORDINARY ITEM					
Gain/loss on transfer of assets and liabilities to successor agency				2,536,246	2,536,246
Net change in fund balances	(975,336)	170,751	3,492	2,181,807	1,380,714
Fund balances (deficits), beginning of fiscal year	6,089,164	3,092,641	25,639	(650,775)	8,556,669
Prior period adjustments	90,998			(6,470)	84,528
Fund balances (deficits), beginning of fiscal year, restated	6,180,162	3,092,641	25,639	(657,245)	8,641,197
Fund balances (deficits), end of fiscal year	$ 5,204,826	$ 3,263,392	$ 29,131	$ 1,524,562	$ 10,021,911

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, 2012

Net change in fund balances of governmental funds		$ 1,380,714
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	$ 626,872	
Depreciation expense	(640,119)	(13,247)
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.		93,266
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.		(4,503)
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.		(23,724)
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 and reduction of the CalPERS side fund	$ 349,702	
Compensated absences	66,754	416,456
Difference on the gain/loss on the transfer of assets and liabilities to the RDA successor agency private purpose trust funds of $4,197,026 less $2,536,246.		1,660,780
Change in net assets of governmental activities.		$ 3,509,742

See accompanying notes to financial statements

CITY OF TAFT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities Enterprise Funds			
	CCF	Federal WWTP	Sewer	Refuse
ASSETS				
Current assets:				
Cash and investments	$ -	$ 2,874,164	$ 2,311,716	$ 1,371,562
Due from other funds				392
Receivables:				
Accounts	32,568		199,873	160,127
Interest		6,531	5,242	3,186
Total current assets	32,568	2,880,695	2,516,831	1,535,267
Noncurrent assets:				
Deferred issuance costs, net of accumulated amortization			15,074	
Capital assets, not being depreciated		138,913		
Capital assets, net of accumulated depreciation		2,745,118	1,358,039	55,700
Total noncurrent assets		2,884,031	1,373,113	55,700
Total assets	32,568	5,764,726	3,889,944	1,590,967
LIABILITIES				
Current Liabilities:				
Accounts payable	145,185	43,378	1,300	12,123
Interest payable	853		8,940	
Due to other funds	563,627		392	
Deferred revenue				
Deposits payable			17,521	19,662
Current portion of compensated absences	2,373	158	1,063	1,353
Current portion of long-term debt			142,000	
Total current liabilities	712,038	43,536	171,216	33,138
Noncurrent liabilities:				
Compensated absences	7,119	475	3,188	4,060
Long-term debt			305,000	
Total noncurrent liabilities	7,119	475	308,188	4,060
Total liabilities	719,157	44,011	479,404	37,198
NET ASSETS				
Invested in capital assets, net of related debt		2,884,031	926,113	55,700
Unrestricted	(686,589)	2,836,684	2,484,427	1,498,069
Total net assets (deficit)	$ (686,589)	$ 5,720,715	$ 3,410,540	$ 1,553,769

See accompanying notes to financial statements

Business-type Activities Enterprise Funds		Governmental Activities
Transit	Total Enterprise Funds	Internal Service Fund
$ -	$ 6,557,442	$ 21,679
	392	
352,022	744,590	
	14,959	
352,022	7,317,383	21,679
	15,074	
	138,913	
756,168	4,915,025	
756,168	5,069,012	
1,108,190	12,386,395	21,679
28,698	230,684	3,345
2,393	12,186	
1,027,919	1,591,938	
24,088	24,088	
	37,183	
6,273	11,220	18,334
	142,000	
1,089,371	2,049,299	21,679
18,819	33,661	
	305,000	
18,819	338,661	
1,108,190	2,387,960	21,679
756,168	4,622,012	
(756,168)	5,376,423	
$ -	$ 9,998,435	$ -

CITY OF TAFT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities			
	Enterprise Funds			
	CCF	Federal WWTP	Sewer	Refuse
OPERATING REVENUES				
Charges for services	$ 3,788,885	$ 802,656	$ 780,171	$ 673,154
Connection and installation fees				
Other	17,294			10,000
Total operating revenues	3,806,179	802,656	780,171	683,154
OPERATING EXPENSES				
Salaries and wages	2,035,535	13,872	42,570	107,677
Training and development	790			
Contract and professional services	506,345	462,843	97,491	419,112
Maintenance and operations	34,875	35,011	457,687	150,567
Materials and supplies	19,850	39,616	297	1,437
Insurance	155,976	6,326	6,326	6,325
Utilities	145,739	31,961	144	
Administrative service charges	10,422	57,010	372	376
Depreciation	358,297	178,928	66,682	22,363
Leases and rents	1,726,673			
Other operating expenses	79,538	49,184	5,237	29,653
Total operating expenses	5,074,040	874,751	676,806	737,510
Operating income (loss)	(1,267,861)	(72,095)	103,365	(54,356)
NONOPERATING REVENUES (EXPENSES)				
Interest earnings on investments		34,951	35,733	17,467
Interest expense	(13,655)		(22,000)	
Gain (loss) on disposal of capital assets	(190)			
Amortization expense			(4,915)	
Total nonoperating revenues (expenses)	(13,845)	34,951	8,818	17,467
OTHER FINANCING SOURCES (USES)				
Transfers in	592,413			
Total other financing sources (uses)	592,413			
Changes in net assets	(689,293)	(37,144)	112,183	(36,889)
Total net assets (deficit), beginning of fiscal year	(104,624)	5,757,859	3,298,357	1,590,658
Prior period adjustments	107,328			
Total net assets (deficit), beginning of fiscal year, restated	2,704	5,757,859	3,298,357	1,590,658
Prior period adjustments				
Total net assets (deficit), beginning of fiscal year, restated	2,704	5,757,859	3,298,357	1,590,658
Total net assets (deficit), end of fiscal year	$ (686,589)	$ 5,720,715	$ 3,410,540	$ 1,553,769

See accompanying notes to financial statements

Business-type Activities Enterprise Funds		Governmental Activities Internal Service Fund
Transit	Totals	
$ 50,013	$ 6,094,879	$ 167,794
1,046,594	1,073,888	
1,096,607	7,168,767	167,794
536,557	2,736,211	119,175
6,517	7,307	
10,351	1,496,142	5,040
152,413	830,553	15,693
6,267	67,467	9,221
14,212	189,165	
7,020	184,864	4,931
50,213	118,393	13,734
152,143	778,413	
23,700	1,750,373	
4,289	167,901	
963,682	8,326,789	167,794
132,925	(1,158,022)	
	88,151	
(12,878)	(48,533)	
	(190)	
	(4,915)	
(12,878)	34,513	
	592,413	
	592,413	
120,047	(531,096)	
(120,047)	10,422,203	
	107,328	
(120,047)	10,529,531	
	-	
(120,047)	10,529,531	-
$ -	$ 9,998,435	$ -

CITY OF TAFT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities		
	Enterprise Funds		
	CCF	Federal WWTP	Sewer
Cash Flows from Operating Activities:			
Cash received from customers and users	$ 5,478,944	$ 802,656	$ 743,525
Cash paid to suppliers for goods and services	(2,806,375)	(647,755)	(568,530)
Cash paid to employees for services	(2,149,439)	(13,411)	(45,689)
Net cash provided (used) by operating activities	523,130	141,490	129,306
Cash Flows from Capital and Related Financing Activities:			
Acquisition, proceeds, and construction of capital assets	(53,625)	79	
Interest paid	(12,804)		(24,720)
Repayment of long-term debt			(136,000)
Net cash provided (used) by capital and related financing activities	(66,429)	79	(160,720)
Cash Flows from Non-Capital Financing Activities:			
(Increase) decrease in due from other funds			
Increase (decrease) in due to other funds	(1,049,214)		393
Transfers in	592,413		
Net Cash provided (used) by Non-Capital Financing Activities:	(456,801)		393
Cash Flows from Investing Activities:			
Interest received		29,984	31,815
Net Cash provided by investing activities		29,984	31,815
Net increase (decrease) in cash and cash equivalents	(100)	171,553	794
Cash and Cash Equivalents at Beginning of Fiscal Year	100	2,702,611	2,310,922
Cash and Cash Equivalents at End of Fiscal Year	$ -	$ 2,874,164	$ 2,311,716
Noncash transactions			
Amortization of deferred charges	$ -	$ -	$ (4,915)
Reconciliation to Statement of Net Assets:			
Cash and investments	$ -	$ 2,874,164	$ 2,311,716
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	$ (1,267,861)	$ (72,095)	$ 103,365
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	358,297	178,928	66,682
(Increase) decrease in prepaid expenses	71,733	75	127
(Increase) decrease in accounts receivable	1,672,765		(37,691)
Increase (decrease) in accounts payable	(198,690)	34,121	(1,103)
Increase (decrease) in deposits payable			1,045
Increase (decrease) in compensated absences	(113,114)	461	(3,119)
Increase (decrease) in deferred revenue			
Total adjustments	1,790,991	213,585	25,941
Net cash provided (used) by operating activities	$ 523,130	$ 141,490	$ 129,306

See accompanying notes to financial statements

Business-type Activities Enterprise Funds			Governmental Activities Internal Service Fund
Refuse	Transit	Totals	
$ 652,525	$ 1,275,670	$ 8,953,320	$ 167,794
(609,143)	(296,641)	(4,928,444)	(51,418)
(109,735)	(542,175)	(2,860,449)	(116,599)
(66,353)	436,854	1,164,427	(223)
(25,922)	(34,414)	(113,882)	
	(10,485)	(48,009)	
		(136,000)	
(25,922)	(44,899)	(297,891)	
(392)		(392)	
	(401,646)	(1,450,467)	
		592,413	
(392)	(401,646)	(858,446)	
15,116		76,915	
15,116		76,915	
(77,551)	(9,691)	85,005	(223)
1,449,113	9,691	6,472,437	21,902
$ 1,371,562	$ -	$ 6,557,442	$ 21,679
$ -	$ -	$ (4,915)	$ -
$ 1,371,562	$ -	$ 6,557,442	$ 21,679
$ (54,356)	$ 132,925	$ (1,158,022)	$ -
22,363	152,143	778,413	
304	2,184	74,423	742
(32,076)	179,964	1,782,962	
(1,977)	(30,360)	(198,009)	(3,541)
1,447		2,492	
(2,058)	899	(116,931)	2,576
	(901)	(901)	
(11,997)	303,929	2,322,449	(223)
$ (66,353)	$ 436,854	$ 1,164,427	$ (223)

CITY OF TAFT
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Private-Purpose Trust Funds	Agency Funds
ASSETS		
Cash and investments	$ 148,638	$ 559
Cash and investments with fiscal agents	475,791	3,262,612
Accrued interest receivable	4,283	
Deferred charges, net	119,611	
Capital Assets:		
Land	111,932	
Land Union Pacific 1	168,128	
Land Union Pacific 2	1,418,104	
Industrial Park	88,466	
Project #3 Industrial Park	147,651	
Less: Accumulated depreciation	(4,240)	
Total assets	2,678,364	$ 3,263,171
LIABILITIES		
Accounts payable	$ 600	$ -
Accrued payroll	2,693	
Accrued interest payable	107,300	
Deposits payable		159,000
Long-term debt - 1998 revenue bonds	3,700,000	
Due to bondholders - 1997-A lease revenue bonds		3,104,171
Loan payable to City of Taft	3,215,542	
Total liabilities	7,026,135	$ 3,263,171
NET ASSETS		
Restricted for debt service	368,491	
Unrestricted	(4,716,262)	
Total net assets (deficit)	$ (4,347,771)	

See accompanying notes to financial statements

CITY OF TAFT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Private Purpose Trust Funds
Additions:	
Investment revenue	$ 5,205
Taxes and assessments	29,067
ERAF receipts from Kern County	26,335
Net assets received upon dissolution of redevelopment agency	(4,197,026)
Total additions	(4,136,419)
Deductions:	
Community development	114,483
Interest expense	89,416
Depreciation	4,240
Amortization of deferred charges	3,213
Total deductions	211,352
Change in net assets	(4,347,771)
Net Assets - July 1, 2011	
Net Assets (Deficit) - June 30, 2012	$ (4,347,771)

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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) and Successor Agency to the 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 as of January 31, 2013. Subsequent to this date and at the end of the year TCDA no longer exists due to the State of California dissolving all Redevelopment Agencies within the State of California at this time. All assets and liabilities of the dissolved TCDA were transferred to the Successor Agency Private-Purpose Trust Fund as of February 1, 2012. Disbursements from this fund only be made for those activities to wind down the business of the former TCDA. These activities include, but are not limited to the payment of debt service related to the bonds issued by the TCDA as well as other contractual commitments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

- ***Greater Taft Transportation Authority***. The Greater Taft Transportation Authority (GTTA) 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 GTTA.)

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).

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.

- ***Private Purpose Funds.*** These funds are for disbursements made only for those activities to wind down the business of the former TCDA. These activities include, but are not limited to the payment of debt service related to the bonds issued by the TCDA as well as other contractual commitments.

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.

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 WWTP 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 TCDA 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. See the above discussion about the dissolution of the TCDA and its successor agency.

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 WWTP 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.

Internal Service Fund Statements

The City reports Internal service funds consisting of the central garage fund. These funds are established to account for any activity that provides goods or services to other funds or departments of the primary government and its component units, or to other governments, on a cost-reimbursement basis. See proprietary funds above for accounting for internal service funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

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.

The City's fiduciary funds are agency funds and private purpose trust funds. These funds use the accrual basis of accounting, Agency funds are used to account for amounts held for debt service related to conduit debt, and 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. The private purpose funds are used to account for the redevelopment agency successor agency by the City as trustee. Trust funds are accounted for on the economic resources measurement focus and also use full accrual basis of accounting.

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.

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).

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 cf 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. The Successor Agency has the bond and the bond issuance costs as of fiscal year-end June 20, 2013.

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.

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, 2013, amounted to $150,147 for Governmental Activities and $44,881 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).

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. 64

For the fiscal year ended June 30, 2012, the City implemented Governmental Accounting Standards Board Statement No. 64 (GASB 64), *"Derivative Instruments: Application of Hedge Accounting Termination Provisions."* The requirements of this statement are effective for financial statement periods beginning after June 15, 2011.

The objective of this statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Implementation of GASB Statement No. 64, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2012.

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.

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

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

A. General Budget Policies (Continued)

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.

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

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, 2013, 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, 2012:

Governmental Funds:	
Non-Major Funds	
CDBG	$ 44
CDBG Home	4
Cal Home Revolving Loan Fund	1,108
Business Assistance Grant EDEF 6534	65
Landscape Assessment District	182
Cal Homes Revolving Loan	3,111
Major Fund:	
CCF	686,589

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

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, 2012, consisted of the following:

Statement of Net Assets:		
Cash and investments	$	10,619,104
Statement of Fiduciary Net Assets:		
Cash and investments		158,000
Cash and investments with fiscal agents		3,738,403
Total cash and investments	$	14,515,507

Cash and investments as of June 30, 2012 consisted of the following:

Cash on hand	$	19,007
Deposits held by financial institutions		987,960
Investments		13,508,540
Total cash and investments	$	14,515,507

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage/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

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

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:

	Remaining Maturity (in Months)			
Investment Type	12 Months or Less	13 to 24 Months	25 to 60 Months	Total
State Investment Pool (LAIF)	$ 5,668,752	$ -	$ -	$ 5,668,752
Certificates of Deposit	106,509	116,254	1,376,969	1,599,732
U.S. Agency Securities			2,867,951	2,867,951
Held by Trustees:				
Money Market Funds	3,372,105			3,372,105
Total	$ 9,147,366	$ 116,254	$ 4,244,920	$ 13,508,540

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:

				S&P Rating			
Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	AAA	AA	A	Not Rated
State Investment Pool (LAIF)	$ 5,668,752	N/A	$ -	$ -	$ -	$ -	$ 4,847,753
Certificates of Deposit	1,599,732	N/A					1,599,732
U.S. Agency Securities	2,867,951	N/A		867,951	2,000,000		
Held by Trustees:							
Money Market Funds	3,372,105			3,372,105			
Total	$ 13,508,540		$ -	$ 4,240,056	$ 2,000,000	$ -	$ 6,447,485

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	$ 2,000,000

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

The $2,000,000 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 anther party.

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: $954,229 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, 2012, the balance of notes receivable was $ 3,896,919. Of this amount, $1,826,039 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%. All the loans are deferred revenue offsets.

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.

NOTE 5 – INTERFUND ACTIVITIES (Continued)

Interfund transfers during the fiscal year ended June 30, 2012 are as follows.

	Transfers In	Transfers Out
Major Governmental Funds:		
General	$ 275,427	$ 592,413
Non-Major Governmental Funds:		
Traffic Safety		10,482
Gas Tax		255,252
Asset Forfeiture		9,693
WWTP Special Revenue		131,200
WWTP Capital Projects	131,200	
Business-type Activities:		
CCF	592,413	
Total interfund transfers	$ 999,040	$ 999,040

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, 2012.

	Due to (Payable)	Due from (Receivable)
Governmental Funds:		
Major Funds:		
General	$ -	$ 1,695,278
WWTP Capital Projects		394,902
Non-Major Funds:		
TDA Acts	332,101	
Business Assistance -6534	12,965	
Business Assistance - 5878	10,740	
CDBG	34,988	
CDBG Home 6859	3,000	
Cal Home Revolving Loan	1,108	
Cal Home 4917	100,632	
Revolving Loan Home	3,100	
Proprietary Funds:		
Major Funds:		
CCF	563,627	
Sewer	392	
Refuse		392
Transit	1,027,919	
Total	$ 2,090,572	$ 2,090,572

In addition, the general fund advanced $3,215,542 to the Successor Agency Capital Projects Fund (formerly the TCDA Capital Projects Funds) within the Private Purpose Trust Funds.

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, 2012.

Governmental Activities	Balance July 1, 2011	Additions	Deletions	Transfers to Successor Agency	Balance June 30, 2012
Capital assets not being depreciated:					
Land	$ 3,040,113	$ -	$ -	$ (1,698,164)	$ 1,341,949
Construction in progress	207,094	286,870			493,964
Total capital assets not being depreciated	3,247,207	286,870		(1,698,164)	1,835,913
Capital assets being depreciated:					
Structures and improvements	8,729,720	55,985	(171,000)	(236,116)	$ 8,378,589
Machinery and equipment	3,167,445	283,367	(28,073)		3,422,739
Infrastructure:					
Roadway system	3,829,378	650			3,830,028
Bridges	265,183				265,183
Total capital assets being depreciated	15,991,726	340,002	(199,073)	(236,116)	15,896,539
Less accumulated depreciation for:					
Structures and improvements	(4,527,339)	(295,218)	171,000		(4,651,557)
Machinery and equipment	(2,738,701)	(205,264)	28,073		(2,915,892)
Infrastructure:					
Roadway system	(1,357,836)	(104,280)			(1,462,116)
Bridges	(159,110)	(35,358)			(194,468)
Total accumulated depreciation	(8,782,986)	(640,120)	199,073		(9,224,033)
Total capital assets, being depreciated net of accumulated depreciation	7,208,740	(300,118)		(236,116)	6,672,506
Total Governmental activities capital assets, net of accumulated depreciation	$ 10,455,947	$ (13,248)	$ -	$ (1,934,280)	$ 8,508,419

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

General government	$ 122,698
Public safety	93,522
Public works	287,232
Health and welfare	82,330
Community development	54,337
Total depreciation expense - governmental activities	$ 640,120

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION (Continued)

Changes in business-type activities capital assets:

Business-type activities	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets not being depreciated:				
Construction in progress	$ 138,913	$ -	$ -	$ 138,913
Total capital assets not being depreciated	138,913			138,913
Capital assets being depreciated:				
Structures and improvements	6,406,097	12,430	(475,914)	5,942,613
Machinery and equipment	1,995,465	684,206	(9,214)	2,670,457
Sewer infrastructure	2,667,286			2,667,286
Total capital assets being depreciated	11,068,848	696,636	(485,128)	11,280,356
Less accumulated depreciation for:				
Structures and improvements	(2,938,318)	(259,449)	271	(3,197,496)
Machinery and equipment	(1,415,184)	(452,553)	9,148	(1,858,589)
Sewer infrastructure	(1,242,766)	(66,480)		(1,309,246)
Total accumulated depreciation	(5,596,268)	(778,482)	9,419	(6,365,331)
Total capital assets, being depreciated, net of accumulated depreciation	5,472,580	(81,846)		4,915,025
Total Business-type activities capital assets, net of accumulated depreciation	$ 5,611,493	$ (81,846)	$ -	$ 5,053,938

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

Federal WWTP	$ 178,928
CCF	358,297
Sewer	66,682
Transit	152,143
Refuse	22,363
Total depreciation expense - business-type activities	$ 778,413

NOTE 7 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

During the fiscal year ended June 30, 2012, the following changes occurred to the governmental activities long-term liabilities:

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.

NOTE 7 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (Continued)

During the fiscal year ended June 30, 2012, the following changes occurred to the governmental activities long-term liabilities: (Continued)

CalPERS Side Fund

During the 2005-2006 fiscal year, the City was required to participate in the Public Employees Retirement System (CalPERS) risk pool. As a result, a side fund was created to account for the difference between the funded status of the City's plan, in addition to the existing unfunded liability. The outstanding balance at June 30, 2012 was $539,449.

Governmental Activities:	Balance July 1, 2011	Prior Period Adjustments	Additions	Deletions	Transfers to Private Purpose Trust Fund	Balance June 30, 2012	Due in One Year
Compensated Absences	$ 198,567			(48,420)		$ 150,147	$ 37,537
CalPERS side fund obligation		749,151		(209,702)		539,449	
Total	$ 198,567	$ 749,151	$ -	$ (258,122)		$ 689,596	$ 37,537

NOTE 8 – BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT

During the fiscal year ended June 30, 2012, the following changes occurred to the business-type activities long-term liabilities:

Business type activities	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due in One Year
2006 Sewer Loan	$ 583,000	$ -	$ (136,000)	$ 447,000	$ 142,000
Compensated Absences	161,812		(116,931)	44,881	11,220
Total business-type activities long-term debt	$ 744,812	$ -	$ (252,931)	$ 491,881	$ 153,220

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 June 30,	Principal	Interest	Total
2013	$ 142,000	$ 18,048	$ 160,048
2014	149,000	11,064	160,064
2015	156,000	3,744	159,744
Total	$ 447,000	$ 32,856	$ 479,856

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 is 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.

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, 2012 was 10.875% for non-safety employees, 100.69% for Tier 1 Public Safety employees, and 15.93% for Tier 2 Public Safety 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 2011-2012, the City of Taft's annual pension cost was $744,158 and was equal to the City's required and actual contributions. The required contribution for fiscal year 2011-2012 was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.55% to 14.45% for miscellaneous members and 3.55% and 14.45% for the Safety Police and Fire Plan and; (c) 0% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.00%. 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, 2012, was 18 years for the Miscellaneous Plan, 16 and 17 years (Tier 1 and Tier 2) for the Safety Police Plans, and 27 years for the Safety Fire Plan.

D. Three year trend information

Fiscal Year Ended June 30,	Miscellaneous	Fire	Police	Percentage of APC Contributed	Net Pension Obligation
2010	$ 432,664	$ 133,528	$ 101,441	100%	$ -
2011	454,521	21,985	309,400	100%	-
2012	530,362	24,138	189,658	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.

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, CSJVRMA assesses the status of all members for that year, and either make a refund to 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.

NOTE 11 – RISK MANAGEMENT (Continued)

The financial position and results of operations for the CSJVRMA as of June 30, 2012, the most recent information available, is presented below:

Total Assets	$ 70,671,479
Total Liabilities	$ 58,388,460
Total Retained Earnings	12,283,019
Total Liabilities and Retained Earnings	$ 70,671,479
Revenues for Fiscal Year	$ 28,071,430
Expenses for Fiscal Year	31,914,578
Change in Net Assets	$ (3,843,148)

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.

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.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

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, 2012, 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.

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.

NOTE 13 – FUND EQUITY (CONTINUED)

Fund Balance – Governmental Funds (Continued)

	General	WWTP Capital Projects	Revolving Loan Fund - CDBG	TCDA Capital Projects	Non-Major Governmental	Total
Nonspendable:						
Prepaids and other	$ 3,284,248	$ -	$ -	$ -	$ -	$ 3,284,248
Total Nonspendable	3,284,248					3,284,248
Restricted for:						
Streets and roads					116,648	116,648
Public safety					420,263	420,263
Public works					292,306	292,306
Community development			29,131		699,833	728,964
Total Restricted			29,131		1,529,050	1,558,181
Assigned for:						
Capital projects		3,263,392				3,263,392
Total Assigned		3,263,392				3,263,392
Unassigned	1,920,578				(4,488)	1,916,090
Total Fund Balances	$ 5,204,826	$ 3,263,392	$ 29,131	$ -	$ 1,524,562	$ 10,021,911

NOTE 14 – DEFERRED CHARGES

Deferred charges consist of issuance costs and discounts for debt issues related to the 2006 Sewer Bonds. The total costs deferred as a result of the issuance of the Sewer Bonds is currently $15,074. The amortization period is 113 months.

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, 2012 is $7,910,000.

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.

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 $90,998 was made to the general fund related to accounts payable adjustments.

A prior period adjustment in the amount of $(107,328) was made to the CCF fund for a vehicle recorded as expense.

A prior period adjustment in the amount of $149 was made to the Cal Home Revolving Loan fund related to an accrual adjustment.

A prior period adjustment in the amount of $(20) was made to the Cal Home 4917 fund related to an accounts payable adjustment.

A prior period adjustment in the amount of $(6,599) was made to the Welfare Inmate Trust fund related to compensated absences.

A prior period adjustment of $(749,151) was which affects the government-wide financial statement under governmental activities. In prior years, the City did not record the CalPERS side fund liability.

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 – SUCCESSORY AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Taft that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 17, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the City resolution number 12.

NOTE 19 – SUCCESSORY AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence as the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the state Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

NOTE 19 – SUCCESSORY AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)

The difference between the extraordinary gain recognized in the fund financial statements and the extraordinary loss recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in governmental fund - decrease to net assets of the Successor Agency Trust Funds	$ (2,536,246)
Capital assets recorded in the government-wide financial statements - increase of net assets of the Successor Agency Trust Funds	1,934,280
Deferred charges reported in the government-wide financial statements - increase to net assets of the Successor Agency Trust Funds	122,826
Interest payable reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Funds	(17,886)
Long-term debt reported in the government wide financial statements - decrease of net assets of the Successor Agency Trust Funds	(3,700,000)
Net decrease to net assets of the Successor Agency Trust Funds as a result of initial transfers (equal to the amount of the extraordinary gain reported in the government-wide financial statements of the City)	$ (4,197,026)

NOTE 19 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)

Capital Asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance at July 1, 2011	Transfers from RDA	Additions	Deletions	Balance at June 30, 2012
Capital assets, not being depreciated:					
Land	$ -	$ 1,698,163	$ -	$ -	$ 1,698,163
Total capital assets, not being depreciated		1,698,163			1,698,163
Capital assets, being depreciated:					
Industrial park		165,230			165,230
Project Area # 3		241,886			241,886
Total capital assets being depreciated		407,116			407,116
Less accumulated depreciation for:					
Industrial park		(78,484)			(78,484)
Project Area #3		(92,515)			(92,515)
Total accumulated depreciation		(170,999)	-		(170,999)
Total capital assets, being depreciated, net		236,117	-		236,117
Successor Agency, capital assets, net	$ -	$ 1,934,280	$ -	$ -	$ 1,934,280

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 and the balance at fiscal year ended June 30, 2012 is $19,989.

The following is a schedule of long-term liabilities for the fiscal year ended June 30, 2012:

	Balance at July 1, 2011	Transfers from RDA	Additions	Reductions	Balance at June 30, 2012	Due Within One Year
1998 Revenue Refunding Bonds	$ -	$ 3,700,000	$ -	$ -	$ 3,700,000	$ 145,000

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 Successor Agency (formerly the TCDA Debt Service Fund.) The Debt Service Fund also receives a transfer from the Successor Agency (Formerly TCDA 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.

NOTE 19 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)

1998 Revenue Refunding Bonds (Continued)

The maturity schedule of the bonds is as follows:

Fiscal Year End June 30,	Principal	Interest	Total
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	180,000	187,340	367,340
2018-2022	1,095,000	773,720	1,868,720
2023-2027	1,440,000	437,900	1,877,900
2028	340,000	58,290	398,290
Total	$ 3,700,000	$ 2,297,250	$ 5,997,250

NOTE 20- SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of this report which is December 12, 2013.

NOTE 21-OTHER MATTERS

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.

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.

CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 646,517	$ 658,127	$ 657,282	$ (845)
Sales taxes	1,890,324	2,007,668	1,913,282	(94,386)
Other taxes	1,038,551	1,071,821	1,125,536	53,715
Licenses and permits, and fees	120,611	192,363	202,184	9,821
Fines and forfeitures	4,656	1,795	2,518	723
Use of money and property	262,750	137,529	139,747	2,218
Intergovernmental	1,298,589	1,469,462	827,161	(642,301)
Current services charges	1,259,503	605,468	451,775	(153,693)
Other	462,942	241,501	529,348	287,847
Total revenues	6,984,443	6,385,734	5,848,833	(536,901)
EXPENDITURES				
Current:				
General government	1,361,544	1,579,736	1,301,589	278,147
Public safety	3,438,330	3,431,287	2,712,367	718,920
Public works	1,802,277	1,379,563	1,505,315	(125,752)
Community development	674,041	488,771	31,489	457,282
Capital outlay	1,074,504	1,051,785	698,470	353,315
Debt service :				
Principal			209,702	
Interest			48,250	
Total expenditures	8,350,696	7,931,142	6,507,182	1,681,912
Excess (deficiency) of revenues over expenditures	(1,366,253)	(1,545,408)	(658,350)	1,145,011
OTHER FINANCING SOURCES (USES)				
Transfers in	1,032,579	1,657,911	275,427	(1,382,484)
Transfers out			(592,413)	(592,413)
Total other financing sources (uses)	1,032,579	1,657,911	(316,986)	(1,974,897)
Net change in fund balance	(333,674)	112,503	(975,336)	(1,087,839)
Fund balance, beginning of fiscal year	6,089,162	6,089,162	6,089,164	
Prior Period Adjustments			90,998	90,998
Fund balance, beginning of the fiscal year, restated	6,089,162	6,089,162	6,180,162	90,998
Fund balance, end of fiscal year	$ 5,755,488	$ 6,201,665	$ 5,204,826	$ (996,841)

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CITY OF TAFT
MAJOR FUND BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2012

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.

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CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WWTP CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Adopted Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ 46,000	$ 46,000	$ 39,551	$ (6,449)
Total revenues	46,000	46,000	39,551	(6,449)
EXPENDITURES				
Capital outlay		160,200		160,200
Total Expenditures		160,200		160,200
Excess (Deficiency) of Revenues Over Expenditures	46,000	(114,200)	39,551	153,751
OTHER FINANCING SOURCES (USES)				
Transfers in	131,200	131,200	131,200	
Transfers out	(63,808)	(17,000)		17,000
Total other financing sources (uses)	67,392	114,200	131,200	17,000
Net change in fund balance	113,392		170,751	170,751
Fund balance, beginning of fiscal year	3,092,641	3,092,641	3,092,641	
Fund balance, end of the fiscal year	$ 3,206,033	$ 3,092,641	$ 3,263,392	$ 170,751

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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 ¼ percent. The funds generated by this ¼ 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.

Community Development Block Grant-Home 6859

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

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.

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 (WWTP)

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.

DEBT 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.

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CITY OF TAFT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012

	Special Revenue Funds					
	High Technology	Traffic Safety	Gas Tax	TDA Acts	Business Assistance Grant EDEF-6534	Business Assistance Grant EDEF-5878
ASSETS						
Cash and investments	$ -	$ 396	$ -	$ -	$ -	$ -
Receivables:						
Accounts		429	25,763	422,483	12,929	10,745
Interest	31		503			
Notes						
Total assets	$ 31	$ 825	$ 26,266	$ 422,483	$ 12,929	$ 10,745
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ -	$ 29	$ 5
Due to other funds				332,101	12,965	10,740
Deferred revenue						
Total liabilities				332,101	12,994	10,745
FUND BALANCES						
Restricted		825	26,266	90,382		
Assigned	31					
Unassigned					(65)	
Total fund balances (deficits)	31	825	26,266	90,382	(65)	
Total liabilities and fund balances	$ 31	$ 825	$ 26,266	$ 422,483	$ 12,929	$ 10,745

CDBG	CDBG Home - 6859	Cal Home Revolving Loan Fund	D.A.R.E.	Tarp Revolving Loan	Asset Forfeiture	Landscape Assessment District
$ -	$ -	$ -	$ -	$ 95,511	$ 80,990	$ 206
35,000	3,000				2,000	142
				198	209	
		267,415		321,050		
$ 35,000	$ 3,000	$ 267,415	$ -	$ 416,759	$ 83,199	$ 348
$ 56	$ 4	$ -	$ -	$ -	$ 280	$ 530
34,988	3,000	1,108				
		267,415		321,050		
35,044	3,004	268,523		321,050	280	530
				95,709	82,919	
(44)	(4)	(1,108)				(182)
(44)	(4)	(1,108)		95,709	82,919	(182)
$ 35,000	$ 3,000	$ 267,415	$ -	$ 416,759	$ 83,199	$ 348

(Continued)

CITY OF TAFT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (Continued)
JUNE 30, 2012

	Special Revenue Funds					
	Cal Home - 4917	Housing Rehab Grant STBG-5084	Crime Prevention	Inmate Welfare Trust	Taft Successor Housing	WWTP Special Revenue
ASSETS						
Cash and investments	$ -	$ -	$ 335,707	$ -	$ 583,703	$ 18,788
Receivables:						
Accounts	120,000					369,154
Interest			776		1,346	78
Notes						
Total assets	$ 120,000	$ -	$ 336,483	$ -	$ 585,049	$ 388,020
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 262	$ -	$ -	$ -	$ -	$ 95,714
Due to other funds	100,632					
Deferred revenue						
Total liabilities	100,894					95,714
FUND BALANCES						
Restricted	19,106		336,483		585,049	292,306
Assigned						
Unassigned						
Total fund balances (deficits)	19,106		336,483		585,049	292,306
Total liabilities and fund balances	$ 120,000	$ -	$ 336,483	$ -	$ 585,049	$ 388,020

Special Revenue Funds				
Revolving Loan Fund Home	Total Special Revenue Funds	TCDA Capital Projects	TCDA Debt Service	Total Non-Major Governmental Funds
$ -	$ 1,115,302	$ -	$ -	$ 1,115,302
	1,001,645			1,001,645
	3,140			3,140
1,208,191	1,796,655			1,796,655
$ 1,208,191	$ 3,916,742	$ -	$ -	3,916,742
$ 11	$ 96,891	$ -	$ -	$ 96,891
3,100	498,634			498,634
1,208,190	1,796,655			1,796,655
1,211,301	2,392,180			2,392,180
	1,529,045			1,529,045
	31			31
(3,111)	(4,514)			(4,514)
(3,111)	1,524,562			1,524,562
$ 1,208,191	$ 3,916,742	$ -	$ -	$ 3,916,742

CITY OF TAFT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	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		10,482				
Use of money and property	264		1,726			
Intergovernmental			251,886		4,663	12,933
Current services charges						
Other						
Total revenues	264	10,482	253,612		4,663	12,933
EXPENDITURES						
Current:						
General government						
Public safety	24,684					
Public works						
Health and welfare						
Community development					4,728	10,744
Capital outlay						
Debt service:						
Principal						
Interest						
Total expenditures	24,684				4,728	10,744
Excess of revenues over (under) expenditures	(24,420)	10,482	253,612		(65)	2,189
OTHER FINANCING SOURCES (USES)						
Transfers out		(10,482)	(255,252)			
Total other financing sources (uses)		(10,482)	(255,252)			
Net changes in fund balances Before Extraordinary Item	(24,420)		(1,640)		(65)	2,189
EXTRAORDINARY ITEM						
Gain/(Loss) on transfer of assets and liabilities to Successor Agency						
Net changes in fund balances	(24,420)		(1,640)		(65)	2,189
Fund balances (deficits), beginning of fiscal year	24,451	825	27,906	90,382		(2,189)
Prior period adjustments						
Fund balances (deficits), beginning of fiscal year, restated	24,451	825	27,906	90,382		(2,189)
Fund balances (deficits), end of fiscal year	$ 31	$ 825	$ 26,266	$ 90,382	$ (65)	$ -

Special Revenue Funds

CDBG	CDBG Home - 6859	Cal Home Revolving Loan	D.A.R.E.	Tarp Revolving Loan	Asset Forfeiture	Landscape Assessment District
$ -	$ -	$ -	$ -	$ -	$ -	$ -
39,550	3,000			958	1,247	8,147
				59,742		
39,550	3,000			60,700	1,247	8,147
			5			
					12,338	
						13,282
39,332	3,004	1,108		36,061		
39,332	3,004	1,108	5	36,061	12,338	13,282
218	(4)	(1,108)	(5)	24,639	(11,091)	(5,135)
					(9,693)	
					(9,693)	
218	(4)	(1,108)	(5)	24,639	(20,784)	(5,135)
218	(4)	(1,108)	(5)	24,639	(20,784)	(5,135)
(262)		(149)	5	71,070	103,703	4,953
		149				
(262)			5	71,070	103,703	4,953
$ (44)	$ (4)	$ (1,108)	$ -	$ 95,709	$ 82,919	$ (182)

(Continued)

CITY OF TAFT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Special Revenue Funds					
	Cal Home - 4917	Housing Rehab Grant STBG-5084	Crime Prevention	Inmate Welfare Trust	TCDA Housing Special Revenue	Taft Successor Housing Agency Special Revenue
REVENUES						
Property taxes	$ -	$ -	$ -	$ -	$ 40,122	$ -
Fines and forfeitures						
Use of money and property			4,179	5	3,359	4,187
Intergovernmental	120,000		100,000			
Current services charges				39,907		
Other				75		
Total revenues	120,000		104,179	39,987	43,481	4,187
EXPENDITURES						
Current:						
General government					46,290	32,397
Public safety			113,884			
Public works						
Health and welfare				65,621		
Community development	49,797					
Capital outlay						
Debt service:						
Principal						
Interest						
Capital outlay						
Total expenditures	49,797		113,884	65,621	46,290	32,397
Excess of revenues over (under) expenditures	70,203		(9,705)	(25,634)	(2,809)	(28,210)
OTHER FINANCING SOURCES (USES)						
Transfers out						
Total other financing sources (uses)						
Net changes in fund balances Before Extraordinary Item	70,203		(9,705)	(25,634)	(2,809)	(28,210)
EXTRAORDINARY ITEM						
Gain/(Loss) on transfer of assets and liabilities to Successor Agency					(613,259)	613,259
Net changes in fund balances	70,203		(9,705)	(25,634)	(616,068)	585,049
Fund balances (deficits), beginning of fiscal year	(51,077)		346,188	32,233	616,068	
Prior period adjustments	(20)			(6,599)		
Fund balances (deficits), beginning of fiscal year, restated	(51,097)		346,188	25,634	616,068	
Fund balances (deficits), end of fiscal year	$ 19,106	$ -	$ 336,483	$ -	$ -	$ 585,049

Special Revenue Funds

WWTP Special Revenue	Revolving Loan Fund Home	Total Special Revenue Funds	TCDA Capital Projects	TCDA Debt Service	Total Non-Major Governmental Funds
$ -	$ -	$ 40,122	$ -	$ 149,348	$ 189,470
		10,482			10,482
1,468		17,393	38,017	848	56,258
714,450	20,173	1,274,802		42,535	1,317,337
48,706		88,613			88,613
		59,817			59,817
764,624	20,173	1,491,229	38,017	192,731	1,721,977
670,129		748,821		47,250	796,071
		150,906			150,906
		13,282			13,282
		65,621			65,621
	13,834	158,608	120,446		279,054
2,555		2,555			2,555
				140,000	140,000
				222,300	222,300
		-			-
672,684	13,834	1,139,793	120,446	409,550	1,669,789
91,940	6,339	351,436	(82,429)	(216,819)	52,188
(131,200)		(406,627)			(406,627)
(131,200)		(406,627)			(406,627)
(39,260)	6,339	(55,191)	(82,429)	(216,819)	(354,439)
			3,268,010	(731,764)	2,536,246
(39,260)	6,339	(55,191)	3,185,581	(948,583)	2,181,807
331,566	(9,450)	1,586,223	(3,185,581)	948,583	(650,775)
		(6,470)			(6,470)
331,566	(9,450)	1,579,753	(3,185,581)	948,583	(657,245)
$ 292,306	$ (3,111)	$ 1,524,562	$ -	$ -	$ 1,524,562

CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRAFFIC SAFETY SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Fines and forfeitures	$ 10,482	$ 10,482	$ -
Total revenues	10,482	10,482	
OTHER FINANCING SOURCES (USES)			
Transfers out	(10,482)	(10,482)	
Total other financing sources (uses)	(10,482)	(10,482)	
Net change in fund balance			
Fund balance, beginning of fiscal year	825	825	
Fund balance, end of fiscal year	$ 825	$ 825	$ -

CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GAS TAX SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	$ 1,726	$ 1,726	$ -
Intergovernmental	251,886	251,886	
Total revenues	253,612	253,612	
OTHER FINANCING SOURCES (USES)			
Transfers out	(253,612)	(255,252)	(1,640)
Total other financing sources (uses)	(253,612)	(255,252)	(1,640)
Net change in fund balance		(1,640)	(1,640)
Fund balance, beginning of fiscal year	27,906	27,906	
Fund balance, end of fiscal year	$ 27,906	$ 26,266	$ (1,640)

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, 2012

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	$ 315,774	$ -	$ (315,774)
Total revenues	315,774		(315,774)
OTHER FINANCING SOURCES (USES)			
Transfers out	(315,774)		315,774
Total other financing sources (uses)	(315,774)		
Net change in fund balance			
Fund balance, beginning of fiscal year	90,382	90,382	
Fund balance, end of fiscal year	$ 90,382	$ 90,382	$ -

CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ASSET FORFEITURE SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	$ 1,500	$ 1,247	$ (253)
Total revenues	1,500	1,247	(253)
EXPENDITURES			
Current:			
Public safety	12,338	12,338	
Total expenditures	12,338	12,338	
Excess of revenues over (under) expenditures	(10,838)	(11,091)	(253)
OTHER FINANCING SOURCES (USES)			
Transfers out	(9,693)	(9,693)	
Total other financing sources (uses)	(9,693)	(9,693)	
Net change in fund balance	(20,531)	(20,784)	(253)
Fund balance, beginning of fiscal year	103,703	103,703	
Fund balance, end of fiscal year	$ 83,172	$ 82,919	$ (253)

CITY OF TAFT
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, 2012

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	$ 8,147	$ 8,147	$ -
Total revenues	8,147	8,147	
EXPENDITURES			
Current:			
Public works	8,147	13,282	(5,135)
Total expenditures	8,147	13,282	(5,135)
Net change in fund balance		(5,135)	(5,135)
Fund balance, beginning of fiscal year	4,953	4,953	
Fund balance (deficit), end of fiscal year	$ 4,953	$ (182)	$ (5,135)

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, 2012

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	$ 3,562	$ 4,179	$ 617
Intergovernmental	100,000	100,000	
Total revenues	103,562	104,179	617
EXPENDITURES			
Current:			
Public safety	113,223	113,884	(661)
Total expenditures	113,223	113,884	(661)
Excess of revenues over (under) expenditures	(9,661)	(9,705)	(44)
OTHER FINANCING SOURCES (USES)			
Transfers in	9,661		9,661
Total other financing sources (uses)	9,661		9,661
Net change in fund balance		(9,705)	(9,705)
Fund balance, beginning of fiscal year	346,188	346,188	
Fund balance, end of fiscal year	$ 346,188	$ 336,483	$ (9,705)

CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INMATE WELFARE SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	$ 5	$ 5	$ -
Current service charges	39,863	39,907	44
Other	75	75	
Total revenues	39,943	39,987	44
EXPENDITURES			
Current:			
Health and welfare	65,622	65,621	1
Total expenditures	65,622	65,621	1
Excess of revenues over (under) expenditures	(25,679)	(25,634)	45
OTHER FINANCING SOURCES (USES)			
Transfers in	25,679		25,679
Total other financing sources (uses)	25,679		25,679
Net change in fund balance		(25,634)	(25,634)
Fund balance, beginning of fiscal year	32,233	32,233	
Prior Period Adjustments		(6,599)	(6,599)
Fund balance, beginning of of fiscal year, as restated	32,233	25,634	6,599
Fund balance, end of fiscal year	$ 32,233	$ -	$ (32,233)

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 SEVEN MONTHS ENDED JANUARY 31, 2012

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	$ 40,122	$ 40,122	$ -
Use of money and property	6,475	3,359	(3,116)
Total revenues	46,597	43,481	(3,116)
EXPENDITURES			
Current:			
General government	7,224	46,290	(39,066)
Debt service:			
Interest	27,000		27,000
Principal	44,460		44,460
Total expenditures	78,684	46,290	32,394
Excess of revenues over (under) expenditures	(32,087)	(2,809)	29,278
OTHER FINANCING SOURCES (USES)			
Transfers in	32,087		32,087
Total other financing sources (uses)	32,087		32,087
Net change in fund balance, before extraordinary item		(2,809)	(2,809)
EXTRAORDINARY ITEM			
Gain/loss on transfer of assets and liabilities to Successor Agency		(613,259)	(613,259)
Fund balance, beginning of fiscal year	616,068	616,068	
Fund balance, end of fiscal year	$ 616,068	$ -	$ (616,068)

CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WWTP SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	$ 29,762	$ 1,468	$ (28,294)
Intergovernmental	802,656	714,450	(88,206)
Other	178,928	48,706	(130,222)
Total revenues	1,011,346	764,624	(246,722)
EXPENDITURES			
Current:			
General government	869,646	670,129	199,517
Capital outlay		2,555	(2,555)
Total expenditures	869,646	672,684	196,962
Excess of revenues over (under) expenditures	141,700	91,940	(49,760)
OTHER FINANCING SOURCES (USES)			
Transfers out	(141,700)	(131,200)	10,500
Total other financing sources (uses)	(141,700)	(131,200)	10,500
Net change in fund balance		(39,260)	(39,260)
Fund balance, beginning of fiscal year	331,566	331,566	
Fund balance, end of the fiscal year	$ 331,566	$ 292,306	$ (39,260)

CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TAFT COMMUNITY DEVELOPMENT AGENCY DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	$ 150,960	$ 149,348	$ (1,612)
Use of money and property	4,994	848	(4,146)
Other		42,535	42,535
Total revenues	155,954	192,731	36,777
EXPENDITURES			
Current:			
General government	70,282	47,250	23,032
Debt service:			
Principal	140,000	140,000	
Interest	222,300	222,300	
Total expenditures	432,582	409,550	23,032
Excess of revenues over (under) expenditures	(276,628)	(216,819)	59,809
OTHER FINANCING SOURCES (USES)			
Transfers in	476,628		(476,628)
Transfers out	(200,000)		200,000
Total other financing sources (uses)	276,628		(276,628)
Net changes in fund balance		(216,819)	(216,819)
EXTRAORDINARY ITEM			
Gain (Loss) on transfer of assets and liabilities to Successor Agency before extraordinary items		(731,764)	(731,764)
Fund balance, beginning of fiscal year	948,583	948,583	
Fund balance, end of fiscal year	$ 948,583	$ -	$ (948,583)

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Private-Purpose Trust Funds are used to account for assets and liabilities held by the City of Taft in a trustee capacity.

Capital Projects Fund

This fund is used to account for capital assets and other activities of the former redevelopment agency.

Post RDA Debt Retirement

This fund is used to account for debt retirement related to low and moderate housing activities of the former redevelopment agency

AGENCY FUNDS DESCRIPTION

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.

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CITY OF TAFT
COMBINING STATEMENT OF NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2012

	Capital Projects Fund	Post RDA Debt Retirement	Total
ASSETS			
Cash and investments	$ 61,612	$ 87,026	$ 148,638
Cash and investment with fiscal agents		475,791	475,791
Interest receivable	113	4,170	4,283
Deferred charges		119,611	119,611
Capital Assets:			
Land	111,932		111,932
Land Union Pacific	168,128		168,128
Land Union Pacific	1,418,104		1,418,104
Industrial Park	88,466		88,466
Project #3 Industrial Park Phase II	147,651		147,651
Less: Accumulated depreciation	(4,240)		(4,240)
Total assets	1,991,766	686,598	2,678,364
LIABILITIES			
Accounts payable	600		600
Accrued liabilities	2,565	128	2,693
Accrued interest payable		107,300	107,300
Advance due to City of Taft	3,215,542		3,215,542
Long-term debt 1998 Revenue Bonds		3,700,000	3,700,000
Total liabilities	3,218,707	3,807,428	7,026,135
NET ASSETS (DEFICIT)			
Restricted for debt service		368,491	368,491
Unrestricted	(1,226,941)	(3,489,321)	(4,716,262)
Total Net Assets (Deficit)	$ (1,226,941)	$ (3,120,830)	$ (4,347,771)

CITY OF TAFT
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Capital Projects Fund	Post RDA Debt Retirement Fund	Total
Additions:			
Investment revenue	$ -	$ 5,205	$ 5,205
Taxes and assessments	143	28,924	29,067
Eraf receipts from Kern		26,335	26,335
Net assets received upon dissolution of redevelopment agency	(1,333,731)	(2,863,295)	(4,197,026)
Transfers in	200,000		200,000
Total additions	(1,133,588)	(2,802,831)	(3,936,419)
Deductions:			
Community development	89,115	25,368	114,483
Interest expense		89,416	89,416
Depreciation	4,240		4,240
Amortization of deferred charges		3,213	3,213
Transfers out		200,000	200,000
Total deductions	93,355	317,997	411,352
Change in net assets	(1,226,943)	(3,120,828)	(4,347,771)
Net Assets - July 1, 2011			
Net Assets Deficit - June 30, 2012	$ (1,226,943)	$ (3,120,828)	$ (4,347,771)

CITY OF TAFT
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2012

	Inmate Trust Fund	1997-A Lease Revenue Bond	Total
ASSETS			
Cash and investments	$ -	$ 559	$ 559
Cash and investment with fiscal agents		3,262,612	3,262,612
Total assets	$ -	$ 3,263,171	$ 3,263,171
LIABILITIES			
Due to bondholders	$ -	$ 3,104,171	$ 3,104,171
Deposits payable		159,000	159,000
Total liabilities	$ -	$ 3,263,171	$ 3,263,171

CITY OF TAFT
FIDUCIARY FUNDS - AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Inmate Trust Fund	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012
ASSETS				
Cash and investments	$ 22,287	$ -	$ (22,287)	$ -
Accounts receivable	1,651		(1,651)	
Total assets	$ 23,938	$ -	$ (23,938)	$ -
LIABILITIES				
Accounts payable	$ 42	$ -	$ (42)	$ -
Due to inmates	23,896		(23,896)	
Total liabilities	$ 23,938	$ -	$ (23,938)	$ -

1997-A Lease Revenue Bond	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012
ASSETS				
Cash and investments	$ -	$ 559	$ -	$ 559
Cash and investments with fiscal agents	3,424,507		(161,895)	3,262,612
Accounts receivable	557		(557)	
Total assets	$ 3,425,064	$ 559	$ (162,452)	$ 3,263,171
LIABILITIES				
Due to bondholders	$ 3,266,064	$ -	$ (161,893)	$ 3,104,171
Deposits payable	159,000			159,000
Total liabilities	$ 3,425,064	$ -	$ (161,893)	$ 3,263,171

Total	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012
ASSETS				
Cash and investments	$ 22,287	$ 559	$ (22,287)	$ 559
Cash and investments with fiscal agents	3,424,507		(161,895)	3,262,612
Accounts receivable	1,651		(2,208)	
Total assets	$ 3,449,002	$ 559	$ (186,947)	$ 3,263,171
LIABILITIES				
Accounts payable	$ 42	$ -	$ (42)	$ -
Due to bondholders	3,266,064		(161,893)	3,104,171
Due to inmates	23,896		(23,896)	
Deposits payable	159,000			159,000
Total liabilities	$ 3,449,002	$ -	$ (185,831)	$ 3,263,171

CITY OF TAFT

MANAGEMENT REPORT
AND
AUDITOR'S COMMUNICATION LETTER

JUNE 30, 2012

CITY OF TAFT
JUNE 30, 2012

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MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN, SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Taft (City) as of and for the fiscal year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified one deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted one deficiency in internal control that we consider to be a significant deficiency described in the current year recommendations section as Finding 2012-1.

The City's written response to the finding identified in our audit isdescribed in the current year recommendation section. We did not audit the City's response and, accordingly, we express no opinion on it. In addition, we would be pleased to discuss the recommendations in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing these recommendations.

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We have included in this letter a summary of communications with the members of the City Council as required by professional auditing standards. We would like to thank the City's management and staff for the courtesy and cooperation extended to us during the course of our engagement.

This information is intended solely for the use of the Council members and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
December 12, 2013

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN, SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of City of Taft as of and for the fiscal year ended June 30, 2012 and have issued our report thereon dated December 12, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Taft's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that may be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting (Finding 2012-1). A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Taft's financial statements are free from material misstatement, we performed tests of the City of Taft's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

The City's response to the finding identified in our audit is described in the accompanying current year recommendations that follow on page 8. We did not audit the City's response and, accordingly, we do not express an opinion on it.

This report is intended solely for the information and use of management, the audit committee, the City Council, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 12, 2013

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN, SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

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

We have audited the financial statements of the City of Taft (City) for the fiscal year ended June 30, 2012, and have issued our report thereon dated December 12, 2013. Professional standards require that we provide you with the information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 14, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As discussed in Note 1 of the notes to the basic financial statements effective July 1, 2011, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments Application of Hedge Accounting Termination Provisions.* We noted no transactions entered into by the City during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

> Management's estimates of the historical cost of capital assets and the estimated useful life of the capital assets are based on historical data, industry guidelines and outside consultants whom were hired by the City. In addition, management's estimates of the funding progress for CALPERS is based on CALPERS's estimate; the funding progress of Other Postemployment Benefit (OPEB) is based on an actuarial study conducted by an outside actuary. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit timing.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. These misstatements included adjustments to accounts receivable and accounts payable. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 12, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
December 12, 2013

CURRENT YEAR RECOMMENDATION

Significant Deficiency

2012-1 Segregation of Duties and Size of Finance/Accounting Department

Due to budget constraints the finance/accounting department is operating with minimum personnel, which has caused key finance department personnel to assist other employees in the accounting department. This situation has created an overlap of duties from time to time, such as in the payroll function. Key personnel are also significantly burdened having to work significant overtime to attempt to keep up with the finance/accounting processes. In addition, the closure of the Redevelopment Agency has added reporting burdens to key accounting department personnel. Further, turnover in the finance/accounting department, such as in the payroll function has further tasked the Director of Finance to work with the replacement of such a key position in the accounting function.

Effect:

These additional finance/accounting duties and staff turnover create an accounting environment that increases the opportunity for errors and delayed deadlines.

Recommendation:

Within budget constraints we recommend the City consider this burden for the potential for part-time or full time assistance within the Finance Department to reduce the risk of accounting errors, increase the timeliness of reporting and to assist in additional reporting requirements such "ROPS" schedules and communications to the State of California.

Management's Response:

The City of Taft had to reorganize due to loss of revenue from the closure of the correctional facility. The City is actively pursuing the contract with another agency to reopen the facility. After reopening the facility, the previous position, Accounting Assistant, will be presented to the Personnel Committee to be reestablished, then presented to the Finance Committee to determine if there are sufficient funds for the position. Then if the item is approved by both committees it will be presented to the City Council for approval.

STATUS OF PRIOR YEAR RECOMMENDATIONS

Significant Deficiency

2011-1 Risk Assessment and Monitoring Over Financial Reporting

U.S. generally accepted auditing standards and Government Auditing Standards require auditors to assess an organization's design of internal controls and determine whether the controls have been placed in operation for all elements of internal control over financial reporting. If controls did not exist, were poorly designed or did not operate effectively, the auditor must evaluate the control deficiency and report the deficiency to management, including whether the control deficiency is a significant deficiency or material weakness. As a result of the 2011 audit, the following is recommended:

- Management should review the existing documentation of its internal controls over significant accounting areas (e.g. cash receipts, cash disbursements) to ensure that all current internal controls are documented.

- Management should review and expand its existing internal control assessment process and internal comprehensive risk assessment. This includes monitoring the adequacy and effectiveness of the internal control that annually, at a minimum, evaluates the risk environment of the City by considering any changes to the City's operating environments.

- Management should also develop a written contingency plan related to the City's information technology processes to ensure that IT functions are not significantly disrupted in the event of a loss of City staff or a disaster.

Effect:

Without regular internal control risk assessment by management, errors and irregularities may occur and go undetected.

Recommendation:

We recommend the City ensures that a management level employee reviews and assesses risks in controls over financial reporting at least once per year.

Management's Response:

Management is creating a fraud policy that will address internal control issues to ensure that all internal controls are documented. The Finance Department does have a policy to ensure that IT functions are not disrupted in the event of loss of staff or in a disaster, but this plan is not written. Management will expand the Administrative Policy # 121 – Computer/Internet Policy to detail the steps that are being taken currently to ensure that IT functions are not significantly disrupted in the event of a loss of City staff or a disaster. The finance director will continue to oversee the overall financial reporting process with the help of the independent auditors.

Status:

Implemented.

Other Matters

2011-2 Business License Applications are not Verified:

During our testing of the cash receipts system, we noted that business license applications did not contain gross receipts information, and as such, we are unable to determine if the fees collected are correct.

Effect:

Omission of gross receipts information can lead to the wrong fees being collected.

Recommendation:

We recommend the City implement procedures to ensure that gross receipts information is filled out on business license applications.

Management's Response:

The City will create well highlighted instructions that will be included with the business license renewal form plainly explaining that the business must fill out the annual gross receipts. If for some reason they still do not comply we will make every effort to contact them to obtain this information. Unfortunately it is not feasible at this time to return all renewal forms if we cannot obtain the required information, but we can compare it to prior years and then if the information does not seem reasonable, at that point we can choose to return the renewal form and request the missing information.

Status:

Implemented.

2011-3 Redevelopment Agency Five-Year Implementation Plan:

During the compliance audit for the Redevelopment Agency, we noted that the Five-Year Implementation Plan for 2010-2014 was not approved by the Agency within the required five year period. Section 33490 of the California Health and Safety Code requires that Redevelopment Agencies produce and timely approve an Implementation Plan for each project area every five years.

Effect:

The Redevelopment Agency is not in compliance with the Health and Safety Code for the implementation of a Five Year plan.

Recommendation:

We recommend that the Agency address this issue timely in the future.

Management's Response:

The 2010-2014 plan was adopted by the Board on August 3, 2010. The Redevelopment Agency will make all efforts to ensure that the 2015-2019 plan will be adopted within the required five year period.

Status:

This recommendation is no longer required as the Redevelopment Agency was dissolved by State Law effective January 31, 2013.

2011-4 Bank Reconciliations Analysis:

During our testing of bank reconciliations, it was noted that they are not signed as reviewed and/or approved.

Effect:

Without such signatures over review of bank reconciliations, it is not clear what if any bank reconciliations were checked and approved which would incur the possibility of incorrect bank reconciliations and increase the risk of misappropriation of cash.

Recommendation:

We recommend that the bank reconciliation reviewer should initial or sign, as approved, all the bank reconciliations after checking them for errors.

Management's Response:

The Finance Director does review each and every bank reconciliation. During each review check marks are placed by each number to verify that they match the appropriate backup. Recently, the Finance Director has begun to initial the main lead sheet of the bank reconciliation as a note to the Accountant that no changes are required. If changes are requested, then the Finance Director does not initial the lead sheet of the bank reconciliation, and places notes of requested changes instead. From this point forward the Finance Director will initial each bank reconciliation.

Status:

Implemented.

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY-TAFT HEIGHTS
SANITATION DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2012

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY-TAFT HEIGHTS
SANITATION DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2012

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PARTNERS
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GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
City of Taft/Ford City-Taft Heights
Sanitation District
Taft, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Wastewater Treatment Plant of the City of Taft / Ford City-Taft Heights Sanitation District (the WWTP), as of and for the fiscal year ended June 30, 2012, which collectively comprise the WWTP's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's and the District'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements present only the Wastewater Treatment Plant of the City of Taft and the Ford City-Taft Heights Sanitation District and do not purport to, and do not, present fairly the financial position of the City of Taft as a whole or the Ford City-Taft Heights Sanitation District as a whole as of June 30, 2012, and the changes in their financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. The financial statements of the WWTP are intended to present the financial position and results of operations of only that portion of the funds of the City of Taft that are attributable to the transactions of the WWTP.

As discussed in Note 1 of the Notes to the basic financial statements, effective July 1, 2011, the WWTP adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions.*

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In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Wastewater Treatment Plant of the City of Taft / Ford City-Taft Heights Sanitation District as of June 30, 2012, and the respective changes in financial position, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 12, 2013, on our consideration of the WWTP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Management has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual – Special Revenue Fund on page 16 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 Standard 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 WWTP's basic financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual – Capital Projects Fund is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual – Capital Projects Fund is the responsibility of management and was derived from and relates 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 the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 12, 2013

GOVERNMENT-WIDE FINANCIAL STATEMENTS

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY - TAFT HEIGHTS SANITATION DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities
ASSETS	
Current Assets:	
Cash and investments	$ 2,879,920
Account receivable	369,154
Interest receivable	7,436
Due from the City of Taft	394,902
Total Current Assets	3,651,412
Noncurrent Assets:	
Capital assets:	
Non-depreciable:	
Land	18,750
Construction-in-progress	121,950
Depreciable, net of accumulated depreciation:	
Machinery and equipment	856,640
Structures and improvements	25,552
Total Noncurrent Assets	1,022,892
Total Assets	4,674,304
LIABILITIES	
Current Liabilities:	
Accounts payable	95,714
Compensated absences	2,852
Total Current Liabilities	98,566
Total Liabilities	98,566
NET ASSETS	
Invested in capital assets, net of related debt	1,022,892
Unrestricted	3,552,866
Total Net Assets	$ 4,575,758

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

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY - TAFT HEIGHTS SANITATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Funcation/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense)/Revenue and Changes in Net Assets Governmental Activities
Governmental Activities:					
General government	$ 747,353	$ 48,706	$ 714,450	$ -	$ 15,803
Total Governmental Activities	$ 747,353	$ 48,706	$ 714,450	$ -	15,803
General Revenues:					
Investment earnings					41,019
Total General Revenues					41,019
Change in Net Assets					56,822
Net Assets, Beginning of Fiscal Year					4,518,936
Net Assets, End of Fiscal Year					$ 4,575,758

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

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY - TAFT HEIGHTS SANITATION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	WWTP Capital Projects	WWTP Special Revenue	Total Governmental Funds
ASSETS			
Cash and investments	$ 2,861,132	$ 18,788	$ 2,879,920
Accounts receivable		369,154	369,154
Interest receivable	7,358	78	7,436
Due from the City of Taft	394,902		394,902
Total Assets	$ 3,263,392	$ 388,020	$ 3,651,412
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ 95,714	$ 95,714
Total Liabilities		95,714	95,714
FUND BALANCES			
Assigned	3,263,392	292,306	3,555,698
Total Fund Balances	3,263,392	292,306	3,555,698
Total Liabilities and Fund Balances	$ 3,263,392	$ 388,020	$ 3,651,412

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

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY - TAFT HEIGHTS SANITATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Fund Balances of Governmental Funds	$	3,555,698
Amounts reported for governmental activities in the statement of net assets are different because:		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. This balance reflects WWTP's compensated absences.		(2,852)
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		1,022,892
Net Assets of Governmental Activities	$	4,575,738

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

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY - TAFT HEIGHTS SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	WWTP Capital Projects	WWTP Special Revenue	Total Governmental Funds
REVENUES			
Intergovernmental	$ -	$ 714,450	$ 714,450
Use of money and property	39,551	1,468	41,019
Charges for services		48,706	48,706
Total Revenues	39,551	764,624	804,175
EXPENDITURES			
Current:			
General government		670,129	670,129
Capital outlay		2,555	2,555
Total Expenditures		672,684	672,684
Excess (Deficiency) of Revenues Over Expenditures	39,551	91,940	131,491
OTHER FINANCING SOURCES (USES)			
Transfers in	131,200		131,200
Transfers out		(131,200)	(131,200)
Total Other Financing Sources (Uses)	131,200	(131,200)	
Net Change in Fund Balances	170,751	(39,260)	131,491
Fund Balances, Beginning of Fiscal Year	3,092,641	331,566	3,424,207
Fund Balances, End of Fiscal Year	$ 3,263,392	$ 292,306	$ 3,555,698

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

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY - TAFT HEIGHTS SANITATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Net Change in Fund Balances of Governmental Funds		$	131,491
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 Balances 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:			
Additions to capital assets	$ 2,555		
Depreciation	(82,331)		(79,776)
Debt repayments are reported as 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. This amount reflects the difference between compensated absences accrued and compensated absences paid for the period.			5,107
Change in Net Assets of Governmental Activities		$	56,822

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The primary function of this organization is the operation and maintenance of the sewer treatment facility serving the City of Taft (the City) and the Ford City-Taft Heights Sanitation District. In accordance with the terms of the "Joint Exercise of Powers Agreements" between the City of Taft, Taft Heights, and Ford City Sanitation District dated May 29, 1950, amended of March 7, 1966, restated April 24, 1972, and restated August 21, 1991, covering the "Joint Sewage Project – 1972," the City of Taft was designated to act on its own behalf and on behalf of each of the other agencies, to operate and maintain the Wastewater Treatment Plant (WWTP). All costs to operate and maintain the facilities shall be paid by the City of Taft and the other agencies in the following cost share ratios:

52 percent shall be paid by the City of Taft
19 percent shall be paid by the Taft Heights Sanitation District
29 percent shall be paid by the Ford City Sanitation District

The WWTP has access to the services and facilities of the City and the City's staff. The City assists the WWTP in the planning, financing, acquisition, construction, and maintenance or operation of the activities undertaken by the WWTP in accordance with the agreements and the applicable state and federal law. The costs incurred and paid by the City on behalf of the WWTP may include a part of the salaries and benefits of the City officers and employees who performed services for the WWTP, and are reimbursed by the WWTP.

The financial statements of the WWTP have been prepared in accordance with accounting principles generally accepted in the United States of America (USGAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant of the accounting principles are described below:

A. Reporting Entity

The City of Taft operates the WWTP pursuant to the Joint Exercise of Powers Agreement noted above. The WWTP is not a separate legal entity and therefore is not included as a component unit of the City. Because of the City's oversight responsibilities, the funds of the WWTP are included within the fund structure of the City. The financial statements of the WWTP do not purport to, and do not, present fairly the financial position of the City of Taft as a whole or the Ford City or Taft Heights Sanitation Districts as a whole.

B. Fund Accounting

The accounts of the Wastewater Treatment Plant 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. 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 WWTP uses two funds as follows:

Capital Projects Fund – the Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Special Revenue Fund – the Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting/Measurement Focus

Consistent with the City's implementation of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments,* the WWTP financial statements report information on both the accrual and modified accrual basis of accounting. The differences between the two presentations are discussed below.

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the WWTP's assets and liabilities, including capital assets 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 they are earned and expenses are recognized when the liability is incurred. Interfund activities (such as transfers) are eliminated from these statements.

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance for each fund. A separate statement is presented to report the differences in fund balance as presented in these statements to the net assets presented in the Statement of Net Assets. 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 resources. Governmental fund operating statements present a summary of sources and uses of available resources during a period by presenting increases and decreases in net assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they 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 fiscal year end) are recognized when due. Revenues susceptible to accrual are investment earnings and assessments from member governments.

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.

D. Budgetary Policy and Control

1. General Budget Policies

The Taft City Council approves each fiscal year's budget for the WWTP as part of the overall City budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings 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 program areas. Transfers of operating budget appropriations between program areas 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Policy and Control (Continued)

2. General Budget Policies

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 that is the program area – total for all funds. Formal budgetary integration is employed as a management control device during the fiscal year for the Governmental Funds.

3. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances do not constitute expenditures or liabilities.

E. Cash/Investment Policy

In order to maintain an effective investment program, all cash is pooled with the cash and investments of the City of Taft and amounts not required for day-to-day financial transactions are invested as approved by the Taft 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. Investments are carried at fair value.

F. Capital Assets and Depreciation

Capital assets, which include land, buildings, infrastructure, machinery, and equipment, are reported in the Statement of Net Assets. Capital assets are defined 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. Donated capital assets are valued at their estimated fair value on the date donated.

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 lives of these assets. The amount charged to depreciation expense each fiscal year represents that fiscal 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 a reduction in the book value of the capital assets. The WWTP has assigned the useful lives listed below to capital assets.

Structures and improvements	20-40 years
Machinery and equipment	5-20 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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.

H. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the WWTP'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 projects or purposes.

I. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 64 – *Derivative Instruments: Application of Hedge Accounting Termination Provisions*

For the fiscal year ended June 30, 2012, the WWTP implemented Governmental Accounting Standards Board (GASB) Statement No. 64, ("*Derivative Instruments: Application of Hedge Accounting Termination Provisions.*") This statement is effective for periods beginning after June 15, 2011. The objective of this statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Implementation of the GASB Statement No. 64, did not have an impact on the WWTP's financial statements for the fiscal year ended June 30, 2012.

NOTE 2 – CASH AND INVESTMENTS

The WWTP's cash and investments are pooled with the funds of the City for deposit and investment purposes. Interest on pooled cash and investments is credited to the funds based on each prospective fund's average cash balance at each quarter end. Detailed information concerning the City of Taft's pooled cash and investments can be found in the City's Annual Financial Report for the fiscal year ended June 30, 2012. The WWTP's cash and investments balance at June 30, 2012 is $3,274,822.

The WWTP's cash and investments are held within the City of Taft's investment pool. As the WWTP does not hold specific investments or deposits in its name, the cash and investments are not evidenced by deposits or securities that exist in physical or book entry form.

NOTE 3 – CAPITAL ASSETS

During the fiscal year ended June 30, 2012, the following changes in capital assets occurred:

Governmental Activities	Beginning Balance July 1, 2011	Additions	Deletions	Ending Balance June 30, 2012
Capital Assets Not Being Depreciated:				
Land	$ 18,750	$ -	$ -	$ 18,750
Construction in Progress	121,950			121,950
Total Capital Assets Not Being Depreciated	140,700			140,700
Capital Assets, Being Depreciated:				
Machinery and equipment	345,448	2,555		348,003
Structures and improvements	2,696,723			2,696,723
Total Capital Assets Being Depreciated	3,042,171	2,555		3,044,726
Less Accumulated Depreciation For:				
Machinery and equipment	(308,256)	(14,195)		(322,451)
Structures and improvements	(1,771,947)	(68,136)		(1,840,083)
Total Accumulated Depreciation	(2,080,203)	(82,331)		(2,162,534)
Total Capital Assets, Being Depreciated, Net	961,968	(79,776)		882,192
Governmental Activities Capital Assets, Net	$ 1,102,668	$ (79,776)	$ -	$ 1,022,892

Depreciation expense of $82,331 was charged to general government on the Statement of Activities for the fiscal year ended June 30, 2012.

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers as of June 30, 2012 were as the following:

Fund	Transfers in	Transfers out
WWTP Capital Projects	$ 131,200	$ -
WWTP Special Revenue		131,200
Total	$ 131,200	$ 131,200

The transfer into the Special Revenue Fund is for building a reserve that will be used at a future date for large maintenance projects and/or reconstruction of the facility. This is an agreed upon amount between all District members.

NOTE 5 – COMPENSATED ABSENCES

During the fiscal year ended June 30, 2012, the following changes occurred in the governmental activities compensated absences:

NOTE 5 – COMPENSATED ABSENCES (Continued)

Compensated Absences

Governmental Activities	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due in One Year
Compensated Absences	$ 7,995		$ (5,143)	$ 2,852	$ 2,852
Total governmental activities long-term debt	$ 7,995	$ -	$ (5,143)	$ 2,852	$ 2,852

Compensated Absences

The short-term portion of 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, 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. During fiscal year June 30, 2012 compensated absences are all current.

NOTE 6 – NET ASSETS/FUND BALANCES

Net assets are divided into three captions. These captions apply to net assets as determined at the government-wide level and are described below:

Invested in Capital Assets, net of related debt describes the portion of net assets which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. These principally include debt service requirements.

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

Fund balances are divided into five classifications based primarily on the extent to which the WWTP is bound to observe constraints imposed upon the use if the resources in the governmental funds. The classifications are as follows:

1. Nonspendable Fund Balance
   That portion of a fund balance that includes amounts that cannot be spent because they are either (a) not in a spendable form, such as prepaid items, inventories of supplies, or loans receivable: or (b) legally or contractually required to be maintained intact, such as the principal portion of an endowment. This category was traditionally reported as a "reserved" fund balance under the old standard.

2. Restricted Fund Balance
   That portion of a fund balance that reflects constraints placed in the use of resources (other than nonspendable items) that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. This category was traditionally reported as a "reserved" fund balance under old standard.

NOTE 6 – NET ASSETS/FUND BALANCES (Continued)

3. Committed Fund Balance
   That portion of a fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, and remain binding unless removed in the same manner. This category was traditionally reported as a "designated" fund balance under the old standard.

4. Assigned Fund Balance.
   That portion of a fund balance that includes amounts that are constrained by the government's intent to be used for specific purposes, but that are neither restricted no committed. Such intent needs to be established at either the highest level of decision making, or by an official designated for that purpose. This category was traditionally reported as a "designated" fund balance under the old standard.

   Enabling legislation authorizes the WWTP to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirements that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the WWTP can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

5. Unassigned Fund Balance
   That portion of a fund balance that includes amounts that do not fall into one of the above categories. The General Fund is the only fund that should report this category of fund balance. This category was traditionally reported as an "undesignated" fund balance under the old standard.

NOTE 7 – DUE TO AND DUE FROM THE CITY OF TAFT

As of June 30, 2012, the WWTP has a due from the City of Taft balance of $394,902.

NOTE 8 – SUBSEQUENT EVENTS

The WWTP has evaluated subsequent events through the date the financial statements were available to be issued which is December 12, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TAFT / FORD CITY - TAFT HEIGHTS SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Use of money and property	$ -	$ 1,406	$ 1,468	$ 62
Intergovernmental	745,290	745,290	714,450	(30,840)
Charges for services	4,500	48,706	48,706	-
Total Revenues	749,790	795,402	764,624	(30,778)
EXPENDITURES				
Current:				
General government	616,090	664,202	670,129	(5,927)
Capital outlay	17,000	11,694	2,555	9,139
Debt service:		-	-	
Interest expense	2,500	-	-	-
Total Expenditures	635,590	675,896	672,684	3,212
Excess (Deficiency) of Revenues Over Expenditures	114,200	119,506	91,940	(27,566)
OTHER FINANCING SOURCES (USES)				
Transfers in	17,000	11,694	-	(11,694)
Transfers out	(131,200)	(131,200)	(131,200)	-
Total other financing sources (uses)	(114,200)	(119,506)	(131,200)	(11,694)
Net Change in Fund Balance	-	-	(39,260)	(39,260)
Fund Balance, Beginning of Fiscal year	331,656	331,656	331,566	(90)
Fund Balance, End of the Fiscal Year	$ 331,656	$ 331,656	$ 292,306	$ (39,350)

OTHER SUPPLEMENTARY INFORMATION

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY - TAFT HEIGHTS SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	$ 33,705	$ 39,551	$ 5,846
Total Revenues	33,705	39,551	5,846
EXPENDITURES			
Capital outlay	153,211		153,211
Total Expenditures	153,211		153,211
Excess (Deficiency) of Revenues Over Expenditures	(119,506)	39,551	159,057
OTHER FINANCING SOURCES (USES)			
Transfers in	131,200	131,200	
Transfers out	(11,694)		11,694
Total other financing sources (uses)	119,506	131,200	11,694
Net Change in Fund Balance		170,751	170,751
Fund Balance, Beginning of Fiscal Year	3,092,641	3,092,641	
Fund Balance, End of the Fiscal Year	$ 3,092,641	$ 3,263,392	$ 170,751

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY-TAFT HEIGHTS
SANITATION DISTRICT

MANAGEMENT REPORT
AND
AUDITOR'S COMMUNICATION LETTER

JUNE 30, 2012

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY-TAFT HEIGHTS
SANITATION DISTRICT
JUNE 30, 2012

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MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN, SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

To the Board of Directors
City of Taft/Ford City-Taft Heights
Sanitation District
Taft, California

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the City of Taft/Ford City-Taft Heights Sanitation Districts (the WWTP), as of and for the fiscal year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the WWTP's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the WWTP's internal control. Accordingly, we do not express an opinion on the effectiveness of the WWTP's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified one deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We noted one deficiency in internal control that we consider to be a significant deficiency described in the current year recommendations section as Finding 2012-1.

The WWTP's written response to the finding identified in our audit is described in the current year recommendation section. We did not audit the WWTP's response and, accordingly, we express no opinion on it. In addition, we would be pleased to discuss the recommendations in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing these recommendations.

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We have included in this letter a summary of communications with the Board of Directors as required by professional auditing standards. We would like to thank the WWTP's management and staff for the courtesy and cooperation extended to us during the course of our engagement.

This information is intended solely for the use of the Board of Directors and management of the WWTP and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
December 12, 2013

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN DRIVE, SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mllhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mllhcpas.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
City of Taft/Ford City-Taft Heights
Sanitation District
Taft, California

We have audited the financial statements of the City of Taft/Ford City-Taft Heights Sanitation Districts (the WWTP), as of and for the fiscal year ended June 30, 2012 and have issued our report thereon dated October 10, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the WWTP is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the WWTP's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the WWTP's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the WWTP's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the WWTP's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that may be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency in internal control over financial reporting (Finding 2012-1). A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the WWTP's financial statements are free from material misstatement, we performed tests of the WWTP's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

The WWTP's response to the finding identified in our audit is described in the accompanying current year recommendations that follow on page 8. We did not audit the WWTP's response and, accordingly, we do not express an opinion on it.

This report is intended solely for the information and use of management, the audit committee, the Board of Directors, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 12, 2013

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To the Board of Directors
City of Taft/Ford City-Taft Heights
Sanitation District
Taft, California

We have audited the financial statements of the City of Taft/Ford City-Taft Heights Sanitation District (the WWTP) for the fiscal year ended June 30, 2012, and have issued our report thereon dated December 12, 2013. Professional standards require that we provide you with the information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 14, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the WWTP are described in Note 1 to the financial statements. As discussed in Note 1 of the notes to the basic financial statements effective July 1, 2011, the WWTP adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments Application of Hedge Accounting Termination Provisions.* We noted no transactions entered into by the WWTP during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the WWTP's financial statements were:

> Management's estimates of the historical cost of capital assets and the estimated useful life of the capital assets are based on historical data, industry guidelines and outside consultants whom were hired by the City. In addition, management's estimates of the funding progress for CALPERS is based on CALPERS's estimate; the funding progress of Other Postemployment Benefit (OPEB) is based on an actuarial study conducted by an outside actuary. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit timing.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. These misstatements included adjustments to accounts receivable and accounts payable. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 12, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the WWTP's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the WWTP auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of the WWTP and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
December 12, 2013

CURRENT YEAR RECOMMENDATION

Significant Deficiency

2012-1 Segregation of Duties and Size of Finance/Accounting Department

Due to budget constraints the finance/accounting department is operating with minimum personnel, which has caused key finance department personnel to assist other employees in the accounting department. This situation has created an overlap of duties from time to time, such as in the payroll function. Key personnel are also significantly burdened having to work significant overtime to attempt to keep up with the finance/accounting processes. In addition, the closure of the Redevelopment Agency has added reporting burdens to key accounting department personnel. Further, turnover in the finance/accounting department, such as in the payroll function has further tasked the Director of Finance to work with the replacement of such a key position in the accounting function.

Effect:

These additional finance/accounting duties and staff turnover create an accounting environment that increases the opportunity for errors and delayed deadlines.

Recommendation:

Within budget constraints we recommend the WWTP consider this burden for the potential for part-time or full time assistance within the Finance Department to reduce the risk of accounting errors and increase the timeliness of reporting.

Management's Response:

The City of Taft had to reorganize due to loss of revenue from the closure of the correctional facility. The City is actively pursuing the contract with another agency to reopen the facility. After reopening the facility, the previous position, Accounting Assistant, will be presented to the Personnel Committee to be reestablished, then presented to the Finance Committee to determine if there are sufficient funds for the position. Then if the item is approved by both committees it will be presented to the City Council for approval.

STATUS OF PRIOR YEAR RECOMMENDATIONS

None

CITY OF TAFT
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

CITY OF TAFT
ANNUAL FINANCIAL REPORT
JUNE 30, 2013

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MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN DRIVE, SUITE 730
BEVERLY HILLS, CA 90210
TEL. 310.273.2745
FAX. 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX. 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Taft, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Taft, California as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Taft, California, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 of the notes to the basic financial statements, effective July 1, 2012, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* Statement No. 61, *The Financial Reporting Entity: Omnibus,* Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 55 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Taft, California's basic financial statements. The combining and individual non-major governmental and fiduciary fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual non-major governmental and fiduciary fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major governmental and fiduciary fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014, on our consideration of the City of Taft, California'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Taft, California's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim, LLP
Culver City, California
March 31, 2014

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CITY OF TAFT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 3,919,851	$ 5,690,012	$ 9,609,863
Accounts receivable	1,878,796	755,767	2,634,563
Interest receivable	38,522	44,945	83,467
Internal balances	1,436,174	(1,436,174)	
Notes receivable	3,695,418		3,695,418
Prepaid expenses	38,881	527	39,408
Deposits		17,327	17,327
Loan receivable - successor agency	3,215,542		3,215,542
Capital assets not being depreciated	2,448,722	156,264	2,604,986
Capital assets being depreciated	15,693,150	11,608,491	27,301,641
Capital assets, net of accumulated depreciation	(9,576,082)	(6,714,734)	(16,290,816)
Total assets	22,788,974	10,122,425	32,911,399
LIABILITIES			
Accounts payable	280,832	72,329	353,161
Accrued payroll	61,861	11,284	73,145
Accrued interest payable		23,072	23,072
Unearned revenue	324,910	1,107,378	1,432,288
Deposits payable		38,738	38,738
Noncurrent liabilities:			
Due within one year	255,001	8,901	263,902
Due in more than one year	298,969	26,704	325,673
Total liabilities	1,221,573	1,288,406	2,509,979
NET POSITION			
Net investment in capital assets	8,565,790	5,050,021	13,615,811
Restricted for:			
Streets and roads	117,047		117,047
Public safety	105,171		105,171
Community development	4,003,887		4,003,887
Housing	580,401		580,401
Capital projects - WWTP	3,740,138		3,740,138
Unrestricted	4,454,967	3,783,998	8,238,965
Total net position	$ 21,567,401	$ 8,834,019	$ 30,401,420

See accompanying notes to financial statements

CITY OF TAFT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	$ (1,894,037)	$ 724,397	$ 831,825	$ 30,164
Public safety	(3,164,204)	122,115	153,844	
Public works	(1,801,791)	230,739	211,784	472,632
Community development	(768,050)		63,761	
Total governmental activities	(7,628,082)	1,077,251	1,261,214	502,796
Business-type activities:				
County correctional facility (CCF)	(2,381,624)	1,925,783		
Federal WWTP	(891,862)	802,656		
Sewer	(784,609)	755,014		
Refuse	(852,955)	653,028	5,000	
Transit	(1,026,227)	43,774	625,789	
Total business-type activities	(5,937,277)	4,180,255	630,789	
Total government	$ (13,565,359)	$ 5,257,506	$ 1,892,003	$ 502,796

General revenues:
Taxes:
Property taxes
Sales tax
Other taxes
Investment earnings
Miscellaneous

Total general revenues

Change in net position

Net position, beginning of fiscal year
Prior period adjustments
Net position, beginning of fiscal year, restated

Net position, end of fiscal year

See accompanying notes to financial statements

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business-type Activities	Total
$ (307,651)	$ -	$ (307,651)
(2,888,245)		(2,888,245)
(886,636)		(886,636)
(704,289)		(704,289)
(4,786,821)		(4,786,821)
	(455,841)	(455,841)
	(89,206)	(89,206)
	(29,595)	(29,595)
	(194,927)	(194,927)
	(356,664)	(356,664)
	(1,126,233)	(1,126,233)
(4,786,821)	(1,126,233)	(5,913,054)
1,482,296		1,482,296
1,790,202		1,790,202
399,229		399,229
223,330	53,805	277,135
416,745		416,745
4,311,802	53,805	4,365,607
(475,019)	(1,072,428)	(1,547,447)
22,185,052	9,998,435	32,183,487
(142,632)	(91,988)	(234,620)
22,042,420	9,906,447	31,948,867
$ 21,567,401	$ 8,834,019	$ 30,401,420

CITY OF TAFT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013

ASSETS	General	Revolving Loan Fund CDBG	Revolving Loan Fund Home	WWTP Capital Projects
Cash and investments	$ 34,280	$ 64,287	$ 129,020	$ 2,868,473
Receivables:				
Accounts	834,060	1,117		
Interest	6,998	569	1,027	26,004
Notes	5,944	2,066,334	1,076,418	
Due from other funds	1,495,821			530,279
Loan receivable from successor agency	3,215,542			
Prepaid items	38,341	270	270	
Total assets	$ 5,630,986	$ 2,132,577	$ 1,206,735	$ 3,424,756
LIABILITIES AND FUND BALANCES				
Accounts payable	$ 226,473	$ 69	$ -	$ -
Accrued payroll	52,986			
Due to other funds				
Unearned revenue	950,257	2,066,334	1,076,418	
Total liabilities	1,229,716	2,066,403	1,076,418	
FUND BALANCES				
Nonspendable	2,634,481	270	270	
Restricted		65,904	130,047	3,424,756
Unassigned	1,766,789			
Total fund balances	4,401,270	66,174	130,317	3,424,756
Total liabilities and fund balances	$ 5,630,986	$ 2,132,577	$ 1,206,735	$ 3,424,756

See accompanying notes to financial statements

Total Non-major Governmental Funds	Total
$ 812,143	$ 3,908,203
1,043,619	1,878,796
3,924	38,522
546,722	3,695,418
	2,026,100
	3,215,542
	38,881
$ 2,406,408	$ 14,801,462
$ 52,374	$ 278,916
7,342	60,328
589,926	589,926
546,722	4,639,731
1,196,364	5,568,901
	2,635,021
1,235,922	4,856,629
(25,878)	1,740,911
1,210,044	9,232,561
$ 2,406,408	$ 14,801,462

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CITY OF TAFT
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Fund balances of governmental funds		$ 9,232,561
Amounts reported for governmental activities in the statements of net position 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	$ 18,141,872	
Accumulated depreciation	(9,576,082)	8,565,790
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 compensated absences and CalPERS side fund payable.		(553,970)
Internal service funds are used by management to charge the costs of certain activities such as vehicle maintenance to individual funds. The assets and the liabilities of the internal service fund must be added to the statement of net position (not included compensated absences ($8,199) report above)		8,199
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 position.		4,314,821
Net position of governmental activities		$ 21,567,401

See accompanying notes to financial statements

CITY OF TAFT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General	Revolving Loan Fund CDBG	Revolving Loan Fund Home	WWTP Capital Projects
REVENUES				
Property taxes	$ 1,482,296	$ -	$ -	$ -
Sales taxes	1,737,659			
Other taxes	399,229			
Licenses and permits, and fees	370,169			
Fines and forfeitures	4,491			
Use of money and property	223,298	544	830	30,164
Intergovernmental	520,649	60,131	141,406	
Current services charges	583,573			
Other	416,747			
Total revenues	5,738,111	60,675	142,236	30,164
EXPENDITURES				
Current:				
General government	1,137,886			
Public safety	2,786,965			
Public works	934,693			
Community development	656,914	23,632	8,808	
Capital outlay	955,600			
Total expenditures	6,472,058	23,632	8,808	
Excess of revenues over (under) expenditures	(733,947)	37,043	133,428	30,164
OTHER FINANCING SOURCES (USES)				
Transfers in	211,215			131,200
Transfers out				
Total other financing sources (uses)	211,215			131,200
Net change in fund balances	(522,732)	37,043	133,428	161,364
Fund balances (deficits), beginning of fiscal year	5,204,826	29,131	(3,111)	3,263,392
Prior period adjustments	(280,824)			
Fund balances (deficits), beginning of fiscal year, restated	4,924,002	29,131	(3,111)	3,263,392
Fund balances (deficits), end of fiscal year	$ 4,401,270	$ 66,174	$ 130,317	$ 3,424,756

See accompanying notes to financial statements

Total Non-major Governmental Funds	Total
$ -	$ 1,482,296
	1,737,659
	399,229
	370,169
9,466	13,957
7,524	262,360
1,202,301	1,924,487
119,651	703,224
	416,747
1,338,942	7,310,128
630,899	1,768,785
420,882	3,207,847
30,393	965,086
74,171	763,525
158,210	1,113,810
1,314,555	7,819,053
24,387	(508,925)
	342,415
(342,415)	(342,415)
(342,415)	
(318,028)	(508,925)
1,527,673	10,021,911
399	(280,425)
1,528,072	9.741,486
$ 1,210,044	$ 9.232,561

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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, 2013

Net change in fund balances of governmental funds		$ (508,925)
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	$ 653,424	
Cost of assets disposed (net of accumulated depreciation)	(14,465)	
Depreciation expense	(581,588)	57,371
Certain notes receivable are reported in the governmental funds as expenditures and then offset by an unearned 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.		(201,499)
Revenues that are measurable but not available. Amounts are not recorded as revenue under the modified accrual basis of accounting.		52,543
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 and reduction of the CalPERS side fund	161,381	
Compensated absences	(35,890)	125,491
Change in net position of governmental activities.		$ (475,019)

See accompanying notes to financial statements

CITY OF TAFT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-type Activities Enterprise Funds			
	CCF	Federal WWTP	Sewer	Refuse
ASSETS				
Current assets:				
Cash and investments	$ -	$ 2,961,020	$ 1,748,039	$ 980,953
Receivables:				
Accounts	76,881		200,165	150,314
Interest		22,522	14,427	7,996
Prepaid items				
Deposits			17,327	
Total current assets	76,881	2,983,542	1,979,958	1,139,263
Noncurrent assets:				
Capital assets, not being depreciated		156,264		
Capital assets, being depreciated	1,394,027	5,370,252	2,823,346	614,185
Capital assets - accumulated depreciation	(1,394,027)	(2,804,143)	(1,375,928)	(347,027)
Total noncurrent assets		2,722,373	1,447,418	267,158
Total assets	76,881	5,705,915	3,427,376	1,406,421
LIABILITIES				
Current Liabilities:				
Accounts payable	5,253	44,312	1,392	10,057
Accrued payroll	1,108	707	745	1,583
Interest payable	7,466		6,100	
Due to other funds	1,195,379			
Unearned revenue				
Deposits payable			17,407	21,331
Current portion of compensated absences	2,526	723	729	1,292
Total current liabilities	1,211,732	45,742	26,373	34,263
Noncurrent liabilities:				
Compensated absences	7,579	2,170	2,187	3,876
Total noncurrent liabilities	7,579	2,170	2,187	3,876
Total liabilities	1,219,311	47,912	28,560	38,139
NET POSITION				
Net investment in capital assets		2,722,373	1,447,418	267,158
Unrestricted	(1,142,430)	2,935,630	1,951,398	1,101,124
Total net position (deficit)	$ (1,142,430)	$ 5,658,003	$ 3,398,816	$ 1,368,282

See accompanying notes to financial statements

Business-type Activities Enterprise Funds		Governmental Activities
Transit	Total Enterprise Funds	Internal Service Fund
$ -	$ 5,690,012	$ 11,648
328,407	755,767	
	44,945	
527	527	
	17,327	
328,934	6,508,578	11,648
	156,264	
1,406,681	11,608,491	
(793,609)	(6,714,734)	
613,072	5,050,021	
942,006	11,558,599	11,648
11,315	72,329	1,916
7,141	11,284	1,533
9,506	23,072	
240,795	1,436,174	
1,107,378	1,107,378	
	38,738	
3,631	8,901	8,199
1,379,766	2,697,876	11,648
10,892	26,704	
10,892	26,704	
1,390,658	2,724,580	11,648
613,072	5,050,021	
(1,061,724)	3,783,998	
$ (448,652)	$ 8,834,019	$ -

CITY OF TAFT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities			
	Enterprise Funds			
	CCF	Federal WWTP	Sewer	Refuse
OPERATING REVENUES				
Charges for services	$ 1,925,783	$ 802,656	$ 751,642	$ 652,917
Connection and installation fees			1,662	
Other			1,710	111
Total operating revenues	1,925,783	802,656	755,014	653,028
OPERATING EXPENSES				
Salaries and wages	168,698	43,434	46,154	118,758
Training and development	63			
Contract and professional services	101,221	390,388	26,795	368,099
Maintenance and operations	12,151	34,258	398,717	141,113
Materials and supplies	1,517	74,829	2,269	1,147
Insurance	76,500	6,963	6,963	6,963
Utilities	51,496	42,449	175	
Administrative service charges		69,638	67,816	57,318
Depreciation		179,009	66,682	41,462
Leases and rents	1,881,471			
Bad debt expense			26,462	33,096
Other operating expenses	80,432	50,894	112,294	84,999
Total operating expenses	2,373,549	891,862	754,327	852,955
Operating income (loss)	(447,766)	(89,206)	687	(199,927)
NONOPERATING REVENUES (EXPENSES)				
Interest earnings on investments		26,494	17,871	9,440
Interest expense	(8,075)		(15,208)	
Intergovernmental				5,000
Amortization expense			(15,074)	
Total nonoperating revenues (expenses)	(8,075)	26,494	(12,411)	14,440
Changes in net position	(455,841)	(62,712)	(11,724)	(185,487)
Total net position (deficit), beginning of fiscal year	(686,589)	5,720,715	3,410,540	1,553,769
Prior period adjustments				
Total net position (deficit), beginning of fiscal year, restated	(686,589)	5,720,715	3,410,540	1,553,769
Total net position (deficit), end of fiscal year	$ (1,142,430)	$ 5,658,003	$ 3,398,816	$ 1,368,282

See accompanying notes to financial statements

Business-type Activities		Governmental Activities
Enterprise Funds		
Transit	Total Enterprise Funds	Internal Service Fund
$ 43,774	$ 4,176,772	$ 151,638
	1,662	
	1,821	
43,774	4,180,255	151,638
530,397	907,441	102,923
4,486	4,549	
15,944	902,447	
193,116	779,355	8,716
7,341	87,103	5,374
6,963	104,352	
5,937	100,057	4,115
86,108	280,880	15,487
152,837	439,990	
	1,881,471	
	59,558	
11,731	340,350	15,023
1,014,860	5,887,553	151,638
(971,086)	(1,707,298)	
	53,805	
(11,367)	(34,650)	
625,789	630,789	
	(15,074)	
614,422	634,870	
(356,664)	(1,072,428)	
	9,998,435	
(91,988)	(91,988)	
(91,988)	9,906,447	
$ (448,652)	$ 8,834,019	$ -

CITY OF TAFT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities		
	Enterprise Fund		
	CCF	Federal WWTP	Sewer
Cash Flows from Operating Activities:			
Cash received from customers and users	$ 1,881,470	$ 802,656	$ 754,608
Cash paid to suppliers for goods and services	(2,344,783)	(668,485)	(658,726)
Cash paid to employees for services	(166,977)	(40,467)	(46,744)
Net cash provided (used) by operating activities	(630,290)	93,704	49,138
Cash Flows from Capital and Related Financing Activities:			
Acquisition, proceeds, and construction of capital assets		(17,351)	(156,061)
Interest paid	(1,462)		(18,048)
Repayment of long-term debt			(447,000)
Net cash provided (used) by capital and related financing activities	(1,462)	(17,351)	(621,109)
Cash Flows from Non-Capital Financing Activities:			
Operating grant received			
Increase (decrease) in due to other funds	631,752		(392)
Net Cash provided (used) by Non-Capital Financing Activities:	631,752		(392)
Cash Flows from Investing Activities:			
Interest received		10,503	8,686
Net Cash provided by investing activities		10,503	8,686
Net increase (decrease) in cash and cash equivalents		86,856	(563,677)
Cash and Cash Equivalents at Beginning of Fiscal Year		2,874,164	2,311,716
Cash and Cash Equivalents at End of Fiscal Year	$ -	$ 2,961,020	$ 1,748,039
Noncash transactions			
Amortization of deferred charges	$ -	$ -	$ (15,074)
Reconciliation to Statement of Net Position:			
Cash and investments	$ -	$ 2,961,020	$ 1,748,039
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	$ (447,766)	$ (89,206)	$ 687
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation		179,009	66,682
(Increase) decrease in accounts receivable	(44,313)		(292)
(Increase) decrease in prepaid expenses			(17,327)
(Increase) decrease in deposits			92
Increase (decrease) in accounts payable	(139,932)	934	745
Increase (decrease) in accrued payroll	1,108	707	
Increase (decrease) in unearned revenue			(114)
Increase (decrease) in deposits payable	613	2,260	(1,335)
Increase (decrease) in compensated absences			
Total adjustments	(182,524)	182,910	48,451
Net cash provided (used) by operating activities	$ (630,290)	$ 93,704	$ 49,138

See accompanying notes to financial statements

Business-type Activities			Governmental Activities
Enterprise Funds			Internal Service Fund
Refuse	Transit	Totals	
$ 664,510	$ 1,150,679	$ 5,253,923	$ 151,638
(694,801)	(349,536)	(4,716,331)	(50,144)
(117,420)	(533,825)	(905,433)	(111,525)
(147,711)	267,318	(367,841)	(10,031)
(252,920)	(9,741)	(436,073)	
	(4,254)	(23,764)	
		(447,000)	
(252,920)	(13,995)	(906,837)	
5,000	533,801	538,801	
392	(787,124)	(155,372)	
5,392	(253,323)	383,429	
4,630		23,819	
4,630		23,819	
(390,609)		(867,430)	(10,031)
1,371,562		6,557,442	21,679
$ 980,953	$ -	$ 5,690,012	$ 11,648
$ -	$ -	$ (15,074)	$ -
$ 980,953	$ -	$ 5,690,012	$ 11,648
$ (199,927)	$ (971,086)	$ (1,707,298)	$ -
41,462	152,837	439,990	
9,813	23,615	(11,177)	
	(527)	(527)	
		(17,327)	
(2,066)	(17,383)	(158,355)	(1,429)
1,583	7,141	11,284	1,533
	1,083,290	1,083,290	
1,669		1,555	
(245)	(10,569)	(9,276)	(10,135)
52,216	1,238,404	1,339,457	(10,031)
$ (147,711)	$ 267,318	$ (367,841)	$ (10,031)

CITY OF TAFT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	Private-Purpose Trust Funds	Agency Funds
ASSETS		
Cash and investments	$ 184,916	$ 9,371
Cash and investments with fiscal agents	466,153	3,255,678
Deferred charges, net	111,895	
Capital assets - nondepreciable	1,698,163	
Capital assets - being depreciated	407,116	
Capital assets - accumulated depreciation	(195,594)	
Total assets	2,672,649	$ 3,265,049
LIABILITIES		
Accounts payable	$ 2,703	$ -
Accrued payroll	1,231	
Accrued interest payable	103,095	
Unearned revenue	130,531	
Deposits payable		159,000
Due to inmates		8,812
Compensated absences	12,568	
Due to bondholders		3,097,237
Advance due to City of Taft	3,215,542	
Bonds payable	3,555,000	
Total liabilities	7,020,670	$ 3,265,049
NET POSITION		
Restricted for debt service	363,058	
Unrestricted	(4,711,079)	
Total net position (deficit)	$ (4,348,021)	

See accompanying notes to financial statements

CITY OF TAFT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Private Purpose Trust Funds
Additions:	
Investment revenue	$ 118,705
Taxes and assessments	370,775
Total additions	489,480
Deductions:	
Community development	254,740
Interest expense	210,395
Depreciation	24,595
Total deductions	489,730
Change in net position	(250)
Net Position (Deficit) - July 1, 2012	(4,347,771)
Net Position (Deficit) - June 30, 2013	$ (4,348,021)

See accompanying notes to financial statements

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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.)

- ***Greater Taft Transportation Authority***. The Greater Taft Transportation Authority (GTTA) 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 GTTA.)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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).

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (Continued)

- ***Private Purpose Funds.*** These funds are for disbursements made only for those activities to wind down the business of the former Taft Community Development Agency (TCDA). These activities include, but are not limited to the payment of debt service related to the bonds issued by the TCDA as well as other contractual commitments.

D. Basis of Accounting/Measurement Focus

Government-wide Financial Statements

The City's Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities (including changes in Net Position). 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 Position. The Statement of Activities presents changes in net position. 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 Position have been eliminated.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

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

The Revolving Loan Fund – HOME was established to account for funds as direct loans for rehabilitation or reconstruction of dwellings owned and occupied by qualifying low and moderate income households.

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

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. 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 Position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

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

The Federal WWTP 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.

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.

Internal Service Fund Statements

The City reports Internal service funds consisting of the central garage fund. These funds are established to account for any activity that provides goods or services to other funds or departments of the primary government and its component units, or to other governments, on a cost-reimbursement basis. See proprietary funds above for accounting for internal service funds.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Net of Position. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

Fiduciary Fund Financial Statements (Continued)

The City's fiduciary funds are agency funds and private purpose trust funds. These funds use the accrual basis of accounting, Agency funds are used to account for amounts held for debt service related to conduit debt, and 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. The private purpose funds are used to account for the redevelopment agency successor agency by the City as trustee. Trust funds are accounted for on the economic resources measurement focus.

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.

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).

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 Position 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. The Successor Agency has the bond and the bond issuance costs as of fiscal year-end June 20, 2013.

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.

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, 2013, amounted to $175,902 for Governmental Activities and $35,605 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).

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

The City has implemented the requirements of Governmental Accounting Standards Board (GASB) during the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 60

For the fiscal year ended June 30, 2013, the City implemented GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements.* This statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to Service Concession Arrangements. This Statement improves consistency in reporting and enhances the comparability of the accounting and financial reporting of Service Concession Arrangements among state and local governments. Implementation of GASB Statement No. 60 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 61

For the fiscal year ended June 30, 2013, the City implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus.* This statement is effective for periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for component units. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. Implementation of the GASB Statement No. 61 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

For the fiscal year ended June 30, 2013, the City implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* This statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November, 30 1989. This Statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. Implementation of the GASB Statement No. 62 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 63

For the fiscal year ended June 30, 2013, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to establish guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. This Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities, should be displayed. This Statement also specifies how net position, no longer referred to as net assets, should be displayed. Implementation of the Statement is explained in Note 10

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.

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.

   There were no budgets adopted for the following funds: RLF-CDBG (major fund), Revolving Loan Fund – Home (major fund) , High Technology, TDA, Business Assistance Grant – EDEF 6534, Business Assistance Grant – EDEF 5878, CDBH, CDBG Home, Cal Homes Revolving Loan, TARP Revolving Loan, Cal Home 4917, Crime Prevention, and Taft Successor Housing Agency Special Revenue Fund.

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.

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

A. General Budget Policies (Continued)

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, 2013, 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 position as of June 30, 2013:

Major Entpersie Funds:	
CCF	$ 1,142,430
Transit	448,652
Non Major Governmental Funds:	
Business Assistance Grant - EDEF 6534	73
CDBG Home - 6859	3,320
Landscape Assessment District	22,485

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

C. Excess of Expenditures over Appropriations

Excess of expenditures over appropriations in departments/cost centers of individual funds:

	Expenditures	Final Appropriations	Excess
Major Governmental Funds			
General Fund			
Public safety	$ 2,786,965	$ 2,713,557	$ 73,408
Community development	656,914	604,359	52,555
Capital outlay	955,600	64,000	891,600
Nonmajor Governmental Funds			
Assets Forfeiture			
Public safety	13,963	3,000	10,963
Landscape assessment			
Public works	30,393	8,163	22,230
WWTP			
Capital outlay	158,210	19,000	139,210

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, 2013, consisted of the following:

Statement of Net Position:	
Cash and investments	$ 9,609,863
Statement of Fiduciary Net Position:	
Cash and investments	194,287
Cash and investments with fiscal agents	3,721,831
Total cash and investments	$ 13,525,981

Cash and investments as of June 30, 2013 consisted of the following:

Cash on hand	$ 2,616
Deposits held by financial institutions	1,771,320
Investments	11,752,045
Total cash and investments	$ 13,525,981

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage/ 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

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

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 Percentage/ 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:

	Remaining Maturity (in Months)			
Investment Type	12 Months or Less	13 to 24 Months	25 to 60 Months	Total
State Investment Pool (LAIF)	$ 2,983,519	$ -	$ -	$ 2,983,519
Certificates of Deposit	2,110,762			2,110,762
U.S. Agency Securities			2,935,933	2,935,933
Held by Trustees:				
U.S. Agency Securities	359,564			359,564
Money Market Funds	3,362,267			3,362,267
Total	$ 8,816,112	$ -	$ 2,935,933	$ 11,752,045

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:

				S&P Rating			
Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	AAA	AA	A	Not Rated
State Investment Pool (LAIF)	$ 2,983,519	N/A	$ -	$ -	$ -	$ -	$ 2,983,519
Certificates of Deposit	2,110,762	N/A					2,110,762
U.S. Agency Securities	2,935,933	N/A		2,935,933			
Held by Trustees:							
U.S. Agency Securities	359,564	N/A		359,564			
Money Market Funds	3,362,267	N/A					3,362,267
Total	$ 11,752,045		$ -	$ 3,295,497	$ -	$ -	$ 8,456,548

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	$ 975,228
Federal Farm Credit Bank	U.S. Agency Security	977,643
Federal National Mortgage Association	U.S. Agency Security	1,342,626

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

The $2,935,933 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 anther party.

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: All 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, 2013, the balance of notes receivable was $ 3,695,418. Of this amount, $3,389,474 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%. All the loans are deferred revenue offsets.

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.

Interfund transfers during the fiscal year ended June 30, 2013 are as follows.

	Transfers In	Transfers Out
Major Governmental Funds:		
General	$ 211,215	$ -
WWTP Capital Projects	131,200	
Nonmajor Governmental Funds:		
High Technology		64
Traffic Safety		7,457
Gas Tax		203,694
WWTP Special Revenue		131,200
Total interfund transfers	$ 342,415	$ 342,415

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, 2013.

	Due from (Receivable)	Due to (Payable)
Major Governmental Funds:		
General	$ 1,495,821	$ -
WWTP Capital Projects	530,279	
Major Proprietary Funds:		
CCF		1,195,379
Transit		240,795
Nonmajor Governmental Funds:		
TDA		332,103
Business Assistance Grant - EDEF 6534		73
CDBG		22,371
CDBG Home - 6859		15,406
Landscape Assessment District		21,797
Cal Home 4917		101,002
WWTP Special Revenue		97,174
Total	$ 2,026,100	$ 2,026,100

NOTE 5 – INTERFUND ACTIVITIES (Continued)

In addition, the general fund advanced $3,215,542 to the Successor Agency Capital Projects Fund (formerly the TCDA Capital Projects Funds) within the Private Purpose Trust Funds.

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 position. 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, 2013.

Governmental Activities	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated.				
Land	$ 1,341,949	$ -	$ (13,346)	$ 1,328,603
Construction in progress	493,964	626,155		1,120,119
Total capital assets not being depreciated	1,835,913	626,155	(13,346)	2,448,722
Capital assets being depreciated.				
Structures and improvements	8,378,589			8,378,589
Machinery and equipment	3,422,739	27,269	(230,658)	3,219,350
Infrastructure:				
Roadway system	3,830,028			3,830,028
Bridges	265,183			265,183
Total capital assets being depreciated	15,896,539	27,269	(230,658)	15,693,150
Less accumulated depreciation for:				
Structures and improvements	(4,651,557)	(255,009)		(4,906,566)
Machinery and equipment	(2,915,892)	(186,941)	229,539	(2,873,294)
Infrastructure:				
Roadway system	(1,462,116)	(104,280)		(1,566,396)
Bridges	(194,468)	(35,358)		(229,826)
Total accumulated depreciation	(9,224,033)	(581,588)	229,539	(9,576,082)
Total capital assets, being depreciated net of accumulated depreciation	6,672,506	(554,319)	(1,119)	6,117,068
Total Governmental activities capital assets, net of accumulated depreciation	$ 8,508,419	$ 71,836	$ (14,465)	$ 8,565,790

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

General government	$ 76,016
Public safety	116,619
Public works	376,319
Community development	12,634
Total depreciation expense - governmental activities	$ 581,588

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION (Continued)

Changes in business-type activities capital assets:

Business-type activities	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated:				
Construction in progress	$ 138,913	$ 17,351	$ -	$ 156,264
Total capital assets not being depreciated	138,913	17,351		156,264
Capital assets being depreciated:				
Structures and improvements	5,942,613			5,942,613
Machinery and equipment	2,670,457	262,661	(90,587)	2,842,531
Sewer infrastructure	2,667,286	156,061		2,823,347
Total capital assets being depreciated	11,280,356	418,722	(90,587)	11,608,491
Less accumulated depreciation for:				
Structures and improvements	(3,197,496)	(179,009)		(3,376,505)
Machinery and equipment	(1,858,589)	(194,299)	90,587	(1,962,301)
Sewer infrastructure	(1,309,246)	(66,682)		(1,375,928)
Total accumulated depreciation	(6,365,331)	(439,990)	90,587	(6,714,734)
Total capital assets, being depreciated, net of accumulated depreciation	4,915,025	(21,268)		4,893,757
Total Business-type activities capital assets, net of accumulated depreciation	$ 5,053,938	$ (3,917)	$ -	$ 5,050,021

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

Federal WWTP	$ 179,009
Sewer	66,682
Refuse	41,462
Transit	152,837
Total depreciation expense - business-type activities	$ 439,990

NOTE 7 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

During the fiscal year ended June 30, 2013, the following changes occurred to the governmental activities long-term liabilities:

Compensated Absences

The short-term portion of the liability 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 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.

NOTE 7 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (Continued)

During the fiscal year ended June 30, 2013, the following changes occurred to the governmental activities long-term liabilities: (Continued)

CalPERS Side Fund

During the 2005-2006 fiscal year, the City was required to participate in the Public Employees Retirement System (CalPERS) risk pool. As a result, a side fund was created to account for the difference between the funded status of the City's plan, in addition to the existing unfunded liability. The outstanding balance at June 30, 2013 was $378,068.

Governmental Activities:	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due in One Year
Compensated Absences	$ 150,147	$ 96,486	$ (70,731)	$ 175,902	$ 54,817
CalPERS side fund obligation	539,449	33,290	(194,671)	378,068	200,184
Total governmental activities	$ 689,596	$ 129,776	$ (265,402)	$ 553,970	$ 255,001

NOTE 8 – BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT

During the fiscal year ended June 30, 2013, the following changes occurred to the business-type activities long-term liabilities:

Business type activities	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due in One Year
2006 Sewer Loan	$ 447,000	$ -	$ (447,000)	$ -	$ -
Compensated Absences	44,881	39,467	(48,743)	35,605	8,901
Total business-type activities	$ 491,881	$ 39,467	$ (495,743)	$ 35,605	$ 8,901

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. This loan was paid off on December 1, 2012

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 is 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.

B. Funding policy

Participants are required to contribute 7 percent (9 percent for Tier 1 safety employees) of their annual covered salary. Effective September 1, 2012, the miscellaneous employees group is responsible for paying 7 percent of the employees' share of PERS. Also, effective September 30, 2012, the safety unit employees group will pay 7% of the employees' share of PERS (Safety Tier 1, the City contributes 2 percent of the 9 percent of the employee share). The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013 was 10.816% for non-safety employees, 101.5801% for Tier 1 public safety employees, and 16.049% for Tier 2 public safety employees of annual covered payroll. The previous fire pool, which has been inactive for years, has a yearly determined PERS employer dollar contribution amount.

C. Annual pension cost

For fiscal year 2012-2013, the City of Taft's annual pension cost was $453,125 and was equal to the City's required and actual contributions. The required contribution for fiscal year 2012-2013 was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.55% to 14.45% for miscellaneous members, 3.55% and 14.45% for the Safety Plan Tier 1 and 3.55% and 14.45% for Tier 2 Safety Plan and; (c) 2% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3%. 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, 2013, was 18 years for the Miscellaneous Plan, 15 and 17 years (Tier 1 and Tier 2) for the Safety Police Plans.

D. Three year trend information

Fiscal Year Ended June 30,	Miscellaneous	Police	Fire	Percentage of APC Contributed	Pension Obligation
2011	$ 454,521	$ 309,400	$ 4,081	100%	$ -
2012	530,362	338,506	21,985	100%	-
2013	239,329	189,658	24,138	100%	-

NOTE 10 – NET POSITION

Governmental and Business -Type Activities

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. In the Government-wide financial statements, proprietary fund financial statements, and private-purpose trust fund financial statements, net position is classified as either net investment in capital assets, restricted, or unrestricted.

- **Net Investment in Capital Assets** describe the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

- **Restricted** describe the portion of net position, which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include debt service requirements, capital projects, and deferred improvement funds restricted to low and moderate income housing purposes.

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

When both restricted and unrestricted net position are available, restricted resources are depleted first before the unrestricted resources are used.

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of loss related to, theft of, damage to, and destruction of assets including low value vehicle coverage; 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, CSJVRMA assesses the status of all members for that year, and either make a refund to 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.

NOTE 11 – RISK MANAGEMENT (Continued)

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 $29,000,000. 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, 2013, the most recent information available, is presented below:

Total Assets	$ 82,190,005
Total Liabilities	$ 66,304,596
Total Retained Earnings	15,885,409
Total Liabilities and Retained Earnings	$ 82,190,005
Revenues for Fiscal Year	$ 30,774,973
Expenses for Fiscal Year	27,142,583
Change in Net Position	$ 3,632,390

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.

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.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

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 reopened the CCF facility on March 1, 2014. The City is set for a trial against the State of California on or about late August 2014 mainly in regards to recovery of unemployment benefits the City has paid to selected CCF employees resulting to the closure of the CCF facility in November 2011.

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.

From time to time, City is involved in various litigation matters incidental to operations, which the opinion of the City the ultimate outcome will not a material effect on operations.

The City is a lessor in certain month – to – month leases. In addition the City leases properties under noncancelable operating leases. Minimim rents due under these leases follows:

Fiscal Year Ending June 30,	Amount
2014	$ 708,000
2015	708,000
2016	708,000
2017	698,000
2018	684,000
Thereafter	7,812,000
Total	$ 11,318,000

NOTE 13 – FUND EQUITY

Fund Balance – Governmental Funds

As of June 30, 2013, 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.

- **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	Revolving Loan Fund CDBG	Revolving Loan Fund Home	WWTP Capital Projects	Total Non-major Governmental Funds	Total
Nonspendable:						
Prepaid items	$ 38,341	$ 270	$ 270	$ -	$ -	$ 38,881
Notes receivable	5,944					5,944
Principal on advances	2,590,196					2,590,196
Total Nonspendable	2,634,481	270	270			2,635,021
Restricted for:						
Streets and roads					117,047	117,047
Public safety					105,171	105,171
Public works						
Community development		65,904	130,047		117,921	313,872
Housing					580,401	580,401
Capital Projects - WWTP				3,424,756	315,382	3,740,138
Total Restricted		65,904	130,047	3,424,756	1,235,922	4,856,629
Unassigned	1,766,789				(25,878)	1,740,911
Total Fund Balances	$ 4,401,270	$ 66,174	$ 130,317	$ 3,424,756	$ 1,210,044	$ 9,232,561

NOTE 14 – DEFERRED CHARGES

On December 18, 2012, the sewer bonds were paid and related deferred charges of $10,186 were expensed.

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, 2013 is $6,505,000.

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.

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

Prior period adjustments of $(142,632) were made to the statement of net position - governmental activities related to an understatement of unearned revenue in an amount of ($143,031) and an understatement of interest receivable in an amount of $399.

A prior period adjustment in the amount of $(91,988) was made to the statement of net position – business-type activities and the major Transit fund related to an understatement of unearned revenue.

A prior period adjustment in the amount of $(280,824) was made to the General fund related to an understatement of unearned revenue.

A prior period adjustment in the amount of $399 was made to the Gas Tax fund related to an understatement of interest receivable.

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 June 30, 2012 the City Manager resigned. Presently, the residence is listed for sale.

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 – SUCCESSORY AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Taft that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 17, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the City resolution number 12.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence as the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the state Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

The City remains in disagreement with the State of California Department of Finance regarding the denial of Low and Moderate Housing funds amounting to $583,703 for the 1998 Revenue Debt Obligations as stated in a letter to the City on February 21, 2014. The City believes such funds are those of the City legally restricted for debt obligations of the City for the 1998 Revenue Bond

NOTE 19 – SUCCESSORY AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

Capital Asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets not being depreciated:				
Land	$ 1,698,163	$ -	$ -	$ 1,698,163
Total capital assets not being depreciated	1,698,163			1,698,163
Capital assets being depreciated:				
Structures and improvements	407,116			407,116
Total capital assets being depreciated	407,116			407,116
Less accumulated depreciation for:				
Structures and improvements	(170,999)	(24,595)		(195,594)
Total accumulated depreciation	(170,999)	(24,595)		(195,594)
Total capital assets, being depreciated net of accumulated depreciation	236,117	(24,595)		211,522
Total Governmental activities capital assets, net of accumulated depreciation	$ 1,934,280	$ (24,595)	$ -	$ 1,909,685

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 and the balance at fiscal year ended June 30, 2013 is $111,895

The following is a schedule of long-term liabilities for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due in One Year
1998 Revenue Refunding Bonds	$ 3,700,000	$ -	$ (145,000)	$ 3,555,000	$ 160,000
Total governmental activities	$ 3,700,000	$ -	$ (145,000)	$ 3,555,000	$ 160,000

NOTE 19 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)

1998 Revenue Refunding Bonds (Continued)

The maturity schedule of the bonds is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	$ 160,000	$ 206,190	$ 366,190
2015	165,000	296,910	461,910
2016	175,000	187,340	362,340
2017	180,000	177,190	357,190
2018	195,000	166,750	361,750
2019-2023	1,155,000	650,180	1,805,180
2024-2028	1,525,000	275,790	1,800,790
Total	$ 3,555,000	$ 1,960,350	$ 5,515,350

NOTE 20- SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of this report which is March 31, 2014.

NOTE 21-OTHER MATTERS

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 AB26xI that dissolved all of the redevelopment agencies in California, the City determined that it is in the best interests to serve as Successor Agency.

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.

CITY OF TAFT
MAJOR FUND BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2013

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.

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CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 1,367,820	$ 1,367,820	$ 1,482,296	$ 114,476
Sales taxes	1,750,414	1,750,414	1,737,659	(12,755)
Other taxes	399,001	399,001	399,229	228
Licenses and permits, and fees	191,127	191,127	370,169	179,042
Fines and forfeitures	2,336	2,336	4,491	2,155
Use of money and property	140,312	140,312	223,298	82,986
Intergovernmental	25,750	25,750	520,649	494,899
Current services charges	513,568	565,101	583,573	18,472
Other	12,225	12,225	416,747	404,522
Total revenues	4,402,553	4,454,086	5,738,111	1,284,025
EXPENDITURES				
Current:				
General government	1,206,656	1,206,656	1,137,886	68,770
Public safety	2,713,557	2,713,557	2,786,965	(73,408)
Public works	1,031,927	1,031,927	934,693	97,234
Community development	604,359	604,359	656,914	(52,555)
Capital outlay	64,000	64,000	955,600	(891,600)
Total expenditures	5,620,499	5,620,499	6,472,058	(851,559)
Excess (deficiency) of revenues over expenditures	(1,217,946)	(1,166,413)	(733,947)	432,466
OTHER FINANCING SOURCES (USES)				
Transfers in	1,217,946	1,217,946	211,215	(1,006,731)
Total other financing sources (uses)	1,217,946	1,217,946	211,215	(1,006,731)
Net change in fund balance		51,533	(522,732)	(574,265)
Fund balance, beginning of fiscal year	5,204,826	5,204,826	5,204,826	
Prior period adjustment			(280,824)	(280,824)
Fund balance, beginning of fiscal year, restated	5,204,826	5,204,826	4,924,002	(280,824)
Fund balance, end of fiscal year	$ 5,204,826	$ 5,256,359	$ 4,401,270	$ (855,089)

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CITY OF TAFT
MAJOR CAPTIAL PROJECT FUND
JUNE 30, 2013

WWTP Capital Projects Fund

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

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CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WWTP CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	$ 46,000	$ 30,164	$ (15,836)
Total revenues	46,000	30,164	(15,836)
EXPENDITURES			
Capital outlay	177,200		177,200
Total Expenditures	177,200		177,200
Excess (Deficiency) of Revenues Over Expenditures	(131,200)	30,164	161,364
OTHER FINANCING SOURCES (USES)			
Transfers in	131,200	131,200	
Total other financing sources (uses)	131,200	131,200	
Net change in fund balance		161,364	161,364
Fund balance, beginning of fiscal year	3,263,392	3,263,392	
Fund balance, end of the fiscal year	$ 3,263,392	$ 3,424,756	$ 161,364

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CITY OF TAFT
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

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 ¼ percent. The funds generated by this ¼ 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.

Community Development Block Grant Home - 6859

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

Cal Home Revolving Loan

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

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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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.

Cal Home-4917

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

Crime Prevention

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

Taft Successor Housing

This fund was established to account for the former TCDA Low/Moderate Income Housing fund transferred to the City.

Wastewater Treatment Plant (WWTP)

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

CITY OF TAFT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2013

	Special Revenue Funds			
	High Technology	Traffic Safety	Gas Tax	TDA
ASSETS				
Cash and investments	$ -	$ 463	$ 6,829	$ -
Receivables:				
Accounts		362	18,431	422,485
Interest			1,405	
Notes				
Total assets	$ -	$ 825	$ 26,665	$ 422,485
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ -
Accrued payroll				
Due to other funds				332,103
Unearned revenue				
Total liabilities				332,103
FUND BALANCES				
Restricted		825	26,665	90,382
Unassigned				
Total fund balances (deficits)		825	26,665	90,382
Total liabilities and fund balances	$ -	$ 825	$ 26,665	$ 422,485

Special Revenue Funds						
Business Assistance Grant - EDEF 6534	Business Assistance Grant - EDEF 5878	CDBG	CDBG Home - 6859	Cal Homes Revolving Loan Fund	TARP Revolving Loan	Asset Forfeiture
$ -	$ -	$ -	$ -	$ -	$ 115,113	$ 71,825
		22,371	12,205			
					890	530
				275,524	271,198	
$ -	$ -	$ 22,371	$ 12,205	$ 275,524	$ 387,201	$ 72,355
$ -	$ -	$ -	$ 119	$ -	$ 78	$ 85
73		22,371	15,406			
				275,524	271,198	
73		22,371	15,525	275,524	271,276	85
					115,925	72,270
(73)			(3,320)			
(73)			(3,320)		115,925	72,270
$ -	$ -	$ 22,371	$ 12,205	$ 275,524	$ 387,201	$ 72,355

(Continued)

CITY OF TAFT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2013
(Continued)

	Special Revenue Funds			
	Landscape Assessment District	Cal Home 4917	Crime Prevention	Taft Successor Housing
ASSETS				
Cash and investments	$ -	$ -	$ 37,512	$ 580,401
Receivables:				
Accounts		103,775		
Interest			1,099	
Notes				
Total assets	$ -	$ 103,775	$ 38,611	$ 580,401
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 588	$ 777	$ -	$ -
Accrued payroll	100		6,535	
Due to other funds	21,797	101,002		
Unearned revenue				
Total liabilities	22,485	101,779	6,535	
FUND BALANCES				
Restricted		1,996	32,076	580,401
Unassigned	(22,485)			
Total fund balances (deficits)	(22,485)	1,996	32,076	580,401
Total liabilities and fund balances	$ -	$ 103,775	$ 38,611	$ 580,401

WWTP Special Revenue	Total Non-Major Governmental Funds
$ -	$ 812,143
463,990	1,043,619
	3,924
	546,722
$ 463,990	$ 2,406,408
$ 50,727	$ 52,374
707	7,342
97,174	589,926
	546,722
148,608	1,196,364
315,382	1,235,922
	(25,878)
315,382	1,210,044
$ 463,990	$ 2,406,408

CITY OF TAFT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	High Technology	Traffic Safety	Gas Tax	TDA
REVENUES				
Fines and forfeitures	$ -	$ 7,457	$ -	$ -
Use of money and property	33		1,377	
Intergovernmental			202,317	
Current services charges				
Total revenues	33	7,457	203,694	
EXPENDITURES				
Current:				
General government				
Public safety				
Public works				
Community development				
Capital outlay				
Total expenditures				
Excess of revenues over (under) expenditures	33	7,457	203,694	
OTHER FINANCING SOURCES (USES)				
Transfers out	(64)	(7,457)	(203,694)	
Total other financing sources (uses)	(64)	(7,457)	(203,694)	
Net changes in fund balances	(31)			
Fund balances (deficits), beginning of fiscal year	31	825	26,266	90,382
Prior period adjustments			399	
Fund balances (deficits), beginning of fiscal year, restated	31	825	26,665	90,382
Fund balances (deficits), end of fiscal year	$ -	$ 825	$ 26,665	$ 90,382

Special Revenue Funds						
Business Assistance Grant - EDEF 6534	Business Assistance Grant - EDEF 5878	CDBG	CDBG Home - 6859	Cal Homes Revolving Loan Fund	TARP Revolving Loan	Asset Forfeiture
$ -	$ -	$ -	$ -	$ -	$ -	$ 2,009
					968	649
	10,745		9,205		47,726	656
	10,745		9,205		48,694	3,314
						13,963
8	10,745	(44)	12,521	(1,108)	28,478	
8	10,745	(44)	12,521	(1,108)	28,478	13,963
(8)		44	(3,316)	1,108	20,216	(10,649)
(8)		44	(3,316)	1,108	20,216	(10,649)
(65)		(44)	(4)	(1,108)	95,709	82,919
(65)		(44)	(4)	(1,108)	95,709	82,919
$ (73)	$ -	$ -	$ (3,320)	$ -	$ 115,925	$ 72,270

(Continued)

CITY OF TAFT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Special Revenue Funds			
	Landscape Assessment District	Cal Home 4917	Crime Prevention	Taft Successor Housing
REVENUES				
Fines and forfeitures	$ -	$ -	$ -	$ -
Use of money and property			2,512	1,813
Intergovernmental			100,000	
Current services charges	8,090			
Total revenues	8,090		102,512	1,813
EXPENDITURES				
Current:				
General government				
Public safety			406,919	
Public works	30,393			
Community development		17,110		6,461
Capital outlay				
Total expenditures	30,393	17,110	406,919	6,461
Excess of revenues over (under) expenditures	(22,303)	(17,110)	(304,407)	(4,648)
OTHER FINANCING SOURCES (USES)				
Transfers out				
Total other financing sources (uses)				
Net changes in fund balances	(22,303)	(17,110)	(304,407)	(4,648)
Fund balances (deficits), beginning of fiscal year	(182)	19,106	336,483	585,049
Prior period adjustments				
Fund balances (deficits), beginning of fiscal year, restated	(182)	19,106	336,483	585,049
Fund balances (deficits), end of fiscal year	$ (22,485)	$ 1,996	$ 32,076	$ 580,401

WWTP Special Revenue	Total Non-Major Governmental Funds
$ -	$ 9,466
172	7,524
831,652	1,202,301
111,561	119,651
943,385	1,338,942
630.899	630,899
	420,882
	30,393
	74,171
158,210	158,210
789,109	1,314,555
154,276	24,387
(131,200)	(342,415)
(131,200)	(342,415)
23,076	(318,028)
292,306	1,527,673
	399
292,306	1,528,072
$ 315,382	$ 1,210,044

CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRAFFIC SAFETY SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Fines and forfeitures	$ 20,000	$ 7,457	$ (12,543)
Total revenues	20,000	7,457	(12,543)
OTHER FINANCING SOURCES (USES)			
Transfers out	(20,000)	(7,457)	12,543
Total other financing sources (uses)	(20,000)	(7,457)	12,543
Net change in fund balance			
Fund balance, beginning of fiscal year	825	825	
Fund balance, end of fiscal year	$ 825	$ 825	$ -

CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GAS TAX SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	$ 800	$ 1,377	$ 577
Intergovernmental	251,886	202,317	(49,569)
Total revenues	252,686	203,694	(48,992)
OTHER FINANCING SOURCES (USES)			
Transfers out	(252,686)	(203,694)	48,992
Total other financing sources (uses)	(252,686)	(203,694)	48,992
Net change in fund balance			
Fund balance, beginning of fiscal year	26,266	26,266	
Prior period adjustment		399	399
Fund balance, beginning of fiscal year, restated	26,266	26,665	399
Fund balance, end of fiscal year	$ 26,266	$ 26,665	$ 399

CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ASSET FORFEITURE SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Fines and forfeitures	$ -	$ 2,009	$ 2,009
Use of money and property	1,500	649	(851)
Intergovernmental		656	656
Total revenues	1,500	3,314	1,814
EXPENDITURES			
Current:			
Public safety	3,000	13,963	(10,963)
Total expenditures	3,000	13,963	(10,963)
Excess (deficiency) of revenues over expenditures	(1,500)	(10,649)	(9,149)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,500		(1,500)
Total other financing sources (uses)	1,500		(1,500)
Net change in fund balance		(10,649)	(10,649)
Fund balance, beginning of fiscal year	82,919	82,919	
Fund balance, end of fiscal year	$ 82,919	$ 72,270	$ (10,649)

CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LANDSCAPE ASSESSMENT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Current services charges	$ 8,171	$ 8,090	$ (81)
Total revenues	8,171	8,090	(81)
EXPENDITURES			
Current:			
Public works	8,163	30,393	(22,230)
Total expenditures	8,163	30,393	(22,230)
Net change in fund balance	8	(22,303)	(22,311)
Fund balance (deficit), beginning of fiscal year	(182)	(182)	
Fund balance (deficit), end of fiscal year	$ (174)	$ (22,485)	$ (22,311)

CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WWTP SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	$ -	$ 172	$ 172
Intergovernmental	871,609	831,652	(39,957)
Current services charges	70,000	111,561	41,561
Total revenues	941,609	943,385	1,776
EXPENDITURES			
Current.			
General government	807,602	630,899	176,703
Capital outlay	19,000	158,210	(139,210)
Total expenditures	826,602	789,109	37,493
Excess (deficiency) of revenues over expenditures	115,007	154,276	39,269
OTHER FINANCING SOURCES (USES)			
Transfers in	19,000		(19,000)
Transfers out	(131,200)	(131,200)	
Total other financing sources (uses)	(112,200)	(131,200)	(19,000)
Net change in fund balance	2,807	23,076	20,269
Fund balance, beginning of fiscal year	292,306	292,306	
Fund balance, end of fiscal year	$ 295,113	$ 315,382	$ 20,269

Private-Purpose Trust Funds are used to account for assets and liabilities held by the City of Taft in a trustee capacity.

Capital Projects Fund

This fund is used to account for capital assets and other activities of the former redevelopment agency.

Post RDA Debt Retirement

This fund is used to account for debt retirement related to low and moderate housing activities of the former redevelopment agency

AGENCY FUNDS DESCRIPTION

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.

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CITY OF TAFT
COMBINING STATEMENT OF NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2013

	Capital Projects Fund	Post RDA Debt Retirement	Total
ASSETS			
Cash and investments	$ 10,848	$ 174,068	$ 184,916
Cash and investment with fiscal agents		466,153	466,153
Deferred charges, net		111,895	111,895
Capital assets - nondepreciable	1,698,163		1,698,163
Capital assets - being depreciated	407,116		407,116
Capital assets - accumulated depreciation	(195,594)		(195,594)
Total assets	1,920,533	752,116	2,672,649
LIABILITIES			
Accounts payable	2,703		2,703
Accrued payroll	818	413	1,231
Accrued interest payable		103,095	103,095
Unearned revenue		130,531	130,531
Compensated absences	7,328	5,240	12,568
Advance due to City of Taft		3,215,542	3,215,542
Bonds payable		3,555,000	3,555,000
Total liabilities	10,849	7,009,821	7,020,670
NET POSITION (DEFICIT)			
Restricted for debt service		363,058	363,058
Unrestricted	1,909,684	(6,620,763)	(4,711,079)
Total Net Position (Deficit)	$ 1,909,684	$ (6,257,705)	$ (4,348,021)

CITY OF TAFT
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Capital Projects Fund	Post RDA Debt Retirement	Total
Additions:			
Investment revenue	$ 61	$ 118,644	$ 118,705
Taxes and assessments		370,775	370,775
Transfers in	96,858		96,858
Total additions	96,919	489,419	586,338
Deductions:			
Community development	151,239	103,501	254,740
Interest expense		210,395	210,395
Depreciation	24,595		24,595
Transfers out		96,858	96,858
Total deductions	175,834	410,754	586,588
Change in net position	(78,915)	78,665	(250)
Net Position (Deficit) - July 1, 2012	1,988,599	(6,336,370)	(4,347,771)
Net Position (Deficit) - June 30, 2013	$ 1,909,684	$ (6,257,705)	$ (4,348,021)

CITY OF TAFT
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2013

	Inmate Trust Fund	1997-A Lease Revenue Bond	Total
ASSETS			
Cash and investments	$ 8,812	$ 559	$ 9,371
Cash and investment with fiscal agents		3,255,678	3,255,678
Total assets	$ 8,812	$ 3,256,237	$ 3,265,049
LIABILITIES			
Deposits payable	$ -	$ 159,000	$ 159,000
Due to inmates	8,812		8,812
Due to bondholders		3,097,237	3,097,237
Total liabilities	$ 8,812	$ 3,256,237	$ 3,265,049

CITY OF TAFT
FIDUCIARY FUNDS - AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Inmate Trust Fund	June 30, 2012 Balance	Additions	Reductions	June 30, 2013 Balance
ASSETS				
Cash and investments	$ -	$ 8,812	$ -	$ 8,812
Total assets	$ -	$ 8,812	$ -	$ 8,812
LIABILITIES				
Due to inmates	$ -	$ 8,812	$ -	$ 8,812
Total liabilities	$ -	$ 8,812	$ -	$ 8,812

1997-A Lease Revenue Bond	June 30, 2012 Balance	Additions	Reductions	June 30, 2013 Balance
ASSETS				
Cash and investments	$ 559	$ -	$ -	$ 559
Cash and investments with fiscal agents	3,262,612	1,881,471	(1,888,405)	3,255,678
Total assets	$ 3,263,171	$ 1,881,471	$ (1,888,405)	$ 3,256,237
LIABILITIES				
Deposits payable	$ 159,000	$ -	$ -	$ 159,000
Due to bondholders	3,104,171	1,881,471	(1,888,405)	3,097,237
Total liabilities	$ 3,263,171	$ 1,881,471	$ (1,888,405)	$ 3,256,237

Total	June 30, 2012 Balance	Additions	Reductions	June 30, 2013 Balance
ASSETS				
Cash and investments	$ 559	$ 8,812	$ -	$ 9,371
Cash and investments with fiscal agents	3,262,612	1,881,471	(1,888,405)	3,255,678
Total assets	$ 3,263,171	$ 1,890,283	$ (1,888,405)	$ 3,265,049
LIABILITIES				
Due to bondholders	$ 3,104,171	$ 1,881,471	$ (1,888,405)	$ 3 097,237
Due to inmates		8,812		8,812
Deposits payable	159,000			159,000
Total liabilities	$ 3,263,171	$ 1,890,283	$ (1,888,405)	$ 3,265,049

CITY OF TAFT

MANAGEMENT REPORT
AND
AUDITOR'S COMMUNICATION LETTERS

June 30, 2013

CITY OF TAFT
JUNE 30, 2013

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MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 NORTH CAMDEN DRIVE, SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

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

In planning and performing our audit of the financial statements of the governmental activities, business type activities each major fund, and the aggregate remaining fund information of the City of Taft (City), California, as of and for the fiscal year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the City's internal control to be a significant deficiency. (Finding 2013-1)

During our audit, we noted certain matters involving internal control for your consideration which are designed to assist the City to make improvements and operational efficiencies. (Findings 2013-2 – 2013-5)

The City's written responses to the finding are identified in our audit and described in the current year recommendation section. We did not audit the City's response and, accordingly, we express no opinion on them. In addition, we would be pleased to discuss these recommendations in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing these recommendations.

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This communication is intended solely for the information and use of management of the City of Taft, the members of the City Council, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
March 31, 2014

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 NORTH CAMDEN, SUITE 730
BEVERLY HILLS, CA 90210
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GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

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

We have audited the financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the City of Taft (City), California for the fiscal year ended June 30, 2013, and have issued our report thereon dated March 31, 2014. Professional standards require that we provide you with the information about our responsibilities under auditing standards generally accepted in the United States of America and, if applicable, Government Auditing Standards and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated February 10, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 of the Notes to the basic financial statements. As discussed in Note 1 of the notes to the basic financial statements, effective July 1, 2012, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60 – *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 61 – *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* We noted no transactions entered into by the City during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were: a) determination of the balances included within current and deferred revenue, b) the estimated valuations of employee retirement systems, pension plans and other post-employment benefits, c) the adequacy of protection against settlements or judgments that may exceed pooled or insured coverage, and d) estimated useful economic lives of capital assets.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit
We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. There were no material misstatements detected as a result of audit procedures.

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated March 31, 2014.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the members of the City Council of the City and management of the City of Taft, and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
March 31, 2014

CURRENT YEAR RECOMMENDATION

2013-1 **Significant Deficiency – Repeated in the Current Year**

2013-1 Segregation of Duties and Size of Finance/Accounting Department:

Due to budget constraints the finance/accounting department is operating with minimum personnel, which has caused key finance department personnel to assist other employees in the accounting department. This situation has created an overlap of duties from time to time, such as in the payroll function. Key personnel are also significantly burdened having to work significant overtime to attempt to keep up with the finance/accounting processes. In addition, the closure of the Redevelopment Agency has added reporting burdens to key accounting department personnel. Further, turnover in the finance/accounting department, such as in the payroll function has further tasked the Director of Finance to work with the replacement of such a key position in the accounting function.

Effect:

These additional finance/accounting duties and staff turnover create an accounting environment that increases the opportunity for errors and delayed deadlines.

Recommendation:

Within budget constraints we recommend the City consider this burden for the potential for part-time or full time assistance within the Finance Department to reduce the risk of accounting errors, increase the timeliness of reporting and to assist in additional reporting requirements such "ROPS" schedules and communications to the State of California.

Management's Response:

The City of Taft had to reorganize due to loss of revenue from the closure of the correctional facility. The City is actively pursuing the contract with another agency to reopen the facility. After reopening the facility, the previous position, Accounting Assistant, will be presented to the Personnel Committee to be reestablished, then presented to the Finance Committee to determine if there are sufficient funds for the position. Then if the item is approved by both committees it will be presented to the City Council for approval.

Other

2013-2 Front Desk Cash Controls

We noted the front desk is not required to maintain a log of cash and checks delivered to the front counter for reconciliation with accounting when cash and checks are delivered to accounting for deposit to the financial institutions and input into the accounting system.

Effect:

The opportunity for misappropriation of cash and checks is increased by not having a log to reconcile checks and cash to the accounting deposits and accounting systems.

Recommendation:

Have the front desk make a log of cash and checks and have accounting reconcile this log to receipts provided. In addition, accounting should spot check from time to time the front desk activity to provide a safeguard to Taft cash and checks received.

Management's Response:

The City of Taft will create a log to record all transactions that occur daily at the front desk.

Other Matters (continued)

2013-3 Business Licenses Fees Not Always Checked for Accuracy

During our tests of selected revenues, we noted a business license fee was not computed correctly by the business who submitted the business license paperwork to the City. We also noted the difference was not a significant amount.

Effect:

The possibility of reduced revenue to the City and incorrect business license fee filings increases if such filings are at least not tested on a selected basis.

Recommendation:

Checking computations of business license renewal submissions can increase the accuracy of business license fees submitted to the City and increase compliance with the City fee requirements as well as revenue.

Management's Response:

The City of Taft has made changes in the business license process beginning January 2014, all business license received are reviewed for accuracy in the calculation for amount due, verifying that the total annual gross receipts look reasonable, then calculate the monthly gross receipts, then verify the business has submitted the correct fees and finally verifying that the renewal has been dated and signed. If any information is incorrect or missing the City will return the renewal form along the check and request the information be completed correctly. If all information has been correctly completed then the payment for the renewal will be deposited.

2013-4 Utility Bill Computer Computations

During our tests of utility billings, we noted that certain billings had minor amounts (pennies [one cent to twenty cents]) added as an interest charge to the utility bills perhaps randomly and for unknown reasons by the computer software.

Effect:

These minor amounts of interest added can create incorrect utility billings.

Recommendation:

The City needs to contact the software company to correct this situation and refund or credit any, although not significant, incorrect interest charges added by the computer software.

Management's Response:

Staff will review all utility accounts and any accounts that have charges that are not valid charges, will be corrected and contact the software company to correct the problem.

2013-5 Building Permit Computations

During our tests of building permit fees we noted one building permit calculated incorrectly due to fees not being updated to the current fee schedule in the computer system. This was the result of the computer system not being updated timely for changes in City fees and reliance on fees in the computer system.

Effect:

City revenue is not computed correctly.

Recommendation:

The City needs to make efforts to ensure the timely and accurate updating of building permit computations to ensure proper building permit remittance.

Management's Response:
The City makes every effort to ensure that all new fees are updated timely and accurate. The building / permit fees were increased as of January 1, 2013 and finance staff made all efforts to have the building permit software updated prior to the new fees being enacted, but due to the very quick transition some fees were missed in error. But these issues were corrected in a very short time after the new fees were enacted and soon as it was recognized. The City will continue to ensure that all new fees are updated in a timely manner.

STATUS OF PRIOR YEAR RECOMMENDATIONS

Significant Deficiency

2012-1 Segregation of Duties and Size of Finance/Accounting Department:

Due to budget constraints the finance/accounting department is operating with minimum personnel, which has caused key finance department personnel to assist other employees in the accounting department. This situation has created an overlap of duties from time to time, such as in the payroll function. Key personnel are also significantly burdened having to work significant overtime to attempt to keep up with the finance/accounting processes. In addition, the closure of the Redevelopment Agency has added reporting burdens to key accounting department personnel. Further, turnover in the finance/accounting department, such as in the payroll function has further tasked the Director of Finance to work with the replacement of such a key position in the accounting function.

Effect:

These additional finance/accounting duties and staff turnover create an accounting environment that increases the opportunity for errors and delayed deadlines.

Recommendation:

Within budget constraints we recommend the City consider this burden for the potential for part-time or full time assistance within the Finance Department to reduce the risk of accounting errors, increase the timeliness of reporting and to assist in additional reporting requirements such "ROPS" schedules and communications to the State of California.

Current Status:

Not implemented as the City is still operating with minimum personnel.

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY-TAFT HEIGHTS
SANITATION DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2013

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY-TAFT HEIGHTS
SANITATION DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2013

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MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN DRIVE, SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
City of Taft/Ford City-Taft Heights
Sanitation District
Taft, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Wastewater Treatment Plant of the City of Taft / Ford City-Taft Heights Sanitation District (the WWTP), as of and for the fiscal year ended June 30, 2013, which collectively comprise the WWTP's basic financial statements, as listed in the table of contents, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Wastewater Treatment Plant of the City of Taft / Ford City-Taft Heights Sanitation District, California, as of June 30, 2013, and the respective changes in financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated March 31, 2014, on our consideration of the WWTP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the WWTP's internal control over financial reporting and compliance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the WWTP's basic financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual – Capital Projects Fund is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual – Capital Projects Fund is the responsibility of management and was derived from and relates 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 the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance

with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Moss, Levy & Hartzheim, LLP
Culver City, California
March 31, 2014

GOVERNMENT-WIDE FINANCIAL STATEMENTS

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY - TAFT HEIGHTS SANITATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
ASSETS	
Current Assets:	
Cash and investments	$ 2,868,473
Account receivable	463,990
Interest receivable	26,004
Due from the City of Taft, net	433,105
Total Current Assets	3,791,572
Noncurrent Assets:	
Capital assets:	
Non-depreciable:	
Land	18,750
Construction-in-progress	121,950
Depreciable, net of accumulated depreciation:	
Machinery and equipment	16,290
Structures and improvements	810,623
Total Noncurrent Assets	967,613
Total Assets	4,759,185
LIABILITIES	
Current Liabilities:	
Accounts payable	50,727
Accrued payroll	707
Compensated absences	2,892
Total Current Liabilities	54,326
Total Liabilities	54,326
NET POSITION	
Net investment in capital assets	967,613
Unrestricted	3,737,246
Total Net Position	$ 4,704,859

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

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY - TAFT HEIGHTS SANITATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Funcation/Program	Expenses	Program Revenues			Net (Expense)/Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General government	$ 844,428	$ 111,561	$ 831,652	$ -	$ 98,785
Total Governmental Activities	$ 844,428	$ 111,561	$ 831,652	$ -	98,785
General Revenues:					
Investment earnings					30,336
Total General Revenues					30,336
Change in Net Position					129,121
Net Position, Beginning of Fiscal Year					4,575,738
Net Position, End of Fiscal Year					$ 4,704,859

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

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY - TAFT HEIGHTS SANITATION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	WWTP Capital Projects	WWTP Special Revenue	Total Governmental Funds
ASSETS			
Cash and investments	$ 2,868,473	$ -	$ 2,868,473
Accounts receivable		463,990	463,990
Interest receivable	26,004		26,004
Due from the City of Taft	530,279		530,279
Total Assets	$ 3,424,756	$ 463,990	$ 3,888,746
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ 50,727	$ 50,727
Accrued payroll		707	707
Due to City of Taft		97,174	97,174
Total Liabilities		148,608	148,608
FUND BALANCES			
Unassigned	3,424,756	315,382	3,740,138
Total Fund Balances	3,424,756	315,382	3,740,138
Total Liabilities and Fund Balances	$ 3,424,756	$ 463,990	$ 3,888,746

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

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY - TAFT HEIGHTS SANITATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Fund Balances of Governmental Funds	$	3,740,138
Amounts reported for governmental activities in the statement of net position are different because:		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. This balance reflects WWTP's compensated absences.		(2,892)
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		967,613
Net Position of Governmental Activities	$	4,704,859

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

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY - TAFT HEIGHTS SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	WWTP Capital Projects	WWTP Special Revenue	Total Governmental Funds
REVENUES			
Intergovernmental	$ -	$ 831,652	$ 831,652
Use of money and property	30,164	172	30,336
Charges for services		111,561	111,561
Total Revenues	30,164	943,385	973,549
EXPENDITURES			
Current:			
General government		630,899	630,899
Capital outlay		158,210	158,210
Total Expenditures		789,109	789,109
Excess (Deficiency) of Revenues Over Expenditures	30,164	154,276	184,440
OTHER FINANCING SOURCES (USES)			
Transfers in	131,200		131,200
Transfers out		(131,200)	(131,200)
Total Other Financing Sources (Uses)	131,200	(131,200)	
Net Change in Fund Balances	161,364	23,076	184,440
Fund Balances, Beginning of Fiscal Year	3,263,392	292,306	3,555,698
Fund Balances, End of Fiscal Year	$ 3,424,756	$ 315,382	$ 3,740,138

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

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY - TAFT HEIGHTS SANITATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Net Change in Fund Balances of Governmental Funds		$ 184,440
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 Balances 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:		
Depreciation	$ (55,279)	(55,279)
Debt repayments are reported as 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. This amount reflects the difference between compensated absences accrued and compensated absences paid for the period.		(40)
Change in Net Position of Governmental Activities		$ 129,121

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The primary function of this organization is the operation and maintenance of the sewer treatment facility serving the City of Taft (the City) and the Ford City-Taft Heights Sanitation District. In accordance with the terms of the "Joint Exercise of Powers Agreements" between the City of Taft, Taft Heights, and Ford City Sanitation District dated May 29, 1950, amended of March 7, 1966, restated April 24, 1972, and restated August 21, 1991, covering the "Joint Sewage Project – 1972," the City of Taft was designated to act on its own behalf and on behalf of each of the other agencies, to operate and maintain the Wastewater Treatment Plant (WWTP). All costs to operate and maintain the facilities shall be paid by the City of Taft and the other agencies in the following cost share ratios:

52 percent shall be paid by the City of Taft
19 percent shall be paid by the Taft Heights Sanitation District
29 percent shall be paid by the Ford City Sanitation District

The WWTP has access to the services and facilities of the City and the City's staff. The City assists the WWTP in the planning, financing, acquisition, construction, and maintenance or operation of the activities undertaken by the WWTP in accordance with the agreements and the applicable state and federal law. The costs incurred and paid by the City on behalf of the WWTP may include a part of the salaries and benefits of the City officers and employees who performed services for the WWTP, and are reimbursed by the WWTP.

The financial statements of the WWTP have been prepared in accordance with accounting principles generally accepted in the United States of America (USGAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant of the accounting principles are described below:

A. Reporting Entity

The City of Taft operates the WWTP pursuant to the Joint Exercise of Powers Agreement noted above. The WWTP is not a separate legal entity and therefore is not included as a component unit of the City. Because of the City's oversight responsibilities, the funds of the WWTP are included within the fund structure of the City. The financial statements of the WWTP do not purport to, and do not, present fairly the financial position of the City of Taft as a whole or the Ford City or Taft Heights Sanitation Districts as a whole.

B. Fund Accounting

The accounts of the Wastewater Treatment Plant 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. 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 WWTP uses two funds as follows:

Capital Projects Fund – the Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Special Revenue Fund – the Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting/Measurement Focus

Consistent with the City's implementation of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments,* the WWTP financial statements report information on both the accrual and modified accrual basis of accounting. The differences between the two presentations are discussed below.

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the WWTP's assets and liabilities, including capital assets are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized when the liability is incurred. Interfund activities (such as transfers) are eliminated from these statements.

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance for each fund. A separate statement is presented to report the differences in fund balance as presented in these statements to the net assets presented in the Statement of Net Position. 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 resources. Governmental fund operating statements present a summary of sources and uses of available resources during a period by presenting increases and decreases in net position. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they 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 fiscal year end) are recognized when due. Revenues susceptible to accrual are investment earnings and assessments from member governments.

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.

D. Budgetary Policy and Control

1. General Budget Policies

The Taft City Council approves each fiscal year's budget for the WWTP as part of the overall City budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings 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 program areas. Transfers of operating budget appropriations between program areas 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Policy and Control (Continued)

2. General Budget Policies

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 that is the program area – total for all funds. Formal budgetary integration is employed as a management control device during the fiscal year for the Governmental Funds.

3. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances do not constitute expenditures or liabilities.

E. Cash/Investment Policy

In order to maintain an effective investment program, all cash is pooled with the cash and investments of the City of Taft and amounts not required for day-to-day financial transactions are invested as approved by the Taft 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. Investments are carried at fair value.

F. Capital Assets and Depreciation

Capital assets, which include land, buildings, infrastructure, machinery, and equipment, are reported in the Statement of Net Position. Capital assets are defined 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. Donated capital assets are valued at their estimated fair value on the date donated.

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 lives of these assets. The amount charged to depreciation expense each fiscal year represents that fiscal 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 a reduction in the book value of the capital assets. The WWTP has assigned the useful lives listed below to capital assets.

Structures and improvements	20-40 years
Machinery and equipment	5-20 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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.

H. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the WWTP'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 projects or purposes.

I. New Accounting Pronouncements

Governmental and Business -Type Activities

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. In the Government-wide financial statements net position is classified as either net investment in capital assets, restricted, or unrestricted.

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

When both restricted and unrestricted net position are available, restricted resources are depleted first before the unrestricted resources are used.

NOTE 2 – CASH AND INVESTMENTS

The WWTP's cash and investments are pooled with the funds of the City for deposit and investment purposes. Interest on pooled cash and investments is credited to the funds based on each prospective fund's average cash balance at each quarter end. Detailed information concerning the City of Taft's pooled cash and investments can be found in the City's Annual Financial Report for the fiscal year ended June 30, 2013. The WWTP's cash and investments balance at June 30, 2013 is $2,868,473.

The WWTP's cash and investments are held within the City of Taft's investment pool. As the WWTP does not hold specific investments or deposits in its name, the cash and investments are not evidenced by deposits or securities that exist in physical or book entry form.

NOTE 3 – CAPITAL ASSETS

During the fiscal year ended June 30, 2013, the following changes in capital assets occurred:

Governmental Activities	Beginning Balance July 1, 2012	Additions	Deletions	Ending Balance June 30, 2013
Capital Assets Not Being Depreciated:				
Land	$ 18,750	$ -	$ -	$ 18,750
Construction in Progress	121,950			121,950
Total Capital Assets Not Being Depreciated	140,700			140,700
Capital Assets, Being Depreciated:				
Machinery and equipment	348,003		(63,578)	284,425
Structures and improvements	2,696,723			2,696,723
Total Capital Assets Being Depreciated	3,044,726		(63,578)	2,981,148
Less Accumulated Depreciation For:				
Machinery and equipment	(322,451)	(9,262)	63,578	(268,135)
Structures and improvements	(1,840,083)	(46,017)		(1,886,100)
Total Accumulated Depreciation	(2,162,534)	(55,279)	63,578	(2,154,235)
Total Capital Assets, Being Depreciated, Net	882,192	(55,279)		826,913
Governmental Activities Capital Assets, Net	$ 1,022,892	$ (55,279)	$ -	$ 967,613

Depreciation expense of $55,279 was charged to general government on the Statement of Activities for the fiscal year ended June 30, 2013.

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers as of June 30, 2013 were as the following:

Fund	Transfers in	Transfers out
WWTP Capital Projects	$ 131,200	$ -
WWTP Special Revenue		131,200
Total	$ 131,200	$ 131,200

The transfer into the Special Revenue Fund is for building a reserve that will be used at a future date for large maintenance projects and/or reconstruction of the facility. This is an agreed upon amount between all District members.

NOTE 5 – COMPENSATED ABSENCES

During the fiscal year ended June 30, 2013, the following changes occurred in the governmental activities compensated absences:

Governmental Activities	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due in One Year
Compensated Absences	$ 2,852	$ 40	$ -	$ 2,892	$ 2,892
Total governmental activities long-term debt	$ 2,852	$ 40	$ -	$ 2,892	$ 2,892

Compensated Absences

The short-term portion of 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, and which is expected to be paid during the next fiscal year. The long-term portion is recorded only in the Statement of Net Position. As of June 30, 2013 all compensated absences are all current.

NOTE 6 – NET POSITION/FUND BALANCES

Net position is divided into three captions. These captions apply to net position as determined at the government-wide level and are described below:

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

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. These principally include debt service requirements.

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

Fund balances are divided into five classifications based primarily on the extent to which the WWTP is bound to observe constraints imposed upon the use if the resources in the governmental funds. The classifications are as follows:

1. Nonspendable Fund Balance
   That portion of a fund balance that includes amounts that cannot be spent because they are either (a) not in a spendable form, such as prepaid items, inventories of supplies, or loans receivable: or (b) legally or contractually required to be maintained intact, such as the principal portion of an endowment. This category was traditionally reported as a "reserved" fund balance under the old standard.

NOTE 6 – NET POSITION/FUND BALANCES (Continued)

2. Restricted Fund Balance
   That portion of a fund balance that reflects constraints placed in the use of resources (other than nonspendable items) that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. This category was traditionally reported as a "reserved" fund balance under old standard.

3. Committed Fund Balance
   That portion of a fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, and remain binding unless removed in the same manner. This category was traditionally reported as a "designated" fund balance under the old standard.

4. Assigned Fund Balance.
   That portion of a fund balance that includes amounts that are constrained by the government's intent to be used for specific purposes, but that are neither restricted no committed. Such intent needs to be established at either the highest level of decision making, or by an official designated for that purpose. This category was traditionally reported as a "designated" fund balance under the old standard.

   Enabling legislation authorizes the WWTP to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirements that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the WWTP can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

5. Unassigned Fund Balance
   That portion of a fund balance that includes amounts that do not fall into one of the above categories. The General Fund is the only fund that should report this category of fund balance. This category was traditionally reported as an "undesignated" fund balance under the old standard.

NOTE 7 – DUE TO AND DUE FROM THE CITY OF TAFT

As of June 30, 2013, the WWTP has a due from the City of Taft balance of $530,279 and a due to balance of $97,174 which on the statement of net position is $433,105, net.

NOTE 8 – SUBSEQUENT EVENTS

The WWTP has evaluated subsequent events through the date the financial statements were available to be issued which is March 31, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY - TAFT HEIGHTS SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Use of money and property	$ -	$ -	$ 172	$ 172
Intergovernmental	871,609	871,609	831,652	(39,957)
Charges for services	70,000	70,000	111,561	41,561
Total Revenues	941,609	941,609	943,385	1,776
EXPENDITURES				
Current:				
General government	810,409	807,602	630,899	176,703
Capital outlay	19,000	19,000	158,210	(139,210)
Total Expenditures	829,409	826,602	789,109	37,493
Excess (Deficiency) of Revenues Over Expenditures	112,200	115,007	154,276	39,269
OTHER FINANCING SOURCES (USES)				
Transfers in	19,000	19,000		(19,000)
Transfers out	(131,200)	(131,200)	(131,200)	
Total other financing sources (uses)	(112,200)	(112,200)	(131,200)	(19,000)
Net Change in Fund Balance		2,807	23,076	20,269
Fund Balance, Beginning of Fiscal year	292,306	292,306	292,306	
Fund Balance, End of the Fiscal Year	$ 292,306	$ 295,113	$ 315,382	$ 20,269

OTHER SUPPLEMENTARY INFORMATION

WASTEWATER TREATMENT PLANT
CITY OF TAFT / FORD CITY - TAFT HEIGHTS SANITATION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	$ 46,000	$ 30,164	$ (15,836)
Total Revenues	46,000	30,164	(15,836)
EXPENDITURES			
Capital outlay	177,200		177,200
Total Expenditures	177,200		177,200
Excess (Deficiency) of Revenues Over Expenditures	(131,200)	30,164	161,364
OTHER FINANCING SOURCES (USES)			
Transfers in	131,200	131,200	
Total other financing sources (uses)	131,200	131,200	
Net Change in Fund Balance		161,364	161,364
Fund Balance, Beginning of Fiscal Year	3,263,392	3,263,392	
Fund Balance, End of the Fiscal Year	$ 3,263,392	$ 3,424,756	$ 161,364

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CITY OF TAFT

CITY OF TAFT

SINGLE AUDIT REPORT

For the Fiscal Year Ended June 30, 2013

City of Taft

Single Audit Report
For the Fiscal Year Ended June 30, 2013
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MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN DR., SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 E. HANNUM AVE, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Taft (City), California, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The results of our tests disclosed one significant deficiency in internal control over financial reporting which is listed in the accompanying schedule of findings and questioned costs as 2013-1.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the City, in a separate letter dated March 31, 2014.

City's Responses to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
March 31, 2014

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
433 N. CAMDEN DR, SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
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CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Taft's (City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Taft complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2013.

OFFICES: BEVERLY HILLS · CULVER CITY · SANTA MARIA

MEMBER AMERICAN INSTITUTE OF C.P.A.'S · CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS · CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Taft as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 31, 2014, which contained unmodified opinions on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
March 31, 2014

City of Taft
Single Audit Report
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2013

Federal Grantor/ Pass - Through Grantor Program Title	Federal CFDA Number	Pass-Through Program Number	Federal Expenditures
U.S. Department of Transportation:			
Passed through the State of California Department of Transportation:			
Transportation Cluster			
Job Access and Reverse Commute (JARC) Grant	20.509	Section 5316	$ 200,000 *
New Freedom Grant	20.521	Section 5317	125,000 *
Total Transportation Cluster			325,000
Federal Highway Administration (FHWA) - Highway Planning and Construction			
Passed through the State of California Department of Transportation:			
Highway Planning and Construction - 10th Street Kern to Ash	20.205	STPL 5193 (31)	428,461 *
Highway Planning and Construction - 6th Street Kern to Warren	20.205	STPL 5193 (XX)	4,738 *
Highway Planning and Construction - Safe Routes to Schools	20.205	SRTSLNI - 5193	24,289 *
Highway Planning and Construction - Congestion Management and Air Quality (CMAQ)	20.205	CML-5193	18,176 *
Passed through the Kern County Council of Governments:			
TDA Rails to Trails	20.205	MO#09-01, MO#10-3 and MO#11-01	301,977 *
			777,641
Total U.S. Department of Transportation			1,102,641
U.S. Department of Housing and Urban Development:			
Passed through programs from the State of California			
Community Development Block Grant	14.228	08-EDEF 5878	10,745
Community Development Block Grant	14.228	09-EDEF 6534	31
Community Development Block Grant	14.228	Housing Revolving Loan Fund- CDBG	23,632
Community Development Block Grant	14.228	Housing Revolving Loan Fund	8,808
Community Development Block Grant	14.228	Business Loan Revolving Loan Fund - EDBG	28,477
Community Development Block Grant	14.228	10-6859	12,520
Total U.S. Department of Housing and Urban Development			84,213
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,186,854

* Denotes major programs

See accompanying notes to schedule of expenditures of federal awards.

NOTE 1 – REPORTING ENTITY

The financial reporting entity consists of (a) the primary government, City of Taft (City), and (b) component unit which includes an organization for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component unit of the City is:

- Wastewater Treatment Plant of the City of Taft/Ford City-Taft Heights Sanitation District

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Basis of Accounting

Funds received under various grant programs have been recorded within the general fund, special revenue funds, and capital project funds of the City. The City utilizes the modified accrual method of accounting, whereby grant revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred.

Schedule of Expenditures of Federal Awards

The accompanying schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the State of California and Kern County, California are also included in the schedule.

The schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of the City's operations.

NOTE 3 – PROGRAM DESCRIPTIONS

U.S. Department of Housing and Urban Development

Community Development Block Grant (CDBG)

The Community Development Block Grant (CDBG) Program was authorized under Title I of the Housing and Community Development Act of 1974. The primary objective of the CDBG Program is the development of viable urban communities, including adequate housing, a suitable living environment, and expansion of economic opportunities principally for persons of low to moderate income. Under this program, the Department of Housing and Urban Development (HUD) distributes funds based upon approved applications to eligible local governmental units for the purpose of community improvement and betterment. The City uses CDBG funds to finance a comprehensive home improvement program that assists low and moderate income residents through low interest subsidies and deferred loans.

NOTE 3 – PROGRAM DESCRIPTIONS (Continued)

U.S. Department of Transportation

Transportation Cluster

The objectives of these grants are to improve, or continue public transportation service in non-urbanized areas and to provide technical assistance for rural transportation providers. The funds may be used for eligible capital expenses, project administration, and operating expenses needed to provide efficient and coordinated public transportation service in non-urbanized areas. Also, another objective is are to provide for eligible capital costs transit related projects to improve transit. Certain funds were allocated or used for purchase of bus shelters, minivans, buses, and radios. For urbanized areas with populations under 200,000, funds may be used to finance transit operating costs. Recipients of these grants are required to make information available to the public and to publish a program of projects to afford affected citizens opportunities through public hearings to submit comments on the proposed program and the performance of the recipient.

Highway Planning and Construction

This grant is awarded to assist State transportation agencies in the planning and development of an integrated, interconnected transportation system important to interstate commerce and travel by constructing and rehabilitating the National Highway System (NHS); and for transportation improvements to most other public roads; to provide aid for the repair of Federal-aid highways following disasters; to foster safe highway design; to replace or rehabilitate deficient or obsolete bridges; and to provide for other special purposes. Federal-aid highway funds are generally apportioned by statutory formulas to the States. They are generally restricted to roads open to the public and not functionally classified as rural minor collectors or local roads. Exceptions to this highway functional classification restriction include: planning and research activities, bridges, bicycle and pedestrian paths, and safety improvements that may be on any public road, non-motorized transportation, the FLTP, and public transportation improvement. For highway projects, funds may be used for environmental studies, engineering and design services, right-of-way acquisition and relocation assistance, and construction for capital improvement projects classified as new construction, reconstruction, restoration, rehabilitation, and resurfacing, or for functional, geometric, or safety reasons. Funds may also be used for planning; research, development, and technology transfer; intelligent transportation systems projects; roadside beautification; wetland and natural habitat mitigation; traffic management and control improvements; improvements necessary to accommodate other transportation modes; development and establishment of transportation management systems; billboard removal; construction of bicycle facilities and pedestrian walkways; fringe and corridor parking; car pool and van pool projects; transportation alternatives and enhancements such as scenic and historic highway improvements; and recreational trails. Funds generally cannot be used for routine highway operational activities.

CITY OF TAFT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	**Unmodified**			
Internal control over financial reporting:				
Material weakness(es) identified?	_____	Yes	X	No
Significant deficiency(ies) identified not considered to be material weaknesses?	X	Yes	_____	None reported
Noncompliance material to financial statements noted?	_____	Yes	X	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	_____	Yes	X	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	Yes	X	None reported
Type of auditor's report issued on compliance for major programs:	**Unmodified**			
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510 (a)	_____	Yes	X	No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
20.509, 20.521	Transportation Services Program Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	**$ 300,000**			
Auditee qualified as low-risk auditee:	_____	Yes	X	No

Section II – Finding– Financial Statement Audit

2013-1 Significant Deficiency – Repeated in the Current Year

2013-1 Segregation of Duties and Size of Finance/Accounting Department:

Due to budget constraints the finance/accounting department is operating with minimum personnel, which has caused key finance department personnel to assist other employees in the accounting department. This situation has created an overlap of duties from time to time, such as in the payroll function. Key personnel are also significantly burdened having to work significant overtime to attempt to keep up with the finance/accounting processes. In addition, the closure of the Redevelopment Agency has added reporting burdens to key accounting department personnel. Further, turnover in the finance/accounting department, such as in the payroll function has further tasked the Director of Finance to work with the replacement of such a key position in the accounting function.

Effect:

These additional finance/accounting duties and staff turnover create an accounting environment that increases the opportunity for errors and delayed deadlines.

Recommendation:

Within budget constraints we recommend the City consider this burden for the potential for part-time or full time assistance within the Finance Department to reduce the risk of accounting errors, increase the timeliness of reporting and to assist in additional reporting requirements such "ROPS" schedules and communications to the State of California.

Management's Response:

The City of Taft had to reorganize due to loss of revenue from the closure of the correctional facility. The City is actively pursuing the contract with another agency to reopen the facility. After reopening the facility, the previous position, Accounting Assistant, will be presented to the Personnel Committee to be reestablished, then presented to the Finance Committee to determine if there are sufficient funds for the position. Then if the item is approved by both committees it will be presented to the City Council for approval.

Section III – Findings and Questioned Costs – Major Federal Award Program Audit

None reported in the current fiscal year.

Section IV – Status of Prior Year Findings and Questioned Costs

Significant Deficiency

2012-1 Segregation of Duties and Size of Finance/Accounting Department:

Due to budget constraints the finance/accounting department is operating with minimum personnel, which has caused key finance department personnel to assist other employees in the accounting department. This situation has created an overlap of duties from time to time, such as in the payroll function. Key personnel are also significantly burdened having to work significant overtime to attempt to keep up with the finance/accounting processes. In addition, the closure of the Redevelopment Agency has added reporting burdens to key accounting department personnel. Further, turnover in the finance/accounting department, such as in the payroll function has further tasked the Director of Finance to work with the replacement of such a key position in the accounting function.

Effect:

These additional finance/accounting duties and staff turnover create an accounting environment that increases the opportunity for errors and delayed deadlines.

Recommendation:

Within budget constraints we recommend the City consider this burden for the potential for part-time or full time assistance within the Finance Department to reduce the risk of accounting errors, increase the timeliness of reporting and to assist in additional reporting requirements such "ROPS" schedules and communications to the State of California.

Current Status:

Not implemented as the City is still operating with minimum personnel.

City of Taft Agenda Report

DATE: **AUGUST 19, 2014**

TO: **MAYOR LINDER AND COUNCIL MEMBERS**

AGENDA MATTER:

CITY INVESTMENT POLICY ANNUAL REVIEW

SUMMARY STATEMENT:

California Government Code Section 53646(a)(2) requires local government to review and consider changes to its Statement of Investment Policy annually at a public meeting.

On August 14, 2014 the Taft City Finance Committee reviewed its Statement of Investment Policy to comply with the Government Code Section 53646(a)(2). No changes were requested.

Attached are the City's current Statement of Investment Policy and Broker/Dealer Questionnaire and Certification.

RECOMMENDED ACTION:

Motion to concur with the Finance Committee's recommendation to adopted the policy with no changes.

IMPACT ON BUDGET (Y/N): No

ATTACHMENT (Y/N): Yes, Investment Policy and Broker/Dealer Questionnaire and Certification.

PREPARED BY: *Teresa Binkley. Finance Director*

REVIEWED BY:

CITY CLERK	FINANCE DIRECTOR	CITY MANAGER

Taft

POLICIES AND PROCEDURES MANUAL: ADMINISTRATION

Subject: STATEMENT OF INVESTMENT POLICY

INTRODUCTION

The purpose of this document is to identify various policies and procedures that enhance opportunities for the prudent and systematic investment of public money and to formalize the City's investment-related activities.

Such activities, which collectively constitute a comprehensive cash management program, include revenue collection, disbursements control, cost effective banking relations and a short-term borrowing program which coordinates working capital requirements and investment opportunity acting in concert with the many facets of an appropriate and secure short-term investment program.

SCOPE

It is intended that this policy cover all funds and investment activities of the General Fund, Special Revenue Funds, Capital Projects Funds, Enterprise Funds, and Fiduciary Funds of the City of Taft and the Taft Community Development Agency. Funds held in a City-approved deferred compensation plan and in employee pension plans are not governed by this policy.

PRUDENCE

Investments shall be made with judgment and care--under circumstances then prevailing--which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

OBJECTIVES

The City strives to maintain the level of investment of all idle funds as near 100% as possible, through the optimum operation of its cash management system which is designated to accurately monitor and forecast expenditures and revenues.

CRITERIA FOR SELECTING INVESTMENT

1. SAFETY: It is the primary duty and responsibility of the Treasurer to protect, preserve and maintain cash and investments placed in his/her trust on behalf of the citizens of the community.

2. LIQUIDITY: An adequate percentage of the portfolio should be maintained in liquid short-term securities which can be converted to cash if necessary to meet disbursement requirements. Since all cash requirements cannot be anticipated, investments in securities with active secondary or resale markets is highly recommended. Emphasis should be on marketable securities with low sensitivity to market risk.

3. YIELD: The potential dollar earnings an investment can provide, and also is sometimes described as the rate of return. Yield should become a consideration only after the basic requirements of safety and liquidity have been met.

4. MARKET-AVERAGE RATE OF RETURN: The investment portfolio shall be designed to attain a market average rate of return throughout budgetary and economic cycles, taking into account the agency's risk constraints, the cash flow characteristics of the portfolio, and State and Local laws, ordinances or resolutions that restrict investments.

5. DIVERSIFICATION: The investments portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.

6. PUBLIC TRUST: All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

DELEGATION OF AUTHORITY

Authority to manage the City of Taft's investment program is derived from Resolution No. 2135-93 adopted by the City Council on July 6, 1993. Management responsibility for the investment program is hereby delegated to the City Treasurer and/or his/her Designee, who shall establish written procedures for the

operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, PSA repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Treasurer. The City Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

REPORTING

The Treasurer shall submit a monthly investment report to the Governing Body. This report will include all required elements of the monthly report as prescribed by Government Code Section 53646.

Required elements of the monthly report:

1. Type of investment.
2. Institution.
3. Date of maturity.
4. Amount of deposit or cost of the security and par value.
5. Market value of investments as of the date of the report and the source of the stated value.
6. Rate of interest.
7. Statement that investments conform to the Investment Policy or the manner in which the investments are not in conformance with the Investment Policy.
8. Statement that there are sufficient funds to meet the next six (6) months' obligations.
9. Weighted average maturity of the investments.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness, who maintain an office in the State of California. These may include "primary" dealers that qualify under

Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule). No public deposit shall be made except in a qualified public depository as established by California laws.

All brokers and dealers will inform the City Council, in writing, of any investment decisions which they believe were not advisable but were asked to execute by a City official or agent.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must have filed with the City Treasurer the following: audited financial statements, proof of National Association of Security Dealers certification, and certification of having read the City of Taft's investment policy. See attached questionnaire and certification form.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Treasurer.

A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the City of Taft invests.

CONFLICT OF INTEREST

The Treasurer and all other officials and/or agents, who procure investments on the City's behalf, shall disclose to the City Manger any financial interest or business relationship they may have with an institution or broker who is conveying an investment instrument to the City. Such notification shall occur before the City acquires the investment. Brokers and investment bankers will disclose all fee sharing arrangements with the City Manager prior to investments being acquired.

INVESTMENT INSTRUMENTS

The City of Taft operates its temporary pooled idle cash investments under the prudent man rule. This affords the City a broad spectrum of investment opportunities as long as the investment is deemed prudent and is allowable under current legislation of the State of California (Government Code Section 53600 et seq.)

Investment may be made in the following media:

1. United States Treasury Bills, Bonds and Notes, or those for which the full faith and credit of the United States are pledged for payment of principal and interest. The City shall not invest in any United States security that exceeds five-years of maturity.

2. Obligations issued by the United States Government Agencies such as, Securities issued and backed as to payment by one of the following Government Sponsored Entities (GSE's):

   a) Federal Farm Credit Bank
   b) Federal Home Loan Bank.

3. Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loans.
4. Negotiable Certificates of Deposit.
5. Local Agency Investment Fund (State Pool) Demand Deposit.
6. Passbook Savings Accounts.
7. County Pooled Funds.
8. "NOW" Demand Deposits.

The City of Taft will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the entity's total investment portfolio will be invested in a single security type or with a single financial institution. Investment in derivatives is not permitted.

MATURITIES

Security purchases and holdings shall be maintained within statutory limits imposed by the Government Code. Current limits are:

Permitted Investments/Deposits	Percentages	Maximum Maturity
US Government Treasury Securities	Unlimited	5 years*
Certificates of Deposits	Unlimited	5 years*
Negotiable Certificates of Deposit	30%	5 years*
LAIF	15MM**	n/a
Passbook Deposits	---	n/a
County Pooled Funds	50%	n/a

* Maximum term unless expressly authorized by Governing Body and within the prescribed time frame for said approval.

** Limit set by LAIF Governing Board, not Government Code.

BOND PROCEEDS

The investment of bond proceeds will not be governed by this policy, but will be governed by City Council approved documents. Upon the City Council authorizing a bond issue, the investment banker or financial advisor will inform the City Council all investments in the bond documents which deviate from this policy.

COLLATERALIZATION

Collateralization will be required on two types of investments: certificates of deposit and repurchase (and reverse) agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be one hundred ten percent (110%) of mortgages or one hundred three percent (103%) of government securities of market value of principal and accrued interest. (Government Code Section 53652.)

The City of Taft chooses to limit collateral to government securities or first deed mortgages.

Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained.

INTERNAL CONTROLS

The Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

SAFEKEEPING AND CUSTODY

All security transactions, including collateral for repurchase agreements, entered into by the City of Taft shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

STATEMENT OF INVESTMENT POLICY

The Statement of Investment Policy shall be reviewed and submitted annually to the City Council.

CITY OF TAFT

OFFICE OF THE CITY TREAURER

BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION

Section I: Statement of Position and General Requirements

The City of Taft (the "City") is a statutory (home rule) Government operating under the laws of the State of California. The City manages an operational portfolio ranging in size from $500,000.00 to $15,000,000.00, which is comprised mainly of U.S. Treasury and Agency obligations as well as selected money market instruments. The City has adopted a written investment policy that regulates the standards and procedures used in its cash management activities. A copy of the Investment policy is provided with this document.

The City maintains relationships with qualified members of the broker/dealer community who, in their opinion, understands the needs, constraints, and goals of the City.

The City will notify broker/dealers of their approval in writing. No transactions will be conducted with an approved broker/dealer until all paperwork required by both parties has been executed. The City solicits competitive bids and offers on the majority of its transactions. City personnel will review and substantiate all information and references requested in the document; therefore, please answer all questions as thoroughly as possible.

Section II – Part I: Request for General Information from Broker/Dealer Candidate

1. Name of firm _____

2. Address – Local _____

Headquarters _____

_____

_____

3. Telephone – Local ( ) _____

Headquarters ( ) _____

4. Contact personnel: (provide an attachment if more space is required)

Name _____

Title _____

Telephone _____

Name _____

Title _____

Telephone _____

4a. Provide background information concerning the account representatives listed in No. 4 above. Please include information on the individual's employment history as it relates to the securities industry, official licenses and certificates, the history and details of any disciplinary actions or complaints and the disposition of each as well as the history of any arbitration or litigation, the nature of the case and status or disposition.

5. Please provide the following information regarding at least four comparable clients with whom any of the representatives listed in No. 4 has an established relationship. We would prefer public sector clients in our geographical area, if possible.

Client Name _____

Address _____

Person to Contact/ _____

Telephone _____

Length of relationship _____

Client Name _____

Address _____

Person to Contact/ _____

Telephone _____

Length of relationship _____

Client Name _____

Address _____

Person to Contact/ _____

Telephone _____

Length of relationship _____

Client Name _____

Address _____

Person to Contact/ _____

Telephone _____

Length of relationship _____

6. Has/have the representative(s) listed in No. 4 been authorized by the firm to be account representative(s) for the City of Taft?

Yes _____ No _____

If Yes, by whom? _____

7. Please list the name and title of the immediate supervisor of the account representative(s) named in your response to No. 4 above.

1. _____

2. _____

3. _____

4. _____

8. Is your firm a member of NASD? Yes _____ No _____

If not, why? _____

9. Place an "X" by each regulatory agency that your firm is examined by and/or subject to its rules and regulations:

FDIC ____ SEC ____ NYSE _____

Comptroller of Currency _____ Federal Reserve System _____

10. Have you obtained all required licenses to operate as a broker/dealer in the State of California?

Yes _____ No _____

11. If you are not a Bank, please provide the following information regarding your principal banking relationship.

Bank Name _____

Address _____

Bank Contact _____

Telephone _____

Length of Relationship _____

12. Place and "X" by each of the instruments below in which you make an active market (both buy and sell):

T-Bills	_____	T-Notes	_____
BA-Domestic	_____	BA-Foreign	_____
Commercial Paper	_____	Medium Term Notes	_____
Repurchase Agreements	_____	Reverse Repo	_____

Federal Agencies-please specify below

_____

13. Does your firm specialize in any of the instruments listed above? If so, please specify which ones.

_____

_____

Section II – Part II: Request for Broker/Dealer Candidate Disclosure

To the best of your knowledge, has there been any "material" litigation, arbitration or regulatory proceedings, either pending, adjudicated or settled, that your firm has been subject to within the last five years that involved issues concerning the suitability of the sale or purchase of securities to institutional clients or fraudulent or unfair practices related to the sale of securities to a client? If so, please describe each such matter briefly. For purposes of this section, proceedings are "material" if your independent accountant applying generally accepted accounting principles determines that such proceedings required disclosure on your financial statements.

14. Please provide certified audited financial statements for the last three years. In addition, for those dealers preparing and submitting financial statements to the following organizations, please provide publicly available financial documents file with these agencies for the previous two years.

National Association of Securities Dealers

Securities and Exchange Commission

New York Stock Exchange

Federal Deposit Insurance Corp.

Section III: Certification

I hereby certify that I have personally read the City of Taft's Investment Policy and the California Government Codes pertaining to the investments of the City of Taft; that the above information is true and correct to the best of my knowledge; and that I am authorized to execute this request for information on behalf of _____ _____(name of firm).

Signed _____

Print Name _____

Title _____

Date _____

Counter signature by Company president or person in charge of government securities operations

Signed _____

Print Name _____

Title _____

Date _____

GLOSSARY

AGENCIES - Agencies of the Federal government set up to supply credit to various classes of institutions (e.g. S&L's, Small business firms, students, farmers, housing agencies, etc.)

ASK/OFFER - The price at which securities are offered. (The price at which a firm will sell a security to an investor.)

BANKERS ACCEPTANCE (BA) - A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BASIS POINT - One one-hundredth of a percent (i.e. 0.01%)

BEAR MARKET - A period of generally pessimistic attitudes and declining market prices.

BOND EQUIVALENT YIELD - The basis on which yields on notes and bonds are quoted.

BROKER/DEALER - Individual or firm acting as principal in securities transaction.

BULL MARKET - A period of generally optimistic attitudes and increasing market prices.

CALLABLES - Securities that the issuer has the right to redeem prior to maturity.

CERTIFICATE OF DEPOSIT (CD) - A time deposit with a specific maturity evidenced by a certificate. Large denomination CD's are typically negotiable.

CMT - Constant Maturity Treasury

COLLATERAL - Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

CORPORATE MEDIUM TERM NOTE - A security issued by a corporation doing business in the U.S. with a maturity not to exceed five years.

COUPON - a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value; b) A certificate attached to a bond evidencing interest due on a payment date.

DEBENTURE - A bond secured only by the general credit of the issuer.

DELIVERY VS PAYMENT - Deliver of securities with a simultaneous exchange of money.

DERIVATIVES - Financial products that are dependent for their value on (or derived from) an underlying financial instrument, a commodity, or an index representing values of groups of such instruments or assets.

DIVERSIFICATION - Dividing investment funds among a variety of securities offering independent returns.

FEDERAL FUND RATE - The rate of interest associated with borrowing a Federal Reserve bank's excess reserves. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL OPEN MARKET COMMITTEE (FOMC) - Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other presidents serve on a rotating basis. The committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

INTERNAL RATE OF RETURN - Rate of return over the life of a security.

LOCAL AGENCY INVESTMENT FUND (LAIF) - The aggregate of all funds from political subdivisions that are place in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE - The price at which a security is trading, usually the liquidation value.

OPEN MARKET OPERATIONS - Federal Reserve activity. Under the Federal Reserve Act, the Fed uses purchases and sales of Government and Federal Agency securities to add to or subtract from commercial bank reserves. Goals are to sustain economic growth, high employment and reasonable price stability.

PAPER GAIN OR LOSS - Term used for unrealized gain or loss on securities being held in a portfolio based on comparison of current market quotes and their original cost. This situation exists as long as the security is held while there is a difference between market value and the purchase price.

PRIMARY DEALER - A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker/dealers, banks and a few unregulated firms.

RATE OF RETURN - The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity; on a bond, the current income return.

SAFEKEEPING - The service provided by banks and trust companies for clients when the bank or trust company stores the securities, takes in coupon payments, and redeems issues at maturity.

SPREAD - a) The yield or price difference between the bid and offer on an issue; b) The yield or price difference between different issues.

SWAP - The sale of one issue and the simultaneous purchase of another for some perceived advantage.

TREASURY BILLS - A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

TREASURY BONDS - Long-term U.S. Treasury securities having initial maturities of more than ten years.

TREASURY NOTES - Intermediate-term coupon bearing U.S. Treasury securities having initial maturities of one year to ten years.

WHEN ISSUED BASIS (WI) - A term applied to securities that are traded before they are actually issued, with the stipulation that transactions are null and void if securities are not issued.

YIELD CURVE - Yield calculations of various maturities at a given time to observe spread differences.

YIELD TO MATURITY - The current income yield minus any premium above par, or plus any discount from par in the purchase price with the adjustment spread over the period from date of purchase to maturity.

City of Taft Agenda Report

DATE: **AUGUST 19, 2014**

TO: **MAYOR LINDER AND COUNCIL MEMBERS**

AGENDA MATTER:

FINANCIAL CONDITION FOR THE QUARTERS ENDING MARCH 31 AND JUNE 30 2014

SUMMARY STATEMENT:

This item is being provided as informational only.

RECOMMENDED ACTION:

Informational Only.

IMPACT ON BUDGET (Y/N): No

ATTACHMENT (Y/N): Yes

PREPARED BY: *Teresa Binkley, Finance Director*

REVIEWED BY:

CITY CLERK	FINANCE DIRECTOR	CITY MANAGER

CITY OF TAFT
YEAR-TO-DATE BUDGET REPORT FOR FY 2013-2014
AS OF 03/31/2014

Munis Report date 08/11/14

010 GENERAL REVENUES	FY 2013-2014 A ORIGINAL APPROP	B TRANSFERS / ADJUSTMENTS	C PROPOSED REVISED BUDGET	D YTD REVENUE	E REMAINING REVENUE	F PCT COLL
PROPERTY TAX - (10301)	$ 721,276.00		$ 721,276.00	$ 327,824.41	$ 393,451.59	45.5%
SALES TAXES - (10311)	$ 1,323,048.00		$ 1,323,048.00	$ 771,381.52	$ 551,666.48	58.3%
PROPERTY TAX - IN-LIEU OF SALES TAX(10311)	$ 400,014.00		$ 400,014.00	$ 237,507.10	$ 162,506.90	59.4%
OTHER TAXES OTHER THAN PROPERTY -(10311)	$ 36,568.00		$ 36,568.00	$ 24,291.54	$ 12,276.46	66.4%
LICENSES AND PERMITS - (10321)	$ 148,811.00		$ 148,811.00	$ 127,019.23	$ 21,791.77	85.4%
REVENUE FROM ENTERPRISE ZONE - (10322)	$ 8,665.00		$ 8,665.00	$ 10,040.00	$ (1,375.00)	115.9%
REVENUE FROM OTHER AGENCY - (10335)	$ 700,467.00		$ 700,467.00	$ 337,367.79	$ 363,099.21	48.2%
CHARGES FOR SERVICES - (10341)	$ 503,965.00		$ 503,965.00	$ 356,523.81	$ 147,441.19	70.7%
OTHER REVENUES - (10360)	$ 14,750.00		$ 14,750.00	$ 62,508.93	$ (47,758.93)	423.8%
REVENUE FROM USE OF MONEY - (10361)	$ 121,743.00		$ 121,743.00	$ 164,469.27	$ (42,726.27)	135.1%
REVENUE FOR POLICE DEPARTMENT - (10372)	$ 1,652,642.00		$ 1,652,642.00	$ 232,417.89	$ 1,420,224.11	14.1%
REVENUE FOR FIRE DEPARTMENT - (10373)	$ -		$ -	$ -	$ -	#DIV/0!
REVENUE FOR ANIMAL REGULATION - (10374)	$ 32,195.00		$ 32,195.00	$ 30,161.00	$ 2,034.00	93.7%
REVENUE FOR STREETS/HWY/DRAINS - (10376)	$ 361,786.00		$ 361,786.00	$ 263,706.46	$ 98,079.54	72.9%
REVENUE FOR PLANNING DEPARTMENT - (10377)	$ 119,487.00		$ 119,487.00	$ 77,812.78	$ 41,674.22	65.1%
TRANSFER-IN - FROM CAPITAL RESERVE (10378)	$ -		$ -		$ -	#DIV/0!
TRANSFER-IN - FROM SPECIAL REVENUE FUNDS (10378)	$ 391,301.00		$ 391,301.00	$ 4,115.00	$ 387,186.00	1.1%
GENERAL FUND TOTAL REVENUE	**$ 6,536,718.00**	**$ -**	**$ 6,536,718.00**	**$ 3,027,146.73**	**$ 3,509,571.27**	**46.3%**
GENERAL FUND TOTAL EXPENDITURES	**$ 5,951,272.00**	**$ -**	**$ 5,951,272.00**	**$ 4,600,842.52**	**$ 1,351,344.91**	**77.3%**
EXCESS OF EXPENDITURES OVER REVENUES	**$ (585,446.00)**	**$ -**	**$ 585,446.00**	**$ (1,573,695.79)**		
ADD: TOTAL GENERAL FUND CAPITAL PURCHASES				**$ 284,208.50**		
Insurance Premiums (retro adjustments)				**$ 94,141.00**		
EXCESS (DECREASE) OF REVENUE OVER EXPENDITURES				**$ (1,195,346.29)**		

CITY OF TAFT
YEAR-TO-DATE BUDGET REPORT FOR FY 2013-2014
AS OF 03/31/2014

Munis Report date 08/11/14

010 GENERAL		FY 2013-2014 A ORIGINAL APPROP	B TRANSFERS / ADJUSTMENTS	C PROPOSED REVISED BUDGET	D YTD EXP	E AVAILABLE BUDGET	F PCT USED
TOTAL CITY COUNCIL	PERSONAL SERVICES	$ 5,826.00		$ 5,826.00	$ 13,471.65	$ (7,645.65)	231.2%
TOTAL CITY COUNCIL	NON-PERSONAL SERVICES	$ 37,369.00		$ 37,369.00	$ 27,993.64	$ 9,375.36	74.9%
TOTAL CITY COUNCIL	CAPITAL PURCHASES	$ -	$ -	$ -	$ -	$ -	#DIV/0!
		$ 43,195.00	**$ -**	**$ 43,195.00**	**$ 41,465.29**	**$ 1,729.71**	**96.0%**
TOTAL CITY CLERK	PERSONAL SERVICES	$ 108,493.00		$ 108,493.00	$ 86,994.80	$ 21,498.20	80.2%
TOTAL CITY CLERK	NON-PERSONAL SERVICES	$ 26,525.00		$ 26,525.00	$ 19,286.78	$ 7,238.22	72.7%
TOTAL CITY CLERK	CAPITAL PURCHASES	$ -		$ -	$ 1,869.70	$ (1,869.70)	no budget
		$ 135,018.00	**$ -**	**$ 135,018.00**	**$ 108,151.28**	**$ 26,866.72**	**80.1%**
TOTAL ADMINISTRATION	PERSONAL SERVICES	$ 130,019.00		$ 130,019.00	$ 91,171.21	$ 38,847.79	70.1%
TOTAL ADMINISTRATION	NON-PERSONAL SERVICES	$ 26,548.00		$ 26,548.00	$ 26,566.57	$ (18.57)	100.1%
TOTAL ADMINISTRATION	CAPITAL PURCHASES	$ 2,000.00		$ 2,000.00	$ 4,031.25	$ (2,031.25)	201.6%
		$ 158,567.00	**$ -**	**$ 158,567.00**	**$ 121,769.03**	**$ 36,797.97**	**76.8%**
TOTAL CITY ATTORNEY	PERSONAL SERVICES	$ -	$ -	$ -	$ -	$ -	
TOTAL CITY ATTORNEY	NON-PERSONAL SERVICES	$ 134,000.00		$ 134,000.00	$ 134,132.79	$ (132.79)	100.1%
TOTAL CITY ATTORNEY	CAPITAL PURCHASES	$ -	$ -	$ -	$ -	$ -	
		$ 134,000.00	**$ -**	**$ 134,000.00**	**$ 134,132.79**	**$ (132.79)**	**100.1%**

CITY OF TAFT
YEAR-TO-DATE BUDGET REPORT FOR FY 2013-2014
AS OF 03/31/2014

Munis Report date 08/11/14

010 GENERAL		FY 2013-2014 A ORIGINAL APRON	B TRANSFERS / ADJUSTMENTS	C PROPOSED REVISED BUDGET	D YTD EXP	E AVAILABLE BUDGET	F PCT USED
TOTAL PLANNING DEPARTMENT	PERSONAL SERVICES	$ 154,724.00		$ 154,724.00	$ 86,175.71	$ 68,548.29	55.7%
TOTAL PLANNING DEPARTMENT	NON-PERSONAL SERVICES	$ 67,537.00		$ 67,537.00	$ 122,972.70	$ (55,435.70)	182.1%
TOTAL PLANNING DEPARTMENT	CAPITAL PURCHASES	$ -		$ -	$ -	$ -	#DIV/0!
		$ 222,261.00	**$ -**	**$ 222,261.00**	**$ 209,148.41**	**$ 13,112.59**	**94.1%**
TOTAL CIVIC CENTER MAINT.	PERSONAL SERVICES	$ 157,050.00		$ 157,050.00	$ 108,967.36	$ 48,082.64	69.4%
TOTAL CIVIC CENTER MAINT.	NON-PERSONAL SERVICES	$ 137,803.00		$ 137,803.00	$ 112,872.80	$ 24,930.20	81.9%
TOTAL CIVIC CENTER MAINT.	CAPITAL PURCHASES	$ 4,000.00		$ 4,000.00	$ -	$ 4,000.00	0.0%
		$ 298,853.00	**$ -**	**$ 298,853.00**	**$ 221,840.16**	**$ 77,012.84**	**74.2%**
TOTAL FINANCE DEPARTMENT	PERSONAL SERVICES	$ 206,205.00		$ 206,205.00	$ 154,372.08	$ 51,832.92	74.9%
TOTAL FINANCE DEPARTMENT	NON-PERSONAL SERVICES	$ 117,046.00		$ 117,046.00	$ 75,172.90	$ 41,873.10	64.2%
TOTAL FINANCE DEPARTMENT	CAPITAL PURCHASES	$ 30,000.00		$ 30,000.00	$ 868.05	$ 29,131.95	2.9%
TOTAL FINANCE DEPARTMENT	DEBT SERVICES	$ -	$ -	$ -	$ -	$ -	#DIV/0!
		$ 353,251.00	**$ -**	**$ 353,251.00**	**$ 230,413.03**	**$ 122,837.97**	**65.2%**

CITY OF TAFT
YEAR-TO-DATE BUDGET REPORT FOR FY 2013-2014
AS OF 03/31/2014

Munis Report date 08/11/14

010 GENERAL		FY 2013-2014 A ORIGINAL APPROP	B TRANSFERS / ADJUSTMENTS	C PROPOSED REVISED BUDGET	D YTD EXP		E AVAILABLE BUDGET	F PCT USED
TOTAL PERSONNEL/RISK MGMT	PERSONAL SERVICES	$ 161,409.00	$ -	$ 161,409.00	$ 115,960.46		$ 45,448.54	71.8%
TOTAL PERSONNEL/RISK MGMT	NON-PERSONAL SERVICES	$ 143,934.00		$ 143,934.00	$ 151,645.78		$ (7,711.78)	105.4%
TOTAL PERSONNEL/RISK MGMT	CAPITAL PURCHASES	$ -	$ -	$ -	$ 915.43		$ -	#DIV/0!
		$ 305,343.00	**$ -**	**$ 305,343.00**	**$ 268,521.67**	**$ -**	**$ 37,736.76**	**87.9%**
TOTAL POLICE DEPARTMENT	PERSONAL SERVICES	$ 2,309,666.00		$ 2,309,666.00	$ 1,546,962.74		$ 762,703.26	67.0%
TOTAL POLICE DEPARTMENT	NON-PERSONAL SERVICES	$ 319,847.00		$ 319,847.00	$ 181,700.80		$ 138,146.20	56.8%
TOTAL POLICE DEPARTMENT	CAPITAL PURCHASES	$ -		$ -	$ 1,137.90		$ (1,137.90)	#DIV/0!
		$ 2,629,513.00	**$ -**	**$ 2,629,513.00**	**$ 1,729,801.44**	**$ -**	**$ 899,711.56**	**65.8%**
TOTAL FIRE DEPARTMENT	PERSONAL SERVICES	$ 28,495.00	$ -	$ 28,495.00	$ 28,495.00		$ -	100.0%
TOTAL FIRE DEPARTMENT	NON-PERSONAL SERVICES	$ 411,993.00	$ -	$ 411,993.00	$ 308,660.25		$ 103,332.75	74.9%
TOTAL FIRE DEPARTMENT	CAPITAL PURCHASES	$ -	$ -	$ -	$ -		$ -	#DIV/0!
TOTAL FIRE DEPARTMENT	DEBT SERVICES	$ -	$ -	$ -	$ -		$ -	#DIV/0!
		$ 440,488.00	**$ -**	**$ 440,488.00**	**$ 337,155.25**	**$ -**	**$ 103,332.75**	**76.5%**
TOTAL DISASTER PREPAREDNESS	PERSONAL SERVICES	$ -	$ -	$ -	$ -		$ -	#DIV/0!
TOTAL DISASTER PREPAREDNESS	NON-PERSONAL SERVICES	$ -	$ -	$ -			$ -	#DIV/0!
TOTAL DISASTER PREPAREDNESS	CAPITAL PURCHASES	$ -	$ -	$ -	$ -		$ -	#DIV/0!
		$ -	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**#DIV/0!**

CITY OF TAFT
YEAR-TO-DATE BUDGET REPORT FOR FY 2013-2014
AS OF 03/31/2014

Munis Report date 08/11/14

010 GENERAL		FY 2013-2014 A ORIGINAL APPROP	B TRANSFERS / ADJUSTMENTS	C PROPOSED REVISED BUDGET	D YTD EXP		E AVAILABLE BUDGET	F PCT USED
TOTAL BUILDING DEPARTMENT	PERSONAL SERVICES	$ 104,225.00		$ 104,225.00	$ 83,558.36		$ 20,666.64	80.2%
TOTAL BUILDING DEPARTMENT	NON-PERSONAL SERVICES	$ 5,563.00		$ 5,563.00	$ 16,772.01		$ (11,209.01)	301.5%
TOTAL BUILDING DEPARTMENT	CAPITAL PURCHASES	$ -	$ -	$ -	$ -		$ -	#DIV/0!
		$ 109,788.00	**$ -**	**$ 109,788.00**	**$ 100,330.37**	**$ -**	**$ 9,457.63**	**91.4%**
TOTAL CODE ENFORCEMENT	PERSONAL SERVICES	$ 87,907.00		$ 87,907.00	$ 65,465.71		$ 22,441.29	74.5%
TOTAL CODE ENFORCEMENT	NON-PERSONAL SERVICES	$ 7,575.00		$ 7,575.00	$ 22,049.36		$ (14,474.36)	291.1%
TOTAL CODE ENFORCEMENT	CAPITAL PURCHASES	$ -	$ -	$ -	$ -		$ -	#DIV/0!
		$ 95,482.00	**$ -**	**$ 95,482.00**	**$ 87,515.07**	**$ -**	**$ 7,966.93**	**91.7%**
TOTAL ENTERPRISE ZONE	PERSONAL SERVICES	$ 66,427.00		$ 66,427.00	$ 45,472.55		$ 20,954.45	68.5%
TOTAL ENTERPRISE ZONE	NON-PERSONAL SERVICES	$ 23,258.00		$ 23,258.00	$ 19,525.78		$ 3,732.22	84.0%
TOTAL ENTERPRISE ZONE	CAPITAL PURCHASES	$ -	$ -	$ -	$ -		$ -	#DIV/0!
		$ 89,685.00	**$ -**	**$ 89,685.00**	**$ 64,998.33**	**$ -**	**$ 24,686.67**	**72.5%**
TOTAL ANIMAL SHELTER	PERSONAL SERVICES	$ 66,758.00		$ 66,758.00	$ 59,358.29		$ 7,399.71	88.9%
TOTAL ANIMAL SHELTER	NON-PERSONAL SERVICES	$ 16,050.00		$ 16,050.00	$ 23,610.79		$ (7,560.79)	147.1%
TOTAL ANIMAL SHELTER	CAPITAL PURCHASES	$ -		$ -	$ -		$ -	#DIV/0!
		$ 82,808.00	**$ -**	**$ 82,808.00**	**$ 82,969.08**	**$ -**	**$ (161.08)**	**100.2%**
TOTAL ENGINEERING DEPARTMENT	PERSONAL SERVICES	$ 25,383.00		$ 25,383.00	$ 18,088.04		$ 7,294.96	71.3%
TOTAL ENGINEERING DEPARTMENT	NON-PERSONAL SERVICES	$ 23,000.00		$ 23,000.00	$ 19,552.23		$ 3,447.77	85.0%
TOTAL ENGINEERING DEPARTMENT	CAPITAL PURCHASES	$ -	$ -	$ -			$ -	#DIV/0!
		$ 48,383.00	**$ -**	**$ 48,383.00**	**$ 37,640.27**	**$ -**	**$ 10,742.73**	**77.8%**
TOTAL STREET AND ALLEY MAINT.	PERSONAL SERVICES	$ 482,307.00		$ 482,307.00	$ 335,361.80		$ 146,945.20	69.5%
TOTAL STREET AND ALLEY MAINT.	NON-PERSONAL SERVICES	$ 285,830.00		$ 285,830.00	$ 214,243.08		$ 71,586.92	75.0%
TOTAL STREET AND ALLEY MAINT. -533 +535	CAPITAL PURCHASES (533)	$ 2,000.00		$ 2,000.00	$ -		$ 2,000.00	0.0%
TOTAL STREET AND ALLEY MAINT. -733	CAPITAL PURCHASES (733)	$ 34,500.00		$ 34,500.00	$ 275,386.17		$ (240,886.17)	798.2%
		$ 804,637.00	**$ -**	**$ 804,637.00**	**$ 824,991.05**	**$ -**	**$ (20,354.05)**	**102.5%**

CITY OF TAFT
YEAR-TO-DATE BUDGET REPORT FOR FY 2013-2014
AS OF 03/31/2014

Munis Report date 08/11/14

		FY 2013-2014						
		A	B	C	D		E	F
010 GENERAL		ORIGINAL APPROP	TRANSFERS / ADJUSTMENTS	PROPOSED REVISED BUDGET	YTD EXP		AVAILABLE BUDGET	PCT USED
TOTAL GENERAL FUND EXP	PERSONAL SERVICES	$ 4,094,894.00	$ -	$ 4,094,894.00	$ 2,839,875.76	$ -	$ 1,255,018.24	69.4%
TOTAL GENERAL FUND EXP	NON-PERSONAL SERVICES	$ 1,783,878.00	$ -	$ 1,783,878.00	$ 1,476,758.26	$ -	$ 307,119.74	82.8%
TOTAL GENERAL FUND EXP	CAPITAL PURCHASES	$ 72,500.00	$ -	$ 72,500.00	$ 284,208.50	$ -	$ (210,793.07)	392.0%
TOTAL GENERAL FUND EXP	DEBT SERVICES	$ -	$ -	$ -	$ -		$ -	#DIV/0!
		$ 5,951,272.00	$ -	$ 5,951,272.00	$ 4,600,842.52	$ -	$ 1,351,344.91	77.3%

CITY OF TAFT
YEAR-TO-DATE BUDGET REPORT FOR FY 2013-2014
AS OF 06/30/2014

Munis Report date 08/11/14

010 GENERAL REVENUES	FY 2013-2014 A ORIGINAL APPROP	B TRANSFERS / ADJUSTMENTS	C PROPOSED REVISED BUDGET	D YTD REVENUE	E REMAINING REVENUE	F PCT COLL
PROPERTY TAX - (10301)	$ 721,276.00		$ 721,276.00	$ 681,529.30	$ 39,746.70	94.5%
SALES TAXES - (10311)	$ 1,323,048.00		$ 1,323,048.00	$ 1,064,426.86	$ 258,621.14	80.5%
PROPERTY TAX - IN-LIEU OF SALES TAX(10311)	$ 400,014.00		$ 400,014.00	$ 475,014.20	$ (75,000.20)	118.7%
OTHER TAXES OTHER THAN PROPERTY -(10311)	$ 36,568.00		$ 36,568.00	$ 41,052.24	$ (4,484.24)	112.3%
LICENSES AND PERMITS - (10321)	$ 148,811.00		$ 148,811.00	$ 138,742.68	$ 10,068.32	93.2%
REVENUE FROM ENTERPRISE ZONE - (10322)	$ 8,665.00		$ 8,665.00	$ 10,515.00	$ (1,850.00)	121.4%
REVENUE FROM OTHER AGENCY - (10335)	$ 700,467.00		$ 700,467.00	$ 670,129.05	$ 30,337.95	95.7%
CHARGES FOR SERVICES - (10341)	$ 503,965.00		$ 503,965.00	$ 455,140.19	$ 48,824.81	90.3%
OTHER REVENUES - (10360)	$ 14,750.00		$ 14,750.00	$ 79,817.13	$ (65,067.13)	541.1%
REVENUE FROM USE OF MONEY - (10361)	$ 121,743.00		$ 121,743.00	$ 193,120.91	$ (71,377.91)	158.6%
REVENUE FOR POLICE DEPARTMENT - (10372)	$ 1,652,642.00		$ 1,652,642.00	$ 1,602,603.43	$ 50,038.57	97.0%
REVENUE FOR FIRE DEPARTMENT - (10373)	$ -		$ -	$ -	$ -	#DIV/0!
REVENUE FOR ANIMAL REGULATION - (10374)	$ 32,195.00		$ 32,195.00	$ 57,175.00	$ (24,980.00)	177.6%
REVENUE FOR STREETS/HWY/DRAINS - (10376)	$ 361,786.00		$ 361,786.00	$ 423,183.68	$ (61,397.68)	117.0%
REVENUE FOR PLANNING DEPARTMENT - (10377)	$ 119,487.00		$ 119,487.00	$ 125,783.53	$ (6,296.53)	105.3%
TRANSFER-IN - FROM CAPITAL RESERVE (10378)	$ -		$ -		$ -	#DIV/0!
TRANSFER-IN - FROM SPECIAL REVENUE FUNDS (10378)	$ 391,301.00		$ 391,301.00	$ 4,115.00	$ 387,186.00	1.1%
GENERAL FUND TOTAL REVENUE	**$ 6,536,718.00**	**$ -**	**$ 6,536,718.00**	**$ 6,022,348.20**	**$ - $ 514,369.80**	**92.1%**
GENERAL FUND TOTAL EXPENDITURES	**$ 5,951,272.00**	**$ -**	**$ 5,951,272.00**	**$ 6,209,499.46**	**$ - $ (257,312.03)**	**104.3%**
EXCESS OF EXPENDITURES OVER REVENUES	**$ (585,446.00)**	**$ -**	**$ 585,446.00**	**$ (187,151.26)**	**$ -**	
ADD: TOTAL GENERAL FUND CAPITAL PURCHASES				**$ 416,226.74**		
Insurance Premiums (retro adjustments)				**$ 111,120.00**		
EXCESS (DECREASE) OF REVENUE OVER EXPENDITURES				**$ 340,195.48**		

CITY OF TAFT
YEAR-TO-DATE BUDGET REPORT FOR FY 2013-2014
AS OF 06/30/2014

Munis Report date 08/11/14

010 GENERAL		FY 2013-2014 A ORIGINAL APPROP	B TRANSFERS / ADJUSTMENTS	C PROPOSED REVISED BUDGET	D YTD EXP	E AVAILABLE BUDGET	F PCT USED
TOTAL CITY COUNCIL	PERSONAL SERVICES	$ 5,826.00		$ 5,826.00	$ 18,272.70	$ (12,446.70)	313.6%
TOTAL CITY COUNCIL	NON-PERSONAL SERVICES	$ 37,369.00		$ 37,369.00	$ 44,596.94	$ (7,227.94)	119.3%
TOTAL CITY COUNCIL	CAPITAL PURCHASES	$ -	$ -	$ -	$ -	$ -	#DIV/0!
		$ 43,195.00	$ -	$ 43,195.00	$ 62,869.64	$ - $ (19,674.64)	145.5%
TOTAL CITY CLERK	PERSONAL SERVICES	$ 108,493.00		$ 108,493.00	$ 102,748.56	$ 5,744.44	94.7%
TOTAL CITY CLERK	NON-PERSONAL SERVICES	$ 26,525.00		$ 26,525.00	$ 22,071.82	$ 4,453.18	83.2%
TOTAL CITY CLERK	CAPITAL PURCHASES	$ -		$ -	$ 1,869.70	$ (1,869.70)	no budget
		$ 135,018.00	$ -	$ 135,018.00	$ 126,690.08	$ - $ 8,327.92	93.8%
TOTAL ADMINISTRATION	PERSONAL SERVICES	$ 130,019.00		$ 130,019.00	$ 154,840.47	$ (24,821.47)	119.1%
TOTAL ADMINISTRATION	NON-PERSONAL SERVICES	$ 26,548.00		$ 26,548.00	$ 39,245.12	$ (12,697.12)	147.8%
TOTAL ADMINISTRATION	CAPITAL PURCHASES	$ 2,000.00		$ 2,000.00	$ 34,340.75	$ (32,340.75)	1717.0%
		$ 158,567.00	$ -	$ 158,567.00	$ 228,426.34	$ - $ (69,859.34)	144.1%
TOTAL CITY ATTORNEY	PERSONAL SERVICES	$ -	$ -	$ -	$ -	$ -	
TOTAL CITY ATTORNEY	NON-PERSONAL SERVICES	$ 134,000.00		$ 134,000.00	$ 113,936.84	$ 20,063.16	85.0%
TOTAL CITY ATTORNEY	CAPITAL PURCHASES	$ -	$ -	$ -	$ -	$ -	
		$ 134,000.00	$ -	$ 134,000.00	$ 113,936.84	$ - $ 20,063.16	85.0%

CITY OF TAFT
YEAR-TO-DATE BUDGET REPORT FOR FY 2013-2014
AS OF 06/30/2014

Munis Report date 08/11/14

010 GENERAL		FY 2013-2014 A ORIGINAL APRON	B TRANSFERS / ADJUSTMENTS	C PROPOSED REVISED BUDGET	D YTD EXP	E AVAILABLE BUDGET	F PCT USED
TOTAL PLANNING DEPARTMENT	PERSONAL SERVICES	$ 154,724.00		$ 154,724.00	$ 137,575.78	$ 17,148.22	88.9%
TOTAL PLANNING DEPARTMENT	NON-PERSONAL SERVICES	$ 67,537.00		$ 67,537.00	$ 141,336.79	$ (73,799.79)	209.3%
TOTAL PLANNING DEPARTMENT	CAPITAL PURCHASES	$ -		$ -	$ -	$ -	#DIV/0!
		$ 222,261.00	$ -	$ 222,261.00	$ 278,912.57	$ - $ (56,651.57)	125.5%
TOTAL CIVIC CENTER MAINT.	PERSONAL SERVICES	$ 157,050.00		$ 157,050.00	$ 148,000.23	$ 9,049.77	94.2%
TOTAL CIVIC CENTER MAINT.	NON-PERSONAL SERVICES	$ 137,803.00		$ 137,803.00	$ 161,902.09	$ (24,099.09)	117.5%
TOTAL CIVIC CENTER MAINT.	CAPITAL PURCHASES	$ 4,000.00		$ 4,000.00	$ 11,499.00	$ (7,499.00)	287.5%
		$ 298,853.00	$ -	$ 298,853.00	$ 321,401.32	$ - $ (22,548.32)	107.5%
TOTAL FINANCE DEPARTMENT	PERSONAL SERVICES	$ 206,205.00		$ 206,205.00	$ 211,747.26	$ (5,542.26)	102.7%
TOTAL FINANCE DEPARTMENT	NON-PERSONAL SERVICES	$ 117,046.00		$ 117,046.00	$ 110,269.39	$ 6,776.61	94.2%
TOTAL FINANCE DEPARTMENT	CAPITAL PURCHASES	$ 30,000.00		$ 30,000.00	$ 868.05	$ 29,131.95	2.9%
TOTAL FINANCE DEPARTMENT	DEBT SERVICES	$ -	$ -	$ -	$ -	$ -	#DIV/0!
		$ 353,251.00	$ -	$ 353,251.00	$ 322,884.70	$ - $ 30,366.30	91.4%

CITY OF TAFT
YEAR-TO-DATE BUDGET REPORT FOR FY 2013-2014
AS OF 06/30/2014

Munis Report date 08/11/14

010 GENERAL		FY 2013-2014 A ORIGINAL APPROP	B TRANSFERS / ADJUSTMENTS	C PROPOSED REVISED BUDGET	D YTD EXP		E AVAILABLE BUDGET	F PCT USED
TOTAL PERSONNEL/RISK MGMT	PERSONAL SERVICES	$ 161,409.00	$ -	$ 161,409.00	$ 158,900.10		$ 2,508.90	98.4%
TOTAL PERSONNEL/RISK MGMT	NON-PERSONAL SERVICES	$ 143,934.00		$ 143,934.00	$ 165,219.49		$ (21,285.49)	114.8%
TOTAL PERSONNEL/RISK MGMT	CAPITAL PURCHASES	$ -	$ -	$ -	$ 915.43		$ -	#DIV/0!
		$ 305,343.00	**$ -**	**$ 305,343.00**	**$ 325,035.02**	**$ -**	**$ (18,776.59)**	**106.4%**
TOTAL POLICE DEPARTMENT	PERSONAL SERVICES	$ 2,309,666.00		$ 2,309,666.00	$ 1,995,113.82		$ 314,552.18	86.4%
TOTAL POLICE DEPARTMENT	NON-PERSONAL SERVICES	$ 319,847.00		$ 319,847.00	$ 370,776.33		$ (50,929.33)	115.9%
TOTAL POLICE DEPARTMENT	CAPITAL PURCHASES	$ -		$ -	$ 36,635.90		$ (36,635.90)	#DIV/0!
		$ 2,629,513.00	**$ -**	**$ 2,629,513.00**	**$ 2,402,526.05**	**$ -**	**$ 226,986.95**	**91.4%**
TOTAL FIRE DEPARTMENT	PERSONAL SERVICES	$ 28,495.00	$ -	$ 28,495.00	$ 28,495.00		$ -	100.0%
TOTAL FIRE DEPARTMENT	NON-PERSONAL SERVICES	$ 411,993.00	$ -	$ 411,993.00	$ 411,547.00		$ 446.00	99.9%
TOTAL FIRE DEPARTMENT	CAPITAL PURCHASES	$ -	$ -	$ -	$ -		$ -	#DIV/0!
TOTAL FIRE DEPARTMENT	DEBT SERVICES	$ -	$ -	$ -	$ -		$ -	#DIV/0!
		$ 440,488.00	**$ -**	**$ 440,488.00**	**$ 440,042.00**	**$ -**	**$ 446.00**	**99.9%**
TOTAL DISASTER PREPAREDNESS	PERSONAL SERVICES	$ -	$ -	$ -	$ -		$ -	#DIV/0!
TOTAL DISASTER PREPAREDNESS	NON-PERSONAL SERVICES	$ -	$ -	$ -			$ -	#DIV/0!
TOTAL DISASTER PREPAREDNESS	CAPITAL PURCHASES	$ -	$ -	$ -	$ -		$ -	#DIV/0!
		$ -	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**#DIV/0!**

CITY OF TAFT
YEAR-TO-DATE BUDGET REPORT FOR FY 2013-2014
AS OF 06/30/2014

Munis Report date 08/11/14

010 GENERAL		FY 2013-2014 A ORIGINAL APPROP	B TRANSFERS / ADJUSTMENTS	C PROPOSED REVISED BUDGET	D YTD EXP	E AVAILABLE BUDGET	F PCT USED
TOTAL BUILDING DEPARTMENT	PERSONAL SERVICES	$ 104,225.00		$ 104,225.00	$ 109,031.85	$ (4,806.85)	104.6%
TOTAL BUILDING DEPARTMENT	NON-PERSONAL SERVICES	$ 5,563.00		$ 5,563.00	$ 39,505.29	$ (33,942.29)	710.1%
TOTAL BUILDING DEPARTMENT	CAPITAL PURCHASES	$ -	$ -	$ -	$ -	$ -	#DIV/0!
		$ 109,788.00	$ -	$ 109,788.00	$ 148,537.14	$ - $ (38,749.14)	135.3%
TOTAL CODE ENFORCEMENT	PERSONAL SERVICES	$ 87,907.00		$ 87,907.00	$ 88,391.08	$ (484.08)	100.6%
TOTAL CODE ENFORCEMENT	NON-PERSONAL SERVICES	$ 7,575.00		$ 7,575.00	$ 22,882.94	$ (15,307.94)	302.1%
TOTAL CODE ENFORCEMENT	CAPITAL PURCHASES	$ -	$ -	$ -	$ -	$ -	#DIV/0!
		$ 95,482.00	$ -	$ 95,482.00	$ 111,274.02	$ - $ (15,792.02)	116.5%
TOTAL ENTERPRISE ZONE	PERSONAL SERVICES	$ 66,427.00		$ 66,427.00	$ 62,863.90	$ 3,563.10	94.6%
TOTAL ENTERPRISE ZONE	NON-PERSONAL SERVICES	$ 23,258.00		$ 23,258.00	$ 20,506.52	$ 2,751.48	88.2%
TOTAL ENTERPRISE ZONE	CAPITAL PURCHASES	$ -	$ -	$ -	$ -	$ -	#DIV/0!
		$ 89,685.00	$ -	$ 89,685.00	$ 83,370.42	$ - $ 6,314.58	93.0%
TOTAL ANIMAL SHELTER	PERSONAL SERVICES	$ 66,758.00		$ 66,758.00	$ 81,963.93	$ (15,205.93)	122.8%
TOTAL ANIMAL SHELTER	NON-PERSONAL SERVICES	$ 16,050.00		$ 16,050.00	$ 48,769.95	$ (32,719.95)	303.9%
TOTAL ANIMAL SHELTER	CAPITAL PURCHASES	$ -		$ -	$ -	$ -	#DIV/0!
		$ 82,808.00	$ -	$ 82,808.00	$ 130,733.88	$ - $ (47,925.88)	157.9%
TOTAL ENGINEERING DEPARTMENT	PERSONAL SERVICES	$ 25,383.00		$ 25,383.00	$ 25,220.13	$ 162.87	99.4%
TOTAL ENGINEERING DEPARTMENT	NON-PERSONAL SERVICES	$ 23,000.00		$ 23,000.00	$ 36,130.09	$ (13,130.09)	157.1%
TOTAL ENGINEERING DEPARTMENT	CAPITAL PURCHASES	$ -	$ -	$ -		$ -	#DIV/0!
		$ 48,383.00	$ -	$ 48,383.00	$ 61,350.22	$ - $ (12,967.22)	126.8%
TOTAL STREET AND ALLEY MAINT.	PERSONAL SERVICES	$ 482,307.00		$ 482,307.00	$ 413,353.66	$ 68,953.34	85.7%
TOTAL STREET AND ALLEY MAINT.	NON-PERSONAL SERVICES	$ 285,830.00		$ 285,830.00	$ 308,057.65	$ (22,227.65)	107.8%
TOTAL STREET AND ALLEY MAINT. -533 +535	CAPITAL PURCHASES (533)	$ 2,000.00		$ 2,000.00	$ -	$ 2,000.00	0.0%
TOTAL STREET AND ALLEY MAINT. -733	CAPITAL PURCHASES (733)	$ 34,500.00		$ 34,500.00	$ 330,097.91	$ (295,597.91)	956.8%
		$ 804,637.00	$ -	$ 804,637.00	$ 1,051,509.22	$ - $ (246,872.22)	130.7%

CITY OF TAFT
YEAR-TO-DATE BUDGET REPORT FOR FY 2013-2014
AS OF 06/30/2014

Munis Report date 08/11/14

010 GENERAL		FY 2013-2014 A ORIGINAL APPROP	B TRANSFERS / ADJUSTMENTS	C PROPOSED REVISED BUDGET	D YTD EXP		E AVAILABLE BUDGET	F PCT USED
TOTAL GENERAL FUND EXP	PERSONAL SERVICES	$ 4,094,894.00	$ -	$ 4,094,894.00	$ 3,736,518.47	$ -	$ 358,375.53	91.2%
TOTAL GENERAL FUND EXP	NON-PERSONAL SERVICES	$ 1,783,878.00	$ -	$ 1,783,878.00	$ 2,056,754.25	$ -	$ (272,876.25)	115.3%
TOTAL GENERAL FUND EXP	CAPITAL PURCHASES	$ 72,500.00	$ -	$ 72,500.00	$ 416,226.74	$ -	$ (342,811.31)	574.1%
TOTAL GENERAL FUND EXP	DEBT SERVICES	$ -	$ -	$ -	$ -		$ -	#DIV/0!
		$ 5,951,272.00	$ -	$ 5,951,272.00	$ 6,209,499.46	$ -	$ (257,312.03)	104.3%

City of Taft Agenda Report

DATE: **August 19, 2014**

TO: **Honorable Mayor and Council Members**

AGENDA ITEM:
ACCEPT THE LOWEST RESPONSIBLE BID, AWARD THE PROJECT AND TO EXECUTE A CONSTRUCTION AGREEMENT WITH DOD CONSTRUCTION, FOR THE SAFE ROUTES TO SCHOOL VARIOUS LOCATIONS PROJECT – SRTSLNI – 5193 (034)

SUMMARY STATEMENT:
Through the KernCOG, the City of Taft was allotted $457,400 in the Federal Safe Routes to School (SRTS) Program. These SRTS funds are being used to retrofit curb ramps, sidewalks and repaint striping at various locations around several City schools. The installation of these improvements will contribute to a better quality of life for the citizens of Taft.

The City published a Notice to Contractors, for Constructions bids on May 30, 2014. On Thursday, July 3, 2014 at 2:00 PM. the City opened sealed bids. A total of five (5) bids were received. The following is the tabulation of the three (3) lowest bids received:

Company	Total Bid
American Construction Engineers	NON-Responsive
DOD Construction	**$ 323,475.00**
CEN CAL Construction	$ 381,246.30
Bowman Asphalt, Inc.	$ 404,372.25

The Office of the City Engineer has reviewed and qualified the lowest responsible bidder, DOD Construction. The City is allowing 40 working days for the contractor to complete the project. The estimated construction start date is September 8, 2014. The estimated project completion date is November 4, 2014.

Costs:

Construction Subtotal:	$ 323,475.00
10% Contingency:	$ 32,348.00
15% Construction Management:	$ 53,373.00
Total Construction Cost:	**$ 409,196.00**

Funding:

Federal Match - (SRTS):	$ 409,650.00
Local Match – (General Fund):	$ 0.00

Note that the apparent low bidder American Construction Engineers was found non-responsive. See attached Bid Summary.

RECOMMENDATION:
Motion to accept the lowest responsible bid, award the project and to execute a construction agreement with DOD Construction, for the Safe Routes to School Various Locations Project – SRTSLNI – 5193 (034).

IMPACT ON BUDGET (Y/N): **NO**

ATTACHMENT (Y/N): **YES (Bid Summary)**

PREPARED BY: **Craig Jones**
REVIEWED BY:

CITY CLERK	FINANCE DIRECTOR	CITY MANAGER

CITY OF TAFT

SAFE ROUTES TO SCHOOL - VARIOUS LOCATIONS

SRTSLNI - 5193 (034)

BID SUMMARY

BID OPENING: JULY 03, 2014 @ 2:00 PM
THREE LOWEST BIDS (FIVE BIDS TOTAL RECEIVED)

						1		2		3	
				Engineer's Estimate		DOD CONSTRUCTION Bakersfield, CA (661) 366-8000 Lic No. 624970		CEN CAL CONSTRUCTION Bakersfield, CA (661) 399-3759 Lic No. 962895		BOWMAN ASPHALT, INC. Bakersfield, CA (661) 334-1356 Lic No. 862672	
ITEM NO.	ITEM CODE	UNIT OF MEASURE	EST. QUANTITY	COST PER UNIT	TOTAL COST	COST PER UNIT	TOTAL COST	COST PER UNIT	TOTAL COST	COST PER UNIT	TOTAL COST
1	SITE DEMOLITION, GRADING, CUT & HAUL EXCESS MATERIAL	L.S.	1	$ 40,000.00	$ 40,000.00	$ 20,000.00	$ 20,000.00	$ 104,500.00	$ 104,500.00	$ 97,000.00	$ 97,000.00
2	SCARIFY 12" NATIVE MATERIAL & COMPACT TO 95% FOR CURB & GUTTER, X-GUTTER APRONS	C.Y.	84	$ 65.00	$ 5,460.00	$ 60.00	$ 5,040.00	$ 110.00	$ 9,240.00	$ 25.00	$ 2,100.00
3	SCARIFY 12" NATIVE MATERIAL & COMPACT TO 90% FOR SIDEWALK & CURB RAMPS	C.Y.	283	$ 43.00	$ 12,169.00	$ 50.00	$ 14,150.00	$ 103.50	$ 29,290.50	$ 15.00	$ 4,245.00
4	COLD PLANE EXIST AC SURFACE	S.F.	845	$ 8.00	$ 6,760.00	$ 6.00	$ 5,070.00	$ 4.95	$ 4,182.75	$ 4.50	$ 3,802.50
5	TYPE “B” HOT MIX ASPHALT – FOR PAVEMENT TIE-IN AND COLD PLANE AREAS - APPLY FOG SEAL	TON	44	$ 275.00	$ 12,100.00	$ 200.00	$ 8,800.00	$ 240.00	$ 10,560.00	$ 298.00	$ 13,112.00
6	INSTALL CURB & GUTTER - MATCH EXISTING	L.F.	388	$ 40.00	$ 15,520.00	$ 22.00	$ 8,536.00	$ 34.50	$ 13,386.00	$ 32.00	$ 12,416.00
7	INSTALL CURB RAMP MODIFIED "CASE A"	EA.	17	$ 3,500.00	$ 59,500.00	$ 4,000.00	$ 68,000.00	$ 1,675.00	$ 28,475.00	$ 3,075.00	$ 52,275.00
8	INSTALL CURB RAMP MODIFIED "CASE B"	EA.	8	$ 3,200.00	$ 25,600.00	$ 4,000.00	$ 32,000.00	$ 1,840.00	$ 14,720.00	$ 3,450.00	$ 27,600.00
9	INSTALL CURB RAMP MODIFIED "CASE C"	EA.	1	$ 3,000.00	$ 3,000.00	$ 4,000.00	$ 4,000.00	$ 2,180.00	$ 2,180.00	$ 3,750.00	$ 3,750.00
10	CURB RETURN RETROFIT TYPE "1"	EA.	10	$ 2,000.00	$ 20,000.00	$ 4,200.00	$ 42,000.00	$ 2,825.00	$ 28,250.00	$ 3,900.00	$ 39,000.00
11	CURB RETURN RETROFIT TYPE "2"	EA.	1	$ 1,500.00	$ 1,500.00	$ 4,200.00	$ 4,200.00	$ 1,580.00	$ 1,580.00	$ 3,670.00	$ 3,670.00
12	INSTALL 8" THICK CONCRETE CROSS GUTTER - APRON	S.F.	977	$ 10.00	$ 9,770.00	$ 9.00	$ 8,793.00	$ 13.35	$ 13,042.95	$ 11.00	$ 10,747.00
13	ADJUST/RELOCATE ROADSIDE SIGNS PER PLANS	EA.	15	$ 320.00	$ 4,800.00	$ 500.00	$ 7,500.00	$ 350.00	$ 5,250.00	$ 266.00	$ 3,990.00
14	APPLY 12" YELLOW CROSSWALK/LIMIT LINE - STRIPING - THERMOPLASTIC	L.F.	4047	$ 4.00	$ 16,188.00	$ 4.00	$ 16,188.00	$ 4.20	$ 16,997.40	$ 3.75	$ 15,176.25
15	APPLY 12" YELLOW DIAGONAL STRIPES AT 45° ANGLE SPACED AT 48-IN C.C. - AT CROSSWALKS - THERMOPLASTIC	L.F.	2342	$ 4.00	$ 9,368.00	$ 4.00	$ 9,368.00	$ 4.35	$ 10,187.70	$ 4.75	$ 11,124.50
16	APPLY "STOP" MARK - THERMOPLASTIC	EA.	34	$ 200.00	$ 6,800.00	$ 220.00	$ 7,480.00	$ 235.00	$ 7,990.00	$ 110.00	$ 3,740.00
17	APPLY "SLOW" MARK - THERMOPLASTIC	EA.	10	$ 200.00	$ 2,000.00	$ 220.00	$ 2,200.00	$ 245.00	$ 2,450.00	$ 120.00	$ 1,200.00
18	APPLY "SCHOOL" MARK - THERMOPLASTIC	EA.	12	$ 200.00	$ 2,400.00	$ 300.00	$ 3,600.00	$ 350.00	$ 4,200.00	$ 175.00	$ 2,100.00
19	APPLY "XING" MARK - THERMOPLASTIC	EA.	10	$ 200.00	$ 2,000.00	$ 210.00	$ 2,100.00	$ 226.00	$ 2,260.00	$ 105.00	$ 1,050.00

BID OPENING: JULY 03, 2014 @ 2:00 PM
THREE LOWEST BIDS (FIVE BIDS TOTAL RECEIVED)

						1		2		3	
				Engineer's Estimate		DOD CONSTRUCTION Bakersfield, CA (661) 366-8000 Lic No. 624970		CEN CAL CONSTRUCTION Bakersfield, CA (661) 399-3759 Lic No. 962895		BOWMAN ASPHALT, INC. Bakersfield, CA (661) 334-1356 Lic No. 862672	
ITEM NO.	ITEM CODE	UNIT OF MEASURE	EST. QUANTITY	COST PER UNIT	TOTAL COST	COST PER UNIT	TOTAL COST	COST PER UNIT	TOTAL COST	COST PER UNIT	TOTAL COST
20	APPLY "AHEAD" MARK - THERMOPLASTIC	EA.	2	$ 200.00	$ 400.00	$ 300.00	$ 600.00	$ 416.00	$ 832.00	$ 232.00	$ 464.00
21	FURNISH AND INSTALL COMPLETE IN PLACE: IN-ROADWAY WARNING LIGHT CROSSWALK SYSTEM - SOLAR POWERED AND TYPE 1-A POLE	EA.	1	$ 35,000.00	$ 35,000.00	$ 25,000.00	$ 25,000.00	$ 46,700.00	$ 46,700.00	$ 43,725.00	$ 43,725.00
22	FURNISH AND INSTALL FYG - SCHOOL CROSSING SIGN - SW24-2 (CA)	EA.	2	$ 1,000.00	$ 2,000.00	$ 300.00	$ 600.00	$ 446.00	$ 892.00	$ 370.00	$ 740.00
23	FURNISH AND INSTALL COMPLETE IN PLACE: SOLAR POWERED - RADAR SPEED LIMIT FEEDBACK SIGN SYSTEM AND TYPE 1-A POLE	EA.	2	$ 10,000.00	$ 20,000.00	$ 8,500.00	$ 17,000.00	$ 7,000.00	$ 14,000.00	$ 11,600.00	$ 23,200.00
24	ADJUST/RELOCATE UNDERGROUND IRRIGATION LINE IN-KIND	L.F.	40	$ 20.00	$ 800.00	$ 125.00	$ 5,000.00	$ 17.00	$ 680.00	$ 50.00	$ 2,000.00
25	PREPARE AND IMPLEMENT TRAFFIC CONTROL PLAN	L.S.	1	$ 5,000.00	$ 5,000.00	$ 2,500.00	$ 2,500.00	$ 3,425.00	$ 3,425.00	$ 21,600.00	$ 21,600.00
26	PREPARE AND IMPLEMENT STORM WATER SOIL LOSS PREVENTION PLAN	L.S.	1	$ 3,500.00	$ 3,500.00	$ 1,750.00	$ 1,750.00	$ 2,300.00	$ 2,300.00	$ 2,615.00	$ 2,615.00
27	PREPARE AND IMPLEMENT LEAD COMPLIANCE PLAN	L.S.	1	$ 4,000.00	$ 4,000.00	$ 1,000.00	$ 1,000.00	$ 2,775.00	$ 2,775.00	$ 1,350.00	$ 1,350.00
28	FURNISH AND INSTALL - STOP AHEAD SIGN - W3-1 (30"x30")	EA.	2	$ 1,000.00	$ 2,000.00	$ 500.00	$ 1,000.00	$ 450.00	$ 900.00	$ 290.00	$ 580.00
				Sub-Total:	**$ 327,635.00**		**$ 323,475.00**		**$ 381,246.30**		**$ 404,372.25**

NOTE: The Apparent low bidder American Construction Engineers was found non-responsive

PREPARED: 07/07/14

BY: JMP

City of Taft Agenda Report

DATE: August 19, 2014

TO: Honorable Mayor and Council Members

AGENDA MATTER:

AUTHORIZE THE EXECUTION OF PROGRAM SUPPLEMENT AGREEMENT NO. 017-N TO ADMINISTERING AGENCY-STATE AGREEMENT NO. 06-5193R; AND ALLOCATE FUNDS FOR PROJECT

SUMMARY STATEMENT:

Staff received Program Supplement No. 017-N to Administering Agency-State Agreement No. 06-5193R.

This agreement provides funds for the design phase of Rails to Trails Phase 4 from 2nd Street, east to SR119. The City's match for this project is $12,000 which needs to be allocated from capital reserves.

RECOMMENDED ACTION:

Motion to adopt a resolution entitled **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT APPROVING AND AUTHORIZING THE EXECUTION OF PROGRAM SUPPLEMENT AGREEMENT NO. 017-N TO ADMINISTERING AGENCY-STATE AGREEMENT NO. 06-5193R BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION AND THE CITY OF TAFT**; Authorize City Manager to sign said agreements and allocate $12,000 from capital reserves for Rails to Trails Phase 4.

IMPACT ON BUDGET (Y/N): YES ($12,000 from Capital Reserves)

ATTACHMENT (Y/N): YES (Program Supplement)

PREPARED BY: Craig Jones

REVIEWED BY:

CITY CLERK	FINANCE DIRECTOR	CITY MANAGER

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TAFT APPROVING AND AUTHORIZING THE EXECUTION OF PROGRAM SUPPLEMENT AGREEMENT NO. 017-N TO ADMINISTERING AGENCY-STATE AGREEMENT NO. 06-5193R BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION AND THE CITY OF TAFT.

WHEREAS, the City of Taft is eligible to receive Federal and or State funding for certain transportation projects, through the California Department of Transportation, and

WHEREAS, Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements and or Fund Transfer agreements need to be executed with the California Department of Transportation before such funds could be claimed, and

WHEREAS, the City of Taft wishes to delegate authorization to execute these agreements and any amendments thereto that the City Manager be authorized to execute all Master Agreements, Program Supplement Agreements, Fund Exchange Agreements and/or Fund Transfer Agreements, and/or any amendments thereto with the California Department of Transportation

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Taft that the Program Supplement No. 017-N to Administering Agency-State Agreement No. 06-5193R, dated July 29, 2014, between the State of California Department of Transportation and the City of Taft is hereby approved and the City Manager is authorized to execute said agreements on behalf of the City.

PASSED, APPROVED AND ADOPTED on this ____ day of _____, 2014.

_____
Paul Linder, Mayor

ATTEST:

_____
Alina Megerdom
City Clerk

STATE OF CALIFORNIA }
COUNTY OF KERN }SS
CITY OF TAFT }

I, Alina Megerdom, City Clerk of the City of Taft, do hereby certify that the foregoing Resolution was duly and regularly adopted by the City Council of the City of Taft at a special meeting thereof held on the _____ day of _____, 2014, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS

_____
Alina Megerdom
City Clerk

DEPARTMENT OF TRANSPORTATION
Division of Local Assistance
1120 N STREET
P.O BOX 942874, MS# 1
Sacramento, CA 94274-0001
TTY 711
(916) 654-3883
Fax (916) 654-2408

File : 06-KER-0-TAF
RPSTPLE-5193(036)
Sunset RR Corridor - 2ND St to SR119

August 4, 2014

RECEIVED
AUG 06 2014
CITY OF TAFT

Mr Craig Jones
Director of Public Works
City of Taft
209 East Kern Street
Taft, CA 93268

Attn: Ms Christy Lowe

Dear Mr Jones:

Enclosed are two originals of the Program Supplement Agreement No. 017-N to Administering Agency-State Agreement No 06-5193R.

Please note that federal funding will be lost if you proceed with future phase(s) of the project prior to getting the "Authorization to Proceed" with that phase.

Please review the covenants and sign both copies of this Agreement and return both to this office, Office of Project Implementation - MS1 within 60 days from the date of this letter. If the signed Agreements are not received back in this office within 60 days, funds will be disencumbered and/or deobligated. Alterations should not be made to the agreement language or funding. ATTACH YOUR LOCAL AGENCY'S CERTIFIED AUTHORIZING RESOLUTION THAT CLEARLY IDENTIFIES THE PROJECT AND THE OFFICIAL AUTHORIZED TO EXECUTE THE AGREEMENT A fully executed copy of the agreement will be returned to you upon ratification by Caltrans No invoices for reimbursement can be processed until the agreement is fully executed.

A copy of the State approved finance letter containing the fund encumbrance and reversion date information will be mailed to you with your copy of the executed agreement.

Your prompt action is requested If you have questions, please contact your District Local Assistance Engineer

Sincerely,

JOHN HOOLE, Chief
Office of Project Implementation - South
Division of Local Assistance

Enclosure

c: DLA AE Project Files
(06) DLAE - James Perrault

PROGRAM SUPPLEMENT NO. N017
to
ADMINISTERING AGENCY-STATE AGREEMENT
FOR FEDERAL-AID PROJECTS NO 06-5193R

Adv Project ID		
0614000246	**Date:**	July 29, 2014
	Location:	06-KER-0-TAF
	Project Number:	RPSTPLE-5193(036)
	E.A. Number:	
	Locode:	5193

This Program Supplement hereby adopts and incorporates the Administering Agency-State Agreement for Federal Aid which was entered into between the Administering Agency and the State on 09/27/07 and is subject to all the terms and conditions thereof. This Program Supplement is executed in accordance with Article I of the aforementioned Master Agreement under authority of Resolution No. approved by the Administering Agency on (See copy attached).

The Administering Agency further stipulates that as a condition to the payment by the State of any funds derived from sources noted below obligated to this PROJECT, the Administering Agency accepts and will comply with the special covenants or remarks set forth on the following pages

PROJECT LOCATION:

Sunset RR Corridor - 2ND St to SR119

TYPE OF WORK: Pedestrian and Bike Path **LENGTH:** 0 0(MILES)

Estimated Cost	**Federal Funds**		**Matching Funds**		
	M240	$87,000.00	LOCAL		OTHER
$99,000 00			$12,000 00		$0.00

CITY OF TAFT

By _____

Title _____

Date _____

Attest _____

STATE OF CALIFORNIA
Department of Transportation

By _____
Chief, Office of Project Implementation
Division of Local Assistance

Date _____

I hereby certify upon my personal knowledge that budgeted funds are available for this encumbrance:

Accounting Officer _____ **Date** 7/29/14 $87 000.00

Chapter	Statutes	Item	Year	Program	BC	Category	Fund Source	AMOUNT

STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION

PROGRAM SUPPLEMENT AND CERTIFICATION FORM

PSCF (REV 01/2010)

TO: STATE CONTROLLER'S OFFICE Claims Audits 3301 "C" Street, Rm 404 Sacramento, CA 95816	DATE PREPARED: 7/29/2014	PROJECT NUMBER: 0614000246
	REQUISITION NUMBER / CONTRACT NUMBER: RQS 061500000044	

FROM:

DEPARTMENT OF TRANSPORTATION

SUBJECT:

ENCUMBRANCE DOCUMENTS

VENDOR / CONTRACTOR:

CITY OF TAFT

CONTRACT AMOUNT:

$87,000.00

PROCUREMENT TYPE:

LOCAL ASSISTANCE

I HEREBY CERTIFY UPON MY OWN PERSONAL KNOWLEDGE THAT BUDGETED FUNDS ARE AVAILABLE FOR THIS ENCUMBRANCE AND PURPOSE OF THE EXPENDITURE STATED ABOVE.

CHAPTER	STATUTES	ITEM	YEAR	PEC / PECT	TASK / SUBTASK	AMOUNT
20	2013	2660-101-0890	2013/2014	20.30.600.731	2280/0100	$87,000.00
					TOTAL	$87,000.00

ADA Notice For individuals with sensory disabilities, this document is available in alternate formats For information call (915) 654-6410 of TDD (916) -3880 or write Records and Forms Management 1120 N Street MS-89 Sacramento CA 95814

SPECIAL COVENANTS OR REMARKS

1. A. The ADMINISTERING AGENCY will advertise, award and administer this project in accordance with the current published Local Assistance Procedures Manual.

B. ADMINISTERING AGENCY agrees that it will only proceed with work authorized for specific phase(s) with an "Authorization to Proceed" and will not proceed with future phase(s) of this project prior to receiving an "Authorization to Proceed" from the STATE for that phase(s) unless no further State or Federal funds are needed for those future phase(s).

C. Award information shall be submitted by the ADMINISTERING AGENCY to the District Local Assistance Engineer within 60 days of project contract award and prior to the submittal of the ADMINISTERING AGENCY'S first invoice for the construction contract.

Failure to do so will cause a delay in the State processing invoices for the construction phase. Please refer to Section 15.7 "Award Package" of the Local Assistance Procedures Manual.

D. ADMINISTERING AGENCY agrees, as a minimum, to submit invoices at least once every six months commencing after the funds are encumbered for each phase by the execution of this Project Program Supplement Agreement, or by STATE's approval of an applicable Finance Letter. STATE reserves the right to suspend future authorizations/obligations for Federal aid projects, or encumberances for State funded projects, as well as to suspend invoice payments for any on-going or future project by ADMINISTERING AGENCY if PROJECT costs have not been invoiced by ADMINISTERING AGENCY for a six-month period.

If no costs have been invoiced for a six-month period, ADMINISTERING AGENCY agrees to submit for each phase a written explanation of the absence of PROJECT activity along with target billing date and target billing amount.

ADMINISTERING AGENCY agrees to submit the final report documents that collectively constitute a "Report of Expenditures" within one hundred eighty (180) days of PROJECT completion. Failure of ADMINISTERING AGENCY to submit a "Final Report of Expenditures" within 180 days of PROJECT completion will result in STATE imposing sanctions upon ADMINISTERING AGENCY in accordance with the current Local Assistance Procedures Manual.

E. Administering Agency shall not discriminate on the basis of race, religion, age, disability, color, national origin, or sex in the award and performance of any Federal-assisted contract or in the administration of its DBE Program Implementation Agreement. The Administering Agency shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure nondiscrimination in the award and administration of Federal-assisted contracts. The Administering Agency's DBE Implementation Agreement is incorporated by reference in this Agreement. Implementation of the DBE Implementation Agreement, including but not limited to timely reporting of DBE commitments and utilization, is a legal

SPECIAL COVENANTS OR REMARKS

obligation and failure to carry out its terms shall be treated as a violation of this Agreement. Upon notification to the Administering Agency of its failure to carry out its DBE Implementation Agreement, the State may impose sanctions as provided for under 49 CFR Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

F. Any State and Federal funds that may have been encumbered for this project are available for disbursement for limited periods of time. For each fund encumbrance the limited period is from the start of the fiscal year that the specific fund was appropriated within the State Budget Act to the applicable fund Reversion Date shown on the State approved project finance letter. Per Government Code Section 16304, all project funds not liquidated within these periods will revert unless an executed Cooperative Work Agreement extending these dates is requested by the ADMINISTERING AGENCY and approved by the California Department of Finance.

ADMINISTERING AGENCY should ensure that invoices are submitted to the District Local Assistance Engineer at least 75 days prior to the applicable fund Reversion Date to avoid the lapse of applicable funds. Pursuant to a directive from the State Controller's Office and the Department of Finance; in order for payment to be made, the last date the District Local Assistance Engineer can forward an invoice for payment to the Department's Local Programs Accounting Office for reimbursable work for funds that are going to revert at the end of a particular fiscal year is May 15th of the particular fiscal year. Notwithstanding the unliquidated sums of project specific State and Federal funding remaining and available to fund project work, any invoice for reimbursement involving applicable funds that is not received by the Department's Local Programs Accounting Office at least 45 days prior to the applicable fixed fund Reversion Date will not be paid. These unexpended funds will be irrevocably reverted by the Department's Division of Accounting on the applicable fund Reversion Date.

G. As a condition for receiving federal-aid highway funds for the PROJECT, the Administering Agency certifies that NO members of the elected board, council, or other key decision makers are on the Federal Government Exclusion List. Exclusions can be found at www.sam.gov.

City of Taft Agenda Report

DATE: **AUGUST 19, 2014**

TO: **MAYOR LINDER AND COUNCIL MEMBERS**

AGENDA MATTER:

CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION CONTRACT AMENDMENT No. 2

SUMMARY STATEMENT

Amendment No. 2 to Contract No. 5600004097 with the California Department of Corrections and Rehabilitation as related to medical and dental services, at the Modified Community Correctional Facility is attached for your review and approval.

RECOMMENDED ACTION:

Motion to approve Amendment No. 2 to Agreement No. 5600004097 with the California Department of Corrections and Rehabilitation, and authorize the Mayor to execute the document.

SOURCE OF FUNDING: N/A

ATTACHMENT (Y/N): Yes; Amendment No. 2

PREPARED BY: Office of the City Manager

REVIEWED BY:

CITY CLERK	FINANCE DIRECTOR	CITY MANAGER

STATE OF CALIFORNIA

STANDARD AGREEMENT AMENDMENT

STD. 213 A (Rev 6/03)

X CHECK HERE IF ADDITIONAL PAGES ARE ATTACHED 164 Pages	AGREEMENT NUMBER **5600004097** REGISTRATION NUMBER	AMENDMENT NUMBER **2**

1. This Agreement is entered into between the State Agency and Contractor named below:

   STATE AGENCY'S NAME
   California Department of Corrections and Rehabilitation

   CONTRACTOR'S NAME
   The City of Taft

2. The term of this Agreement is December 1, 2013 through June 30, 2018

3. The maximum amount of this Agreement after this amendment is: $58,125,154.40
   Fifty Eight Million One Hundred Twenty Five Thousand One Hundred Fifty Four Dollars and Forty Cents

4. The parties mutually agree to this amendment as follows. All actions noted below are by this reference made a part of the Agreement and incorporated herein:

   Agreement Number 5600004097 for Modified Community Correctional Facility, approved on December 9, 2013, is hereby amended to increase the maximum amount of this agreement by $1,209,154.40, effective September 1, 2014.

   The following are now incorporated herein:
   1. Exhibit A, Scope of Work, has been revised and replaced in its entirety.
   2. Exhibit B-2 through B-6, Total Contract Allotments, have been revised and replaced in their entirety.
   3. Exhibit F, Financial Management Requirements, has been revised and replaced with Exhibit F, Financial Management Handbook.

All other terms and conditions shall remain the same.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		CALIFORNIA Department of General Services Use Only
CONTRACTOR'S NAME *(If other than an individual, state whether a corporation, partnership, etc.)* The City of Taft		
BY *(Authorized Signature)* ✍	DATE SIGNED *(Do not type)*	I hereby certify that all conditions for exemption have been complied with and this contract is exempt from the Department of General Services Approval. Exempt from DGS approval per Senate Bill 105.
PRINTED NAME AND TITLE OF PERSON SIGNING Paul Linder, Mayor		
ADDRESS 209 E. Kern Street, Kern, CA 93268		By:_____
STATE OF CALIFORNIA		
AGENCY NAME California Department of Corrections and Rehabilitation		Date:_____
BY *(Authorized Signature)* ✍	DATE SIGNED *(Do not type)*	
PRINTED NAME AND TITLE OF PERSON SIGNING Arlene Sakazaki, Associate Director, Office of Business Services		☐ Exempt per:
ADDRESS 9838 Old Placerville Road, Suite B-2, Sacramento, CA 95827		

SCOPE OF WORK

TAFT

MODIFIED COMMUNITY CORRECTIONAL FACILITY

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MODIFIED COMMUNITY CORRECTIONAL FACILITY

I. INTRODUCTION

This Agreement is entered into between, the California Department of Corrections and Rehabilitation (hereinafter "State" or "CDCR") and The City of Taft (hereinafter "Contractor" or "City" or "Taft").

The purpose of this Agreement is to restart the facility operations services with the City of Taft as the operator of the facility located at 330 Commerce Way, Taft, California (Facility) and to specify the terms and conditions of this service.

Throughout the life of this contract, the facility use cost shall be zero, as set forth in Exhibits B1 through B6, irrespective of the determination of rights as a result of the pending litigation known as City of Taft v. California Department of Corrections and Rehabilitation et al, Kern Superior Case No. S-1500-CV-278457.

This Agreement will not be construed to modify, supersede or extinguish any rights and responsibilities of the Contractor and CDCR under the Contract No. R96.1591.105 and its exhibits and amendments, the settlement agreement between CDCR and the Contractor (November 1996), the lease agreement between The City of Taft and Taft Public Financing Authority (January 1997) and any other agreements between CDCR and the Contractor concerning the Facility.

The Contractor shall provide a secure facility for the housing, sustenance, supervision, security, care, custody, approved correctional programs, materials and equipment for male inmates eligible for placement in a Modified Community Correctional Facility (MCCF) consistent with California Department of Corrections and Rehabilitation (CDCR) Inmate Eligibility Screening Criteria, California Code of Regulations, Title 15 (Title 15); Department Operations Manual (DOM); Financial Management Handbook (FMH) dated 2014, and Penal Code (PC) Section 6250 et seq. All inmates remain under the legal custody of the CDCR, Division of Adult Institutions.

The DOM and Title 15 sections may be amended by Administrative Bulletins or Instructional Memorandums/Letters pending formal incorporation into DOM and/or CCR Title 15. The Contractors shall be notified of these changes and will be required to comply with all changes and other Modified Community Correctional Facilities Administration (MCCF) directives.

The Contractor shall be responsible for managing, operating and maintaining the security of the facility as required by law and pursuant to the regulations and direction of the CDCR.

The contract facility must be dedicated to MCCF inmates and can only house inmates or prisoners under the control of the CDCR.

The Contractor shall comply with the terms and conditions of the FMH. In the event provisions set forth in this Scope of Work conflict with the language in the FMH, the language contained in this Scope of Work shall prevail.

Revisions to the FMH which do not materially or substantively alter or change the Agreement or the intent of the program can be made by the MCCF without amending the Agreement. As revisions are issued, the Contractor agrees to insert the revised pages in their copy of the FMH, and the revisions become effective on the date stipulated on the transmittal letter.

CDCR will make payments, according to this agreement, to the City of Taft based on actual occupancy. However, no monthly payment shall be less than $800,000.

CDCR shall pay the City of Taft up to $1,800,000.00 for City's actual costs, including labor, of the security enhancements listed on Exhibit A-7 and all startup costs incurred by the City. This amount is not in addition to the contract per diem rate. These costs shall be amortized over 12 months (See attached amortization scheduled), beginning with the arrival of the first inmate, and shall be paid irrespective of the status of the contract.

CDCR shall reimburse the Contractor for partial nursing coverage (2 shifts/day totaling 16 hours/day) at the rate detailed in the Minimum Staffing Requirement document. This reimbursement is to be billed separately from the Per Diem billing.

II. CONTRACTOR RESPONSIBILITIES

The Contractor responsibilities include, but are not limited to, the following:

1. Assume responsibility to administer, manage and operate the facility 24 hours a day, seven days a week pursuant to the terms of the Agreement and in accordance with all applicable codes, regulations and agreement requirements.

2. The contractor shall make all necessary modifications and provide all services as required for modified community correctional facilities. This includes, but is not limited to, structural and building retrofits and improvements, as well as operational, staffing and security requirements.

3. The contractor shall complete retrofit and improvements as required by Exhibit A-7, Physical Plant Modifications List, within 90 days of execution of the agreement.

4. In the event the facility is not ready for occupancy upon the date agreed between the City and the CDCR (91st day after execution of the agreement), the CDCR shall assess the City of Taft liquidated damages in the amount equal to the maximum total cost allotment per day that the facility is not ready for occupancy. However, if the City fails to provide the required licensing and/or certification of medical professionals as specified in this Agreement by the date agreed

between the City and the CDCR (91st day after execution of the agreement), the City shall not be subject to liquidated damages but the CDCR shall retain the right to pursue all other remedies it may have at law or equity, including but not limited to: reducing its claim to judgment including seeking an award of attorney's fees and costs, taking action to cure the Event of Default, and termination of the Agreement.

5. Provide a secure facility for the housing, sustenance, supervision, security, care, custody, programming, and approved correctional programs for inmates pursuant to the terms of this Agreement.

6. Provide programming activities at least eight (8) hours a day, six (6) days per week.

7. Assume primary responsibility for the public safety and security of the facility 24 hours a day, seven days a week, pursuant to the terms of this Agreement, including the safety of the general public, CDCR staff, contractor staff, and inmates.

8. Provide and maintain a fully functional correctional facility, including the procurement, installation/removal, repair, maintenance, and/or replacement of all furniture, fixtures, materials, and equipment necessary to operate the facility pursuant to the terms of this Agreement (other than that of the CDCR staff office furniture and equipment).

9. Provide for medical care, sick calls, dental, mental health and medical referrals of inmates consistent with the CDCR requirements, the requirements of the Agreement, and the scope of medical services as defined herein (see Scope of Work, Section X, Program Requirements, Number 1, Medical Services). Organize and provide coordination of emergency medical transportation of inmates to medical facilities providing emergency care. Maintain inmate medical records/files and forward to the appropriate institution or parole office upon transfer/parole/discharge.

10. Within 60 days of execution of this Amendment 1, Contractor shall be responsible for providing emergent, urgent, and routine dental services.

In the event the Contractor is unable to provide the dental services by the date agreed upon between the Contractor and CDCR (61st day after execution of this Amendment 1), CDCR shall assess the Contractor liquidated damages in the amount equal to the hourly rate (salary and benefits) of three officers for two hours and the daily rate (salary and benefits) for one dental hygienist and one dentist per day the Contractor is unable to provide these services.

Assessment of liquidated damages shall not preclude CDCR from terminating the Agreement for breach as provided herein. Withholding of payment as liquidated damages shall not relieve the Contractor of any of its obligations under the Agreement.

11. Fully cooperate with the CDCR in the operation of the facility, in order to protect public safety and ensure facility security. Follow all applicable CDCR directives and those issued by the Chief of CBU, or designee. Comply with all applicable CDCR policies and procedures and all required updates and revisions thereto. Seek and obtain the written permission (such written permission shall not be unreasonably withheld) of the Chief of CBU before implementing any changes to facility policy, programs, procedures, personnel, etc. Provide clear communication between Contractor's Facility Director and the Chief of CBU at all times. Follow directives of the CDCR peace officer staff during routine and emergency situations.

12. Provide, coordinate and allow all inmates to participate in activities, services and programs within the MCCF as specifically required by Exhibit A, Scope of Work Section X, and Program Requirements. Obtain written approval from the Chief of CBU before changing, deviating, reducing, or expanding such inmate activities, services and/or programs.

13. Comply with all applicable requirements of the Constitution of the United States, the Constitution of the State of California and State and Federal law with regard to the care and treatment of inmates and their conditions of confinement, including, but not limited to, equal protection, freedom of religion, and the establishment clause. Refrain from violating inmates' civil rights, and from engaging in any unnecessary or illegal disparity in the care and/or treatment of any inmate(s) or any legally cognizable class of inmate. Refrain from any proselytizing, promoting or discouraging of inmates' practice, or failure or refusal to practice, any particular religion or religion in general, and from otherwise unnecessarily or illegally impinging upon inmates' religious freedoms unless specifically authorized in advance in writing by the Chief of CBU.

14. The facility shall be inspected as required by local, city, county and state government agencies (e.g., appropriate official(s) from the respective health department, fire marshal) and shall comply with all requirements/findings. The Contractor must provide CDCR with copies of respective reports, certificates, findings or other related documents including Corrective Action Plans to appropriately resolve/mitigate inspection findings within a reasonable time frame or as specified in Exhibit A, Scope of Work.

15. Organize and perform, in concert with the CDCR, all activities required in effecting a “facility shakedown” as defined hereinafter, subsequent activation and/or shutdown.

16. Conduct routine inspections of inmate services, inmate programs, facility operations, living/work/recreational areas, and entire MCCF to ensure compliance with the Agreement, CDCR policies and requirements, State law, and Constitutional requirements and provide findings and any remedial actions to the assigned Facility Captain, and Chief of CBU or designee. If the Contractor does not agree with the findings, remedial actions, and/or has identified other deficiencies (as a result of its own review, audit, and/or inspection) that have not been

addressed, the Contractor may be required to submit a formal report to the Chief of CBU documenting their inability to resolve all deficiencies.

17. Develop, document and maintain at all times an organizational structure with lines of delegated authority and responsibility within Contractor's corporate, partnership, proprietorship or other type of business organization. Designate the Contractor's Facility Director as the primary contact for all operational, administrative and managerial issues at the facility. Establish and maintain regular communications between the Contractor's Facility Director and the Chief of CBU. Immediately provide written notification to the Chief of CBU of any changes in the Contractor's management staff, organizational structure, and/or lines of delegated authority and responsibility, changes to established programs/operations, personnel and any adverse impacts on the safety of the public, staff, inmates and the security of the facility.

18. Hire, train, and supervise qualified personnel as specified in Exhibit A, Scope of Work. Implement an organized program of MCCF contract staff orientation and training pursuant to Exhibit A, Scope of Work and all applicable codes and regulations. Maintain staffing levels in order to carry out the CDCR program objectives and to maintain the safety and security of the facility, staff, inmates and community. Identify and define all position duties/functions/responsibilities and assign staff to each position. Supervise and discipline Contractor staff when required. When staffing changes occur, identify and define all duty functions and responsibilities.

19. Conduct and complete investigations into allegations of Contractor staff misconduct, facility disturbances, safety and/or security incidents, and similar events, and provide the CDCR with ongoing and final oral and written status report(s) as requested. Cooperate fully with any State investigation(s) and facilitate the full cooperation of all contractor staff with such investigations and audits pursuant to this Agreement. Provide written reports and documentation of such investigations and audits upon request by the Chief of CBU.

20. Establish disturbance control/emergency preparedness action plans, in concert with the CDCR, to quell disorders/emergencies (per Restricted DOM Subchapter 55000 and Title 15, Sections 3300-3302).

21. Develop procedures and maintain strict compliance with the CDCR's Use of Force policy as applicable to the facility. Comply with any required updates or revisions thereto, as authorized by law.

22. Provide verbal notification and subsequent written reports to the CDCR on matters that may lead to, or have resulted in, a reportable incident (per DOM Section 51030).

23. Comply with all CDCR and/or State fiscal reporting requirements/guidelines, reviews, inspections, audits and/or Corrective Action Plans. CDCR shall be responsible for providing reasonable written notification of such reporting requirements.

24. As specified in Exhibit A, Scope of Work maintain any and all inmate funds (such as, but not limited to, Inmate Trust Fund, Inmate Welfare Fund, and restitution) and "program income" in separate interest-bearing accounts (up to the FDIC insured limits) maintained on behalf of, and in trust for, the State. Upon request and approval of the Chief of CBU, Contractor may maintain these funds in a non-interest bearing account. The Contractor shall not intermingle inmate funds, program income, and/or contractor's own funds. Account to CDCR for all inmate funds and program income and use or turn over such funds to the State as directed by the Chief of CBU or CDCR.

25. The Contractor's accounting system must be in accordance with the Financial Accounting Standards Board and the Governmental Accounting Standards Board standards as the authoritative body of Generally Accepted Accounting Principles.

26. The Contractor shall maintain community relations by gaining and maintaining support for the MCCF program through community outreach and awareness.

27. The State reserves the right to require the Contractor to implement a substance abuse program (SAP). The Contractor and State shall agree on the program components and implementation date of a SAP. Any pertinent documentation relating to the SAP components and/or implementation date must be approved in writing by the CBU Administrator prior to actual program implementation.

In the event that a SAP is implemented, this contract will be amended to incorporate SAP funding and program components and policies. Further, the Contractor may be allowed to purchase expendable and non-expendable equipment and office supplies necessary to develop and implement the SAP if such equipment/supplies are not currently available on-site. The proposed SAP budget line items and overall costs are subject to the prior approval, in writing, of the CBU Administrator.

III. CDCR's Rights - CDCR has the right to the following:

1. Monitor the Contractor's performance of this Agreement through joint or independent audits, inspections, and/or reviews of Contractor's facility and operations as deemed necessary or appropriate to ensure Contractor compliance.

2. Provide and maintain general management oversight of the Contractor's facility to ensure that the Contractor meets program and security requirements and maintains the integrity of the program.

3. Monitor Contractor's compliance with CDCR, American Correctional Association (ACA) (Attachment 19), and other required training standards for Contractor staff.

4. Oversee, assist, direct and/or inspect the Contractor's facility shakedown activities to ensure that the MCCF is ready for occupancy. For the purposes of this Agreement, the term "facility shakedown" refers to the Contractor, in coordination with CDCR, completing a documented thorough systematic site/facility search for the removal of any and all contraband that would likely cause a threat to the security of the facility and the safety of the public, staff and inmates.

5. Maintain oversight of the CDCR's: inmate disciplinary process, inmate time to serve computations, use of force policy, inmate due process, and overall security of the facility.

6. With the Contractor's cooperation, secure all non-peace officer staff, visitor, vendor, and volunteer security checks through the State Department of Justice and/or Federal Bureau of Investigation.

7. Review the Contractor's operating facility policies and procedures for compliance with CDCR requirements prior to facility activation and during the term of the Agreement.

8. Review and process facility monthly invoices for reimbursement and Contractor staff vacancies.

9. Coordinate, provide and approve routine and emergency inmate transportation as specified in Exhibit A, Scope of Work.

10. Monitor Contractor compliance for medical and mental health services for inmates in accordance with Exhibit A, Scope of Work, Section X, Program Requirements, Number 1, Medical Services, and in coordination with the Chief Medical Executive (CME) at the designated CDCR HUB facility as needed.

11. Maintain inmate "Field Files" (also referred to as "Flimsy Files").

12. Provide classification and disciplinary hearing services as prescribed in CDCR regulations.

13. Maintain inmate case record and casework functions.

14. Ensure that a written agreement has been established between CDCR and the local District Attorney's Office that identifies prosecutable offenses and required processes (PC Sections 4700.1 - 4704 and 4750 - 4755).

15. With Contractor's cooperation, oversee Contractor's collection of and accounting for all inmate trust funds, restitution, inmate pay, and "program income". Direct the use of such funds and/or

collect such funds from Contractor on a regular periodic basis throughout the term of the Agreement.

16. Monitor the Contractor's fiscal activities covering all funds associated with this agreement.

IV. ORGANIZATION

The Contractor's operations must be organized so that there will be continuous management representation on site during normal business hours with the authority to make decisions regarding policy, procedure and critical program issues. The Contractor shall provide lines of authority and identify these positions/individuals that are authorized to make decisions in the day-to-day management and operation of the facility. The facility representatives shall effectively plan, direct; take appropriate action within the facility relative to security, maintenance, programming, personnel management and budget preparation.

The Facility Director shall coordinate with CDCR the facility activation, custody, treatment, training, and discipline of all inmates in the facility. The Facility Director shall have the responsibility to supervise and evaluate contract staff and act as the liaison with CDCR.

The Contractor shall comply with: California laws pertaining to prison and parole; requirements for institutional programs; building construction and related security specifications; and follow the principles and practices in correctional administration. The Contractor will be responsible for the assignment of staff to supervise contracted services and coordinate all necessary activities related to the responsibilities listed in the agreement. A complement of Contractor staff must be provided for the assignment of supervising employees on a continuing basis.

The Contractor shall implement an "Administrative Officer-of-the-Day (AOD)" to provide a Contractor's administrative or management level staff to be available for contact in the event of unusual or serious incident(s) at the facility during non-business hours. The Contractor staff assigned AOD duties must possess administrative/managerial experience and have the authority to make decisions in the absence of the Facility Director. Unusual or serious incidents are generally considered to include but are not limited to the following attempted or actual act(s): death, serious injury, escape, serious disturbance, and felony assault/battery, loss of facility security keys, fire, hazard material/chemical exposure, serious property damage, staff work stoppage and use of force. The CDCR reserves the right to amend, upon written notification to the Contractor, the list of reportable unusual or serious incidents. The Contractor AOD shall direct Contractor staff to make the appropriate notifications and submit completed reports to CDCR as required in Exhibit A, Scope of Work. However, should a difference of opinion occur between the Contractor and the CDCR AOD, the CDCR AOD direction(s) shall prevail.

V. OPERATIONS

The Contractor, with CDCR approval, will: (1) develop and implement an organizational structure with lines of authority; (2) assign responsibility and distribution of functions; (3) prepare a detailed description of the authority, responsibilities and duties of each MCCF staff member; (4) develop and implement written policies and procedures for MCCF administrative and operational activities; (5) implement an organized program of MCCF staff orientation and training, and (6) provide organizational chart(s) depicting all staffing resources assigned at the facility. The organizational chart(s) must identify the title of the position, the respective position number (if any), the particular watch, and the name of the person currently assigned to the position. The Contractor must maintain the organizational chart(s) and produce a copy to CDCR Facility Captain assigned to the facility and the Chief of CBU upon any change or request from CDCR. In addition, the Contractor shall provide personnel available to perform necessary clerical functions for CDCR staff from 8:00 a.m. to 5:00 p.m. Monday through Friday. These functions include, but are not limited to, the following:

1. Type Inmate Disciplinary reports.
2. Photocopy information regarding classification, disciplinary hearings and day-to-day work issues.
3. Type/file correspondence, reports, and other operational documents.
4. Type classification documents (i.e., CDCR 128G, etc.).
5. Prepare, maintain and transmit computer documents.
6. Utilize facsimile and postage machine(s) and other office equipment as required.
7. Answer telephones, forward calls and take messages.

The Contractor is responsible for the selection and evaluation of custodial MCCF contract staff and ensuring that training is consistent with the Corrections Standard Authority (CSA) and CDCR Standards.

Any change to the MCCF approved organization structure requires approval of the Chief of CBU prior to implementation.

On no less than an annual basis, the Contractor shall have the facility inspected by the appropriate official(s) by the Health Department(s) for facility and Contractor compliance with required health, safety, sanitation and hazardous material standards and requirements. The Contractor shall provide to the CDCR within 30 days, copies of reports, certificates, findings and/or other related documents, including submission of corrective action plans delineating resolution of the deficiencies. The Contractor shall immediately report to CDCR any instance or situation where serious bodily injury or life threatening condition is known or found to exist. The CDCR shall be provided reasonable advance notice of any such inspection(s) and meeting(s) in order to participate.

VI. GENERAL FACILITY SECURITY REQUIREMENTS

The facility will securely house persons committed to the custody of the CDCR. The Contractor shall provide and maintain the safety of staff, inmates and physical/operation security of the facility on a 24-hours, 7 days a week basis. The Contractor, in determining the facility security requirements, must take into consideration the facility's structural requirements in relation to the operational needs necessary to safely manage an inmate population.

The facility shall be staffed at the levels specified in Minimum Required Staffing (MRS) and equipped to detect and control all movement within the facility, along the outer security perimeter, on facility grounds, and all facility ingress/egress.

The facility shall incorporate clear lines of sight to all inmate areas from designated or appropriate staff locations/posts to provide for necessary observation and supervision of inmates as well as for potential use of weapons. If clear lines of site are not possible, the Contractor must incorporate other security measures to mitigate obstructions to provide alternate lines of site (i.e.: use of security cameras, mirrors or additional staff).

VII. ADMINISTRATIVE AND SECURITY REQUIREMENTS

In order to maintain adequate administrative/security control, the Contractor must incorporate the following components into their scope of operations:

1. Procedures Manual(s)

A CDCR approved Procedures Manual(s) that addresses every element of the MCCF's daily operations/activities including, but not limited to the following: key control; building functions; ground maintenance; facility management; health and safety (i.e., Blood Borne Pathogens); food service; security; emergency/disturbance control; facility operations; inclement weather conditions; inmate programs/activities; inmate movement; inmate count; tool control/security; use of force and fiscal requirements. Any confidential or restricted material must, at a minimum, be physically secured and inaccessible to inmates or unauthorized persons consistent with CDCR standards/requirements.

It shall be the Contractor's responsibility to establish MCCF procedures; enforce procedures; review/update procedures (on no less than an annual basis); and secure CDCR approval. The Contractor shall ensure currency and accuracy of all information contained therein. The Chief of CBU or designee shall have the right to access and review facility procedures at any time. Proposed procedural changes, particularly involving inmate constitutional rights and facility security, shall be coordinated with the on-site CDCR Facility Captain for appropriate approval by the Chief of CBU. In any event, the Contractor shall provide the Chief of CBU with a copy of proposed procedural change(s) with as much advance notice as is practical prior to anticipated

activation. (Emergency changes shall be communicated to the Chief of CBU as soon as practical.)

The Contractor must establish the procedures manual(s) and must incorporate a schedule for the routine and/or periodic testing of security and emergency equipment and/or procedures to ensure overall effectiveness and level of proficiency. This shall include conducting an annual facility emergency operation exercise and/or mutual aid exercise to be coordinated with CDCR. The emergency operation exercise shall be a carefully planned, organized, directed, and goal-oriented exercise that serves to better prepare facility staff and resources to effectuate a procedural and tactical response to safety/security emergencies. The emergency operation exercise is considered a training tool and therefore, shall incorporate a means to monitor, direct, debrief, evaluate and measure the effectiveness of the exercise and abilities of staff.

2. Personnel Policies and Procedures

Written personnel policies and procedures include, but are not necessarily limited to, the following:

A. Requirements for standard uniforms, identification badges and insignia for security staff. The uniform shall consist of shirt, pants, shoes, hat and identification badge and shall be of a color that clearly differentiates staff from inmates. Uniforms shall be the standard Taft Police Department uniform. The Contractor must also incorporate a security plan that addresses staff uniform/equipment storage, maintenance, use, accountability, control and prevents unauthorized access or control by inmates or other persons.

B. All uniformed security personnel shall wear a clearly displayed and readable nameplate of 3”X3/4” standard item of uniform attire (including on outer coats/garments). The name tag may be embroidered in place of a nameplate and shall be one (1) inch letters. The nameplate shall consist of the employee’s first initial and last name. Any non-uniform employee having contact with inmates and/or the general public may also be required to wear a nameplate while on duty, as determined by the Facility Director and on-site CDCR Facility Captain.

C. The prohibition of all forms of discrimination including sexual harassment of employees, job applicants, visitors, the general public, CDCR staff and MCCF inmates.

The Contractor shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12900 et seq.), the regulations promulgated there under (California Administrative Code, Title 2, Section 2, Section 7285.0 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, title 2 of the Government Code (Government Code Sections 11135 et seq.) and the regulations or standards adopted by CDCR to

implement these laws. Contractor shall develop a written policy which prohibits any form of sexual harassment in accordance with local, state, and federal laws.

D. The Contractor shall establish and administer a written nepotism policy in accordance with DOM Section 33010.25.

Any exception to CDCR's nepotism policy shall require the prior approval by CDCR's Office of Labor Relations and the Director of Adult Institutions upon written request from the Contractor supported by reasonable justification.

E. The Contractor shall have a written policy and procedures to guard against conflict of interest. The written conflict of interest policy shall be in compliance with the Fair Political Practices Act. Such policy shall specifically provide that no employee shall use his or her official position to secure privileges or advantages.

F. Written policy and procedures in compliance with CCR, Title 15, Section 3400, which prohibits employees from over familiarization and fraternization with MCCF inmates and their families and friends.

G. Written recruitment, hiring and retention policies and procedures to employ qualified key representatives.

H. The Contractor must establish written policies and procedures for the processing and thorough investigation of alleged Contractor staff misconduct. This shall also identify the range of possible sanctions/disciplinary actions and CDCR notification process of action undertaken at all stages (i.e., initial complaint; investigation status; and final disposition).

1. **Staff Selection/Training & Credentialing:**

a) **Security/Custodial Staff –** The Contractor shall recruit, hire, train and maintain able-bodied security/custodial staff to provide 24-hour custody coverage of the MCCF in accordance with the staffing requirements specified in the Agreement. Staff selection shall adhere to PC Section 6035, CSA, Standards and Training for Corrections (STC), ACA and CDCR mandates/requirements regarding initial screening and testing of candidates considered for MCCF custodial employment. It shall be the responsibility of the Contractor to ensure that MCCF employees are able to meet and successfully carry out the challenges, responsibilities and certifications required of their respective job classification, position and/or duty assignment at the MCCF.

b) **Credentialing, Privileging and Peer Review –** Primary Care Providers (PCPs), which includes physicians, nurse practitioners and physician assistants, hired by the CONTRACTOR must be approved by CCHCS' Credentialing Review Committee prior to commencement of services. Additionally, CCHCS may conduct clinical performance appraisals of all CONTRACTOR PCP's providing services to CDCR offenders and reviews all peer reviews of contracted PCPs. Contractor is also required to complete an initial written peer review after 30 days of employment, and then annually.

c) **Education Staffing –** The Contractor shall ensure that all Academic educational staff currently meets the credential standards as set forth by the California Commission on Teacher Credentialing (CCTC). A valid teaching credential for Vocational Instructors is a Designated Subjects Vocational full-time (preliminary, clear, professional clear, or life) credential from the CCTC approved list. (Refer to Attachment 5 Vocational Subjects Academic Teaching Credentials) No emergency, internship or adult credentials will be accepted. Contractor shall provide to the Chief of CBU current copies of all academic and vocational education staff credentials.

d) All Contractor staff who will work with or near inmates must acknowledge by their signature that they have been informed of the laws and regulations governing association with inmates (refer to CCR, Title 15, Section 3285 and CDCR 181, Digest of Laws Related to Association with Inmates).

The Contractor shall have a written policy in accordance with the CCR, Title 15 and DOM prohibiting fraternization between contractor's staff and inmates in the facility. The policy shall require that each employee, agent, and subcontractor be subject to the following prohibitions in respect to all inmates assigned, held in custody, or former inmates and the inmate's family and friends:

1) No employee, agent, or subcontractor shall initiate, establish, or maintain any social, personal, or sexual relationship with inmates.

2) No employee shall transmit any messages, written or verbal, any literature or articles to or for inmates except as required in the official conduct of his/her official duties.

3) Any contacts from an inmate's family or friends shall be reported to the Facility Director and CDCR Facility Captain.

e) All non-peace officer Contractor and subcontractor staff shall be required to undergo and successfully secure a CDCR security clearance to enter the facility or access any facility grounds through CDCR. It shall be the Contractors responsibility to retain approved clearances on-site as long as the staff member is employed. CDCR reserves the right to deny and/or retract security clearances upon written notification to the Contractor. CDCR will not be responsible for compensating Contractor or Contractor staff as a result of such action. With prior approval from CBU Chief, designee or AOD, non-peace officers, contractors and subcontractors may enter the facility on emergency basis provided as such contractors and subcontractors shall at all times be escorted by facility staff.

A CDCR security clearance, at a minimum, includes a record check with the California Department of Justice, Criminal Identification and Information (CI&I); Federal Bureau of Investigation (FBI); California Department of Motor Vehicles (DMV) and local law enforcement agency(s). However, it may also include a record check with a DMV and/or other law enforcement agency(s) from another state(s) if deemed appropriate. The CDCR may grant a "*provisional*" security clearance pending completion of a thorough and final security clearance. A "*provisional*" clearance is based on a clear CI&I and DMV record check. The minimal processing timeframe for a provisional clearance is normally two weeks. It shall be the responsibility of the Contractor to notify the affected person of their respective security clearance status.

The Contractor shall be responsible for ensuring the completion and appropriate processing of required fingerprint Live Scan. Sub-contractor staff and volunteers must have a CDCR security clearance before entering the facility.

f) The Contractor shall have written personnel procedures which provide for an employee grievance and appeal process.

2. **Duty Statements –** The Contractor shall be required to break down the total work required for each and every authorized facility position into respective percentages according to the actual duties required. The Contractor shall either incorporate the percentage breakdowns and respective duties required into the applicable "*Post Order*" (posted positions) or "*Job Description*" (non-posted positions) required by the position, or prepare a separate Duty Statement.

3. **Post Orders –** Post orders shall be provided for each authorized security/custody post in the MCCF that details specific duties, breakdown of duties by percentages (if no duty statement), tasks to be accomplished, area(s) of responsibility, timeline of duties, and other special post requirements. The contractor shall ensure that

security/custody personnel read, understand, and sign post order(s) pursuant to DOM Section 51040.6.1.

4. **Post Assignment Schedule (PAS)/Minimum Required Staffing (MRS):**

a) **Post Assignment Schedule (PAS)**

CDCR shall determine with the Contractor's input the minimum on-site required staffing needed to carry out the custodial, medical, food service and academic/vocational education operations of the facility, for each watch (hours must be specified by the Contractor), during a 24-hour period, 365 days a year (366 for a leap year). CDCR shall determine with the Contractor's input the required custodial, medical and food service staffing using the CDCR's Post Assignment Schedule (PAS) format. The Contractor shall be required to complete, calculate and submit a PAS using the instructions contained herein, consisting of a Detail, Summary, and Master Roster (format only) for all PAS staffing. The Contractor must provide to CBU a Master Roster monthly; however, the names of the actual staff assigned to the posted positions established must be inserted and maintained by the Contractor on an ongoing basis as the staff are hired, trained and assigned. Information regarding any vacancy must be submitted to CBU by attaching FMH, Appendix A, Schedule 1.3 – Vacant Post or Position Deduction Report to the monthly invoice. Invoices submitted without FMH, Appendix A, Schedule 1.3 will be considered incomplete and may not be processed for payment until complete.

In determining the minimum required PAS staffing, CDCR with the Contractor's input will take into consideration the facility/site design, physical plant components, program operations and use of CCTVs in order to ensure the safety of the public, staff, and inmates; prevention of escapes; and security of the facility. The PAS must identify all Permanent Full-Time (PFT) staff required by the Contractor. The PAS must also identify and include all required staff relief necessary to perform the custodial, medical and food service duties and responsibilities.

The total number of PAS staff positions (according to classifications, titles and total numbers) must reconcile with the Minimum Required Staffing as defined hereinafter.

b) **Minimum Required Staffing (MRS)**

The MRS shall consist of all on-site administrative, support, and PAS positions (e.g., security/custody, medical and food services) deemed necessary pursuant to the Agreement (sub-contractor and volunteer staff are not to be included).

The Contractor shall determine and identify the post relief factors required for the minimum on-site required staffing needed to carry out all operations of the facility

on a 24-hours 7 days a week basis. The Contractor shall be required to identify the relief staffing using the MRS and identify relief positions in the MRS. Any additional staff hired beyond the level specified in the MRS requires approval from the Chief of CBU. However any and all additional staff will be included in the per diem rate as shown in Exhibit B-2-B-8, Contract Allotment Sheet.

The Contractor shall require all posted positions personnel (including subcontracted staff, e.g., medical, food services) to sign in on a daily sign-in sheet as identified on Attachment 17 , Posted Positions Daily Sign-in Sheet. Attachment 17 for the month shall be sent to the Chief of CBU by the fifth day of the following month.

The Contractor shall be required to maintain all staffing levels consistent with the PAS and MRS as approved by CDCR. The Contractor shall provide a written request to the Chief of CBU through the assigned CDCR Facility Captain of any anticipated or known variance between the CDCR approved MRS/PAS and actual staffing levels being utilized. All MRS/PAS staffing changes must be submitted to CBU for approval/disapproval via a "Change in Established Positions" located in the FMH. Contractor shall submit a monthly Employee Status Report (ESR), Attachment 13, to the Chief of CBU by the fifth of each month identifying all existing, new, or terminated staff.

CDCR may assess vacant position deduction if the Contractor fails to maintain minimum staffing for mandatory posted and non-posted positions identified in the MRS per the Agreement. The Contractor may use contract staff and overtime to fulfill its mandatory posted and non-posted staffing requirements. The contractor shall exercise due diligence in filling staffing vacancies and, to the fullest extent possible, the duties of the vacant posted and non-posted positions shall be performed through the use of overtime or contract staff. In the event that the duties of the vacant posted and non-posted positions are being performed through the use of overtime or contract staff, the Contractor shall not be deemed in breach of this contract and shall not be subject to an assessment of vacant position deduction. For each shift that a mandatory posted or non-posted position is not covered by another Contractor staff or overtime, CDCR may assess damages in an amount equal to the daily rate (salary and benefits) per post or position per day while the deficiency continues.

Contractors shall have 45 days to fill a vacant post or position per the Agreement. A vacant post or position shall not be deemed vacant in the event that the Contractor is using contract staff or overtime to fulfill the duties of the post or position for the first 45 days. Beginning on the 46th calendar day that the post or position remains vacant, the Contractor shall track the date position is vacated, the days, the work hours and salaries and benefits of each vacancy and make appropriate deductions

from the next monthly invoice using the form in FMH, Appendix A, Schedule 1.3. CDCR may assess vacant position deduction in an amount equal to the daily rate (salary and benefits) for such post or position per day while it remains vacant. Contractor shall not circumvent the imposition of vacant position deduction by multiple short-term or rotation of staff assignments in a post or position.

The Contractor shall not be liable for vacant position deduction for a failure that results from the occurrence beyond its control. Assessment of vacant position deduction shall not preclude CDCR from terminating this Contract for breach as provided herein. Withholding of payment as vacant position deduction shall not relieve the Contractor of any of its obligations under the Contract.

5. **In-Service Training** – The Contractor, in conjunction with CDCR, shall develop and implement training programs for all staff which shall clearly define the knowledge and skills necessary for the effective management of inmates and the supervision of their activities specific to a MCCF. The Contractor shall maintain records of individual staff training files that document compliance with training requirements.

   Basic and annual training for the Contractor employees must be in compliance with the following CDCR and CSA standards and requirements:

   a) CSA requires 176 hours of Correctional Officer Related Education (CORE) training within the first year of hire for all security staff having contact with inmates more than 50% of their workday. CSA requires an additional 80 hours each for staff designated as Supervisory or Management and shall be completed within the first year following appointment. Distinctions between classifications shall be consistent with job functions.

   b) All Contractor staff, within one year of hiring date, must attend a CSA, Standards and Training for Corrections (STC) certified CDCR new employee orientation course (32 hours) given by approved CDCR CBU staff. This training shall include, but is not limited to, inmate staff relations, Prison Rape Elimination Act (PREA), Inmate Appeals, Inmate Classification Process, Inmate Work Training Incentive Program/Inmate Supervision, Disciplinary Reports (CDCR RVR 115), Use of Force, Count and Escape Prevention, Inmate Property/Contraband, Key and Tool Awareness, Crime Scene Prevention, Searches (cell, body and area), Drug Identification, Prison Gangs/Disruptive Groups.

   c) CDCR requires all MCCF contract employees having one-year continuous experience to complete 40 hours of annual training of which 24 hours must be CSA certified.

6. **Job Action Contingency Plan –** The Contractor shall have and maintain a written job action contingency plan, to be implemented in the event of employee work stoppage or other job actions which may disrupt the MCCF's daily operation (i.e., strikes, sick outs, sit ins, etc.). All managerial and supervisory staff of the MCCF shall be familiar with the contents of this plan. Copies of this plan shall not be made available to non-supervisory employees or to inmates. The Contractor shall comply with this restriction. Copies of this plan shall be submitted to the Chief of CBU, via the assigned CDCR Facility Captain. This plan shall be kept in a secured location that is inaccessible to non-supervisory employees, inmates or unauthorized persons.

7. **Volunteers/Subcontractors** – The Contractor will administer the application, screening, security clearance, assignment, supervision and performance of volunteers including student interns, tutors, visiting clergy, and members of special interest groups such as Alcoholics Anonymous/Narcotics Anonymous. Volunteers and/or subcontractors are required to obtain a gate clearance from CBU. Volunteers and subcontractors must receive initial and annual CDCR orientation training.

3. 24-Hour Supervision of Inmates

The Contractor shall provide direct, constant, undistracted and professional staff supervision of inmates on a 24-hours 7 days a week by trained, physically fit (pursuant to CSA standards) and mentally alert correctional employees. Indirect supervision of inmates by correctional employees via closed circuit television cameras/monitors shall be considered supplemental enhancement to direct supervision of inmates. The Contractor shall take into consideration their facility design, physical plant structures, security requirements and program operations in determining the appropriate use and deployment of direct and indirect supervision. The Contractor's routine supervision of inmates and urgent response to quell, control and resolve inmate generated disturbances, incidents and/or other crisis situations shall be in a manner consistent with all applicable laws and the policies/procedures of CDCR.

4. Daily Movement Sheet (DMS)

Utilizing the Daily Movement Sheet, Attachment 10, the Contractor shall accurately prepare, maintain, process and distribute the inmate DMS on a daily basis. The DMS shall identify all official inmate movement that includes, but is not limited to: arrivals; departures; temporary releases; out-to-courts; changes in housing and work assignments (previous and current); custody classification; release destination (i.e., parole location, hold [agency], institution) approved pass list; inmate name; CDCR number; ethnicity and any corrections to a previously submitted DMS. The DMS shall be dated, sequentially numbered and have an "*effective date*" column (official date of the specific action.) The DMS must be completed prior to 0400 hours of the respective day, reviewed/signed by the Watch Commander or designee) for accuracy, copied and distributed to all facility CDCR staff, the CBU Case Records Office, CBU Headquarters

and any other staff/work areas deemed necessary by the Contractor/CDCR. (See Attachment 10 for required format).

5. 24-Hour Central Control Operations

The Contractor shall provide an equipped, staffed and managed central control that is fully operational 24 hours a day 7 days a week, and monitor/track inmate count/movement, staff, and visitors. The Contractor shall establish policies/procedures governing staff responsibility, access and integrity of central control. In order to maintain the highest level of security, operation and integrity of central control, the Contractor shall not compromise central control operations by assigning staff unrelated duties or tasks.

6. Security Control of Computers

Security control of the MCCF's computers to prevent inmate access to sensitive and restricted information shall be consistent with DOM Section 49020.1 (Inmate access and use shall be in accordance specifically with DOM Sections 49020.18.3 - 49020.18.7.) In no case shall an inmate have access to any Internet, Intranet, or Web site, e-mail, Wide Area Network or other similar system. Any computer not intended for inmate use must be identified by a clear display of large red letters that reads, *"Restricted from inmate access".* Restricted computer/workstation must be located and enclosed in a physically secured and lockable area expressly dedicated for its purpose. Inmates will at no time have access to any restricted computer equipment.

7. Daily Facility Activity Logs

The Contractor shall incorporate the daily use of a MCCF daily activity log to chronologically record the significant routine and out of the ordinary events, activities and incidents that occurred at the facility during each of the respective watches. Significant routine activities include, but are not limited to, start/end time of watches; inmate starting/ending counts; counts start/clear times; security checks; system or equipment tests; inmate arrivals/departures; and distinguished visitors. The Daily Facility Activity Log will be available for review at any time by CBU staff.

8. Inmate Counts

A physical inmate count (positive) shall be conducted at least four times during each calendar day consistent with Title 15, Section 3274 and DOM Section 52020. At least one count shall be a negative count that properly accounts for all assigned and unassigned inmate beds. At no time shall an inmate have possession or control of actual count documents or materials. The Contractor shall immediately report any irreconcilable count discrepancy(s) and/or need for an emergency count to the senior on-site CDCR staff (during business hours) and/or CBU AOD (during non-business hours).

9. Perimeter Security

Perimeter security checks must, at a minimum, be performed daily at the beginning of and once during each watch. Perimeter checks conducted during each watch must be on a varied and

random basis so as to avoid predictability. Perimeter checks must provide a physical means of ensuring that the integrity and security of the perimeter features are in full compliance and have not been otherwise compromised. At a minimum, perimeter checks must include staff patrol and direct visual inspection of, but not limited to, all outer perimeter fences; fence ties; fence foundations; gates; locking mechanisms; surveillance equipment; and lighting (when applicable). The date, start/end time, area checked, results and the name of the staff person who conducted the security check shall be recorded on a Facility Daily Activity Log.

Warning signs shall be conspicuously posted at all vehicle sally ports, pedestrian entries, and entrances to all public and business roadways onto the facility grounds that, at a minimum, display the following information in English and Spanish: (a) name of facility; (b) that it is a facility of CDCR; (c) identify items that cannot be brought onto grounds [Sample generic language is: "*It is a crime to bring onto facility grounds alcohol, drugs, weapons, explosives, tear gas or tear gas/weapons. Cameras, video records or tape records are not permitted except with prior approval. By entering these grounds, you consent to the search of your person, property and vehicle*."]; (d) that entrance on the property constitutes consent to be searched; and (e) that a "*no hostage policy*" is enforced. (Roadway/sally port entrance signs/lettering shall be of sufficient size to be read by motorists [but no less than 1-3/4 inch letters in height]; smaller signs may be posted at other facility entrances.)

10. Inmate Classification

Classification of each inmate shall be done no later than 14 calendar days after arrival at the MCCF to assess their security risks and program needs. The classification process shall take into consideration the inmate's need, interests and desires in keeping with the facility's program; the inmate's behavior, performance and classification score; and the effect on the inmate, other inmates, staff, security of the facility and public safety.

The general purpose of classification is to consider the case factors and needs of each inmate and impose the least restrictive security/supervision measures necessary consistent with their classification, custody level, and program status.

Each inmate shall be individually classified and assigned a specific schedule of activities in the MCCF. Classification determinations may require establishing and/or changing inmate restrictions and level of supervision for control purposes to ensure the security of the facility and safety of all persons.

11. Due Process and Progressive Discipline

Due process and progressive discipline of inmates will be appropriately applied, reported and documented in compliance with DOM Section 52080 and Title 15, Subchapter 4, Article 5. Inmate discipline shall be administered to maintain control and to promote positive change in attitude and behavior. The contractor shall develop an inmate disciplinary operations plan which meets the requirements of CDCR's policy, due process, and specified time limits.

Contractor staff shall initiate and participate in informal and formal disciplinary actions within the context of progressive disciplinary practices.

The Contractor staff will be the first level of review regarding informal action. The Contractor staff shall have the responsibility of documenting negative behavior and writing the initial charges in accordance with CDCR's policy and regulations. CDCR staff shall classify disciplinary action as administrative or serious. CDCR staff has the final authority in all formal disciplinary actions.

12. <u>Security Control of Entries and Exits (through a sally port)</u>

The Contractor is responsible for the management and control of all vehicle and pedestrian entries into and exiting from MCCF security areas. At a minimum, the Contractor shall establish policy/procedure to identify, record/log, and search visitors and vehicle traffic entering the facility via vehicle the sally port. These records/logs must, at a minimum, indicate the name, title, purpose of visit, date, vehicle identification and time of entrance/exit and be available for review by the CDCR Facility Captain, the Chief of CBU or designee.

13. <u>No Hostage Policy</u>

The Contractor shall establish a written "*no hostage*" policy and develop procedures for implementation. The Contractor shall include the "*no hostage policy*" in staff/volunteer/subcontractor training. Additionally, a written and legible notice in English and Spanish must be conspicuously posted at all entrances to the MCCF. (Sample language is: "*This CDCR facility has a no hostage policy. Hostages will not be recognized for bargaining purposes.*") Signs/lettering shall be of sufficient size to be easily read by passing persons. All inmates, visitors and staff must be informed of this regulation.

14. <u>Inmate Receiving/Release</u>

The Contractor will provide a structured and controlled receiving and release policy and procedures for inmates temporarily or permanently transferring to or from the MCCF. At a minimum, this shall include: security; staffing and operational procedures; processing of inmate, property and documents; interview/screening of inmates (i.e., housing, medical, enemies, gang affiliation, etc.); and use of restraint equipment.

15. <u>Inmate Orientation</u>

Inmates on orientation status should be restricted from free movement/participation in facility programs or activities. Orientation inmates should not be permitted to mix or have contact with the general population. Contractor staff should provide escort for each orientation inmate required to receive or participate in any facility service, program or activity. Orientation inmates may be dressed in separate clothing (i.e., colored jumpsuit) to readily distinguish them from other facility inmates. Supervision shall be direct and constant. Orientation inmates may not be released to general population until the Contractor has provided a structured orientation of

facility programs and activities to each inmate. As soon as possible after arrival, inmates must also be issued picture identification cards, bed assignments, proper inmate clothing and linen.

16. Contraband Searches

Documented searches of the MCCF and inmates for contraband must be conducted on a daily basis year-round. Searches should be planned and based on security and/or operational necessity (i.e., visiting, Off Reservation Work Detail ORWD assignments, transports, escorts) or there is reasonable cause (i.e., contraband, under the influence symptoms, confidential information, investigation, etc.). The Contractor shall ensure an unclothed body search on all inmates is conducted when returning from work assignments or other exposure outside the outer facility perimeter. The Contractor shall make every effort to coordinate with CDCR the planned search of inmates; and/or housing units; visitors; other persons; personal belongings; vehicles; and other areas of the facility.

17. Evidence Area/Room

The Contractor shall provide a centrally located and secure evidence area or enclosure of sufficient size and dimension to safely process, store, retrieve and maintain articles of evidence or uncontrolled weapon stock. Evidence is any tangible item that is being preserved for the eventuality that it may be used to furnish proof to a discretionary/fact finding body. Additionally, the Contractor shall coordinate the collection, processing and storage of contraband/evidence with on-site CDCR staff. The Contractor shall also cooperate with CDCR in any subsequent criminal referral action or process (for prosecution) against any inmate/visitor or related matter. (CDCR shall be responsible for ensuring that a written agreement has been established between the facility Contractor and the local District Attorney's Office that identifies prosecutable offenses and the processes required to be undertaken consistent with PC Sections 4700.1 - 4704 and 4750 - 4755.). If the processing and/or storing of evidence require special accommodations such as refrigeration (i.e., fluids), airing capability (i.e., blood stained articles), storing of explosive material (i.e., chemicals, bullets), separate storage capability (i.e., cross contamination) or other specific safety, security or evidentiary requirement the Contractor shall make allowances for these cases.

18. Employee Safety/Security Equipment

Contract Staff - Provide or otherwise make available to Contractor security personnel, through Central Control or other secure area, necessary safety/security equipment (i.e., whistle, handcuffs and handcuff case). Personal alarms for employees must be issued and, at a minimum, consist of a whistle. The Contractor shall provide a plan/procedure for the control, accountability and replacement of all security equipment to the Chief of CBU.

Additionally, security staff, assigned to the following areas/activities shall be issued (at a minimum): a hand-held communication radio, mobile assignments (Search and Escort, ORWD Crew, transportation); yards; patrols; visiting; Receiving and Release (R&R); Watch Office; Receptionist (if any); Food Service; Medical and any remote or physically isolated post. The following areas/activities must have immediate and direct access to a base communication

station: Central Control; Housing Control Units; and any other area deemed necessary by the Contractor and CDCR. The Contractor should also maintain a sufficient number of additional radios for replacement purposes; irregular and emergency need; and/or other routine functions as deemed necessary.

CDCR Staff - The Contractor will be required to provide to each CDCR staff on duty the following: a hand-held radio (and case); facility keys (as deemed necessary by CDCR); metal key tags (or similar device) to check-out equipment; and any other security related equipment deemed necessary by CDCR. The Contractor shall additionally provide to CDCR staff any required training on the proper use/operation of security related equipment. The Contractor must provide adequate personal protective equipment for immediate distribution and application by all staff, consistent with CDCR and CAL OSHA requirements.

19. Emergency Operations Control Plan

In accordance with CDCR policy, DOM Section 55010 (restricted volume) provide a written Emergency Operations Control Plan(s), in concert with CDCR's on-site staff, and Emergency Operations Unit, that will be implemented in the event of emergencies, disturbances, and natural disasters which may significantly disrupt routine facility operations or programs. All Emergency Operations Control Plan(s) and security procedures shall be deemed "*restricted information*" and must be securely maintained, controlled, and inaccessible to inmates and unauthorized persons consistent with CDCR policy. The Contractor shall ensure that each employee is trained to be familiar with established emergency plans and procedures.

The Contractor shall ensure that all facility emergency operation plans, equipment and operational activities are in accordance and compliance with CDCR's Restricted DOM requirements. Additionally, all emergency operational plans shall be reviewed and approved by the Chief of CBU prior to implementation. Any exception must have the written authorization/approval of the Chief of CBU.

The Contractor shall conspicuously post a "*No Warning Shot*" notice (in English and Spanish) in all internal and external inmate structures of the facility where lethal weaponry may likely be used.

The Contractor shall coordinate with CDCR's Office of Communications (via Chief of CBU and/or the CDCR AOD) the content and release of any information to the media or general public concerning any public interest case/matter or emergency situation. During non-business hours, the CBU AOD shall be contacted who in turn will either serve as or designate a liaison to CDCR's Office of Communications.

The Contractor shall provide Inmate Escape Prevention and Procedures to ensure the prevention of inmate escapes and the immediate implementation of escape procedures as circumstances dictate and in accordance with CDCR policy.

20. Written Mutual Aid Agreements

The Contractor must have CDCR approved Written Mutual Aid Agreements with local and State law enforcement (pursuant to Title 15 Section 3302 and PC Sections 5004 and 5004.5) and related criminal justice agencies for assistance in emergency situations at the facility. These agreements must, at a minimum, identify the procedures for initiating the agreements and the cooperative emergency measures to be taken to prepare for or respond to emergency situations. (Employee job action procedures must be identified as a separate plan.) Development of these agreements will be the dual responsibility of the Contractor and CDCR. Mutual aid agreements must not jeopardize the facility or violate minimum safety standards. All agreements must, at a minimum, be approved by CBU (in concert with CDCR's Emergency Operations Unit and Office of Business Services) prior to activation and revised/updated on an annual basis thereafter. The Chief of CBU or authorized designee shall be the designated CDCR approval authority required for all mutual aid agreements. A copy of the current signed Mutual Aid Agreements must be submitted to the Chief of CBU.

CDCR may seek reimbursement from the Contractor for actual costs of all or part of any mutual aid services rendered as a result of Contractor negligence, error or failure to perform.

Memorandum of Understanding(s) may be developed pending formal contract agreement.

21. Testing of Emergency Lighting Power/Systems

Complete and documented testing of the MCCF's emergency lighting and electrical power system which turns on automatically and instantly with the loss of electrical power must be conducted monthly. The Contractor must identify any and all deficiencies or failures and provide CDCR on-site staff with a written corrective action plan for immediate resolution. This may include the need for imposing interim restrictions or limitations on facility/inmate programs or activities. Documentation of the monthly testing will be provided to the onsite CDCR Facility Captain or Chief of CBU by the 5th calendar day of the following month.

22. Community Service Work Projects

The Contractor may solicit community service projects for inmate participation. Examples of projects may consist of the following: roadside cleanup, county hospital grounds work, parks and recreation area maintenance, washing public agency vehicles, maintenance, graffiti removal, general repairs, refurbishing, and/or grounds work at public works sites. The Contractor shall provide assignments and supervision of inmates on community service work projects in conjunction with CDCR. Inmates placed in a community service work assignment must be screened and approved in advance by the CDCR Facility Captain or designee based on CDCR inmate eligibility screening criteria. Based on the screening, only a limited number of lower level custody inmates may be available for community service work projects.

CDCR and Public Service Agencies may enter into agreements to provide specific community service work projects. Such community service work projects will be mutually coordinated with

the Contractor, and shall require the prior approval of the Chief of CBU via the assigned CDCR Facility Captain. The agreement shall take into account and address the following: public safety, safety of staff/inmates when performing public service assignments, training, equipment, tools, transportation, hours/days of service, remuneration, duration of agreement, and other pertinent terms and conditions. A copy of the signed agreement shall be submitted to the Chief of CBU. If a third party is the beneficiary of the ORWA crew labor, the said third party may be required to reimburse the MCCF for the value of the MCCF custody staff's salary and benefits.

Properly trained staff shall supervise the inmates when performing community service tasks. The level of security during community service projects shall be of a level to protect the community, staff, and inmates. The Contractor shall provide the work crew supervisor a mobile telephone, or two-way radio to maintain contact with local law enforcement and the MCCF.

23. <u>Transportation of Inmates</u>

The Contractor shall provide written policies and procedures on the safe and secure transport of inmates for all facility programs (i.e., outside work crews, etc.) and for any potential emergency transports. Contractor shall include in the policies and procedures a method to include at least one Male staff when transporting inmates. (CDCR will provide regularly scheduled transportation for medical, disciplinary and inmate transfers.) Medical emergency (i.e., life threatening) transportation shall be provided by contracted ambulance service. The Contractor shall include contingency provisions for: (a) activation of emergency transport procedures; (b) available security escort staff; (c) staff training requirements; (d) available resources (equipment, vehicles); and (e) any known restrictions/limitations of the inmate, and any other similar factors.

24. <u>Use of Force</u>

The Contractor shall provide written policies and procedures for all Contractor staff on the CDCR's policy governing the use of force, use of restraints and in the preparation of use of force reports. Employees who supervise inmates must be trained (CSA Certified) in physical controls, recognition and handling of inmate emotional disturbances and use of restraint equipment. Employees will only use the force that an objective, trained and competent correctional employee faced with similar facts and circumstances, would consider necessary and reasonable to subdue an attacker, overcome resistance, effect custody, or gain compliance with a lawful order. The Contractor must incorporate CDCR's Use of Force policy to accomplish the custodial and correctional functions with minimal reliance on the use of force (refer to Title 15, Section 3268-3268.2).

25. <u>Crime/Incident Reports</u>

The CDCR Crime/Incident Reports (Attachment 12) represent the first formal written notification that an incident of significance, importance or interest to CDCR has occurred at the facility. The Contractor shall prepare and distribute CDCR 837s in compliance with DOM Section 51030, Title 15, Section 3382 and CDCR policy. For each reportable incident, the Contractor shall be

required to thoroughly address and include all relevant factors associated with the incident; assign a CDCR 837 log number; and submit the completed CDCR 837 within prescribed timeframes to CDCR for review, approval and/or other action. CDCR reserves the right to periodically modify, revise and/or amend the criteria that constitutes reportable incidents and the Contractor shall fully comply with effected changes upon receipt of written notification from CDCR without amending the agreement. Examples of reportable incidents include, but are not limited to, those identified in DOM Section 51030.3.

Significant security concerns and reportable incidents that become known to the Contractor during normal business hours shall be reported immediately,, or as soon as practical, to the onsite CDCR Facility Captain. During non-business hours, the Contractor shall be required to contact the assigned CBU AOD (see Attachment 12 – Crime/Incident Report).

26. Release Funds

In accordance with PC Section 2713.1 and CCR, Title 15 Section 3075.2, inmates are entitled to funds to assist them with necessary expenses upon their release from prison. The Contractor shall develop a procedure (consistent with current acceptable accounting practices) that can provide a paroling inmate with release funds (for the total amount authorized by CDCR) and if necessary, provide transportation to local public transportation sources/locations upon release. The Contractor will release up to $200 cash to a paroling inmate upon release from the facility.

CDCR staff will initiate the Release Statement (form CDCR-102) which must be approved/signed by the appropriate CDCR Facility Captain (or designee) and paroling and/or discharging inmate(s).

The Contractor will request reimbursement for inmate release pay for the prior month (in arrears), using the Monthly Inmate Release Fund Invoice. Invoices must include a copy of the signed Release Statement.

CDCR – Contract Beds Unit
Regional Accounting Office – Bakersfield
Attn: Accounts Payable
P O Box 12050
Bakersfield, CA 93389

The Contractor shall require each inmate to supply all or a portion of their release clothing. It shall be the Contractor's responsibility to ensure the inmate has secured inmate clothing from family, friends, or other sources such as donations.

27. Initial and Annual Fire Safety Inspections

The MCCF must be approved for occupancy by the Office of the State Fire Marshal (OSFM) pursuant to Health & Safety Code. Thereafter, the MCCF must pass annual fire safety inspections conducted by the OSFM (or their designee) and adhere to the following CDCR standards:

a. Appropriately placed and secured (i.e., keyed box) fire extinguishers, fire alarm pull switches, and thermostat controls throughout the MCCF and documented monthly safety inspections completed by staff.

b. Post clear, concise and site specific emergency evacuation floor plans throughout the MCCF in tamper-proof frames.

c. Conduct quarterly fire drills under varied conditions and at various times of day. Document quarterly fire drills in accordance with CDCR policy and in adherence to a MCCF evacuation plan reviewed and approved by the local fire department or OSFM. Documentation of these drills shall be kept on file and shall be available for review by the CDCR Facility Captain or Chief of CBU upon request. The Contractor shall properly supervise and secure inmates during fire emergency drills.

d. Place smoke detectors throughout the MCCF pursuant to State Fire Marshall's regulations to include such key areas as administration, kitchen, central control, laundry, inmate housing, classrooms, and medical room and maintenance shops. These devices shall be maintained and tested in accordance with the manufacturer's requirements. The Contractor shall allow emergency access to all facility areas at any time. Documentation of these tests shall be kept on file and available for CDCR review upon request.

The Contractor shall be required to provide the on-site CDCR Facility Captain or Chief of CBU with a copy of all conducted/completed safety inspections. The Contractor shall also include any action plan required to mitigate identified deficiencies or failures. The Contractor shall provide a copy of the final clearance to the Chief of CBU.

28. Inmate Telephones

The Contractor will cooperate with the State and the State's telecom services provider with regard to the provisioning of the inmate payphone services.

A. Inmate/Ward Telephone System:

The State will provide collect call telephone service for the facility's inmates through the California Department of General Service's statewide Inmate Ward Telephone Services (IWTS) agreement. The IWTS telephones are for use by inmates to originate authorized non-confidential personal calls (outgoing collect calls only) in accordance with DOM Section 52060 and Title 15, Section 3282. The IWTS provider will install, service and maintain the inmate telephone system. The MCCF Contractor shall initiate calls to the IWTS provider for IWTS maintenance and/or repair needs. The Contractor shall provide the IWTS telephone contractor reasonable access to install and maintain the IWTS.

~~B.~~ Monitoring and Recording Equipment:

The IWTS provider will have monitoring and recording capabilities via an off-site master system. The IWTS provider will be responsible for the installation and maintenance of the on-site monitoring work station. The Contractor shall ensure the monitoring work station is installed in a secured location that is not accessible to inmates or unauthorized persons. The monitoring work station must be controlled by the Contractor and utilized by designated Contractor staff to monitor/review inmate telephone conversations.

The information retrieved from the IWTS monitoring/recording system shall be used for the safety and security of the facility, all persons, and the public in accordance with DOM, Penal Code and Title 15.

C. Monitoring and Recording Notice:

The following notice shall be posted (in English and Spanish) by the Contractor at each inmate telephone:

"All numbers dialed and conversations on this telephone may be recorded and may be monitored without any further notice. By using this telephone, you agree to notify the person called that their conversation and telephone number may be monitored and recorded."

29. Health & Safety Inspections

The Contractor shall comply with all local and jurisdictional health and safety requirements associated with the maintenance and operation of the facility.

The Contractor shall comply with the requirements of the California Department of Public Health (DPH) relative to the operation of the facility. The Contractor shall permit the DPH to survey the facility and conduct an Environmental Health Survey (EHS) of the facility. The Contractor shall assist and participate with CDCR and DPH in facilitating the completion of the EHS. The Contractor shall be required to adhere to DPH/EHS findings and correct any deficiencies via a Corrective Action Plan to the Chief of CBU.

The Contractor and its employees shall provide for a safe and healthful working environment for staff and inmates consistent with applicable health and safety requirements and provisions of the CAL/OSHA program.

The Contractor responsibilities shall include, but are not limited to:

a. compliance with occupational safety and health standards, rules, regulations and orders;
b. provide employees and inmates with general training in safe work practices and hazards unique to the job assignment;

c. maintenance and availability of Material Safety Data Sheets (MSDS);
d. posting of health and safety citations and CAL/OSHA required posters/documents;
e. proper monitoring and measuring for possible exposure to hazards;
f. ensure proper notifications and corrective actions are taken;
g. prepare/maintain required records and reports;
h. provide for effective injury and illness prevention program and training;
i. allow CDCR access to Contractor's log of occupational injuries and illnesses;
j. provide workers (including inmates) with information and training on substances in the "List of Hazardous Substances" or covered by the hazard communication standard – Sections 339 and 5194, Title 8, CCR; and
k. provide safety devices, clothing, equipment and safety guards and ensure are proper use.

30. <u>Offender Account Deductions (Restitution) Collection and Accounting</u>

The Contractor shall be responsible for collecting restitution from the wages and account deposits of inmates who owe restitution, pursuant to PC section 2085.5, as further detailed in the California Code of Regulations, Title 15, section 3097.

The current restitution amount deducted is 50%, plus an administrative fee of 10% of the restitution deduction, for a maximum deduction of 55% of the inmate's wages and deposits, taking into consideration Title 15, subsection 3097(j) exemptions from the above deductions.

A Direct Restitution payment from outside the facility received as a "Restitution Only" payment will be applied 100% to the Victim's Direct Order &/or Fine waiving the Admin Fee. An inmate's request for a Voluntary payment from his Trust Account shall have the Admin Fee waived. Contractor shall accept checks from CDCR to apply to inmate's Restitution Victim Direct Order, Fine &/or Trust Account as instructed by CDCR Inmate Account Branch (IAB) staff.

By entering into this agreement, the Contractor acknowledges that the Contractor is responsible for satisfying CDCR's restitution obligations under such regulations as they currently exist and as they may be amended in the future. The Contractor shall dedicate a one-half time (.5 FTE) staff position and a computer with programming sufficient to perform all of the requirements specified for restitution account, collection and submission. The cost for the staff position, computer and software shall be covered by the Per Diem Rate.

CDCR shall provide the Contractor the Inmate First & Last names, Inmate CDCR Numbers, Restitution Victim Direct Order & Restitution Fine Numbers, individual court assigned debt amount for each case assigned and individual balances of each inmate restitution debt. The Contractor shall collect restitution debts beginning with the oldest dated Victim Direct Order first and resume collections until all Victim Direct Orders are paid in full as expressed in AB1505 (January 1, 2007). After all Victim Direct Orders have been satisfied, the Contractor shall begin collection on the oldest Restitution Fine first and resume collection until all Restitution Fines are satisfied. The Contractor shall have a means set in the computer for update purposes for

collections that CDCR collects & informs the Contractor to update the inmate's balance owing. This transaction will not be a monetary exchange~~d~~.

The Contractor shall hold such funds in trust for CDCR for the purposes set forth in said statute and regulations, and shall not commingle such funds with the Contractor's own funds or with any other funds. The Contractor shall submit one check to CDCR for restitution collections and administrative fees for the prior month attached to an itemized statement reflecting individual collection amounts. Note- Victim Direct Orders & Fines may have the same case number but must be accounted for separately.

The Contractor shall at all times keep an accurate and up-to-date accounting of all such funds and restitution information, and shall remit fund collections and associated inmate case information to CDCR as directed.

By the 10th of each month following collections, the Contractor shall forward the amount of restitution and administrative fees to:

CDCR - Inmate Account Branch Headquarters
Attn: Restitution Collections,
P O Box 276088,
Sacramento CA 95827

The remittance shall include an itemized statement which includes the CDCR Number, Inmate First & Last names, designated Victim Direct Order(s) or Fine case number(s), individual collection date(s), individual restitution collection amount(s), and balance still owing shown by the Contractor. In addition, the Contractor shall provide an accounting of all such funds to CDCR at any time upon request. The Contractor will send a copy of the itemized statement by electronic mail to CDCR's designated group of recipients' and the Contractor will furnish an Accounting/Restitution Contact person.

CDCR Inmate Accounting Branch Contacts:
Inmate Restitution:
Christyne Mills (916) 255- 1028 **Christyne.Mills@cdcr.ca.gov**
Trishelle Woodfork (916) 255-1020 **Trishelle.Woodfork@cdcr.ca.gov**

Any such restitution funds remaining in the Contractor's possession at the end of the contract shall be remitted to the CDCR for proper disposition pursuant to said statue and regulations.

31. Inmate Clothing

The Contractor shall purchase, launder, repair, and replace inmate clothing and shoes during the CDCR inmate's incarceration at the Facility. The Contractor will provide clean clothes, and bedding on a weekly basis. The Contractor shall provide clothing and laundry services to the

inmate at no charge to the inmate in accordance with established CDCR policies pursuant to Title 15, section 3030.

32. <u>Subcontracted Services</u>

The Contractor may elect to have certain functions at the facility performed by sub-contractors under certain circumstances. If the Contractor decides to subcontract any services at the facility, the associated personnel shall not be listed or funded in the Minimum Required Staffing documents but rather under the "Consulting/Contracted Services" line item of the Total Contract Allotment document.

VIII. GENERAL BUILDING SPECIFICATIONS

The Contractor shall remain in compliance with, applicable federal, State, county, and municipal laws, codes, rules and industry regulations standards that affect the facility, including, but not limited to, those cited herein: Health and Safety; Health Services, Building; Fire; Life Safety; Electrical; Plumbing; Mechanical; Board of Corrections; and CDCR regulations, policies and requirements. Contractor shall maintain documentation that demonstrates current compliance. In the event of conflicting or inconsistent directives, the Contractor shall immediately refer the matter to the Chief of CBU for expedited consideration, clarification and/or determination regarding the governing law.

IX. FACILITY PHYSICAL PLANT COMPONENTS

1. <u>Armory</u>

The facility must include an armory that is inaccessible and not exposed to inmates, the general public and routine traffic patterns. The armory shall be located in close proximity to CC so as to be under direct 24-hour observation by CC Contractor staff.

The Contractor, in coordination with CDCR shall identify and designate sufficient external/internal emergency "*gun post*" locations that can maximize weapon posting/coverage needs in the event of an inmate emergency situation at any time. (A "*gun post*" location may consist of, but is not limited to: roof top; Housing Unit Control/Station (HUC); external/internal fixed structure; physically attached, suspended or elevated cubicle/booth; or gun port access.) This will permit expeditious deployment and use of lethal and less lethal weaponry. The Contractor, in coordination with CDCR will ensure that locations to discharge weapons are within the policies, rules and regulations of CDCR (Use of Force Policy). An appropriate safety rail should be installed, per applicable code(s) and CDCR requirements, at any elevated "*gun post*" location (to provide for staff safety and support when utilizing the weapon). *(Consideration should be given to potential weather conditions, darkness of night, existing sources of illumination, and the placement of fencing, razor wire and other physical structures that may obstruct clear lines of fire.*)

External "gun post" locations should include, but are not limited to: (a) inmate recreational areas/yards; (b) other areas where inmates may congregate or be physically located in large numbers; (c) emergency evacuation routes/areas; (d) facility ingress/egress doors; (e) dock areas; (f) R&R bus area; (g) sally port areas; (h) pedestrian gates; (I) perimeters and other similar areas.

Internal "*gun post*" locations should include, but are not limited to, (a) all housing units (consistent with Department's "*hard construction*" and tactical standards to prevent inmate, public or other unauthorized accessibility or interruption to weapon deployment/use).

Gun post deployment routes/pathways must be clearly identified between the armory and gun post locations. To the extent possible, deployment routes/pathways should be of sufficient size/dimension, unobstructed, clearly identified, visibly designated/marked, sufficiently illuminated at night (so as not to adversely impact staff/weaponry use), and inaccessible to inmates/public and provide for maximum staff safety/secure weapon deployment.

2. Private Automatic Branch Exchange (PABX) Telecommunications Closet/Room

The Contractor shall provide a secure PABX closet/room within the administrative building area that is inaccessible to inmates, public and unauthorized persons. The PABX closet/room shall be of "*hard construction*" and meet all electrical and HVAC minimum requirements, as identified by the PABX manufacturer. Appropriate climate control(s) and/or system(s) must be incorporated. The PABX closet/room must include space for the main distribution frame, which is the centralized termination point for all telephone and data lines. The Contractor shall include a PABX telephone system sized for the number of required telephones. The PABX room should also include space for the PABX, terminal circuitry, and any data system servers. Additionally, space should be allowed for Telecommunication Technicians to diagnose and work on circuitry or other related problems.

The Contractor shall be responsible for providing telephone service (excluding Inmate Ward Telephone System) for the entire facility and subsystems and direct telephone units/voice mail/lines for the CDCR offices that are capable of interfacing with the MCCF phone system. The Contractor shall be responsible for coordinating with the service provider any required telephone training, service, repair, and replacement of related equipment.

Space must be provided within the PABX room to meet all subsystem requirements.

3. Data Quality Wiring/Hardware

a. HARDWARE

The Contractor agrees to provide one computer system, with internet connectivity, per person for each assigned CDCR Correctional Counselor, Correctional Counselor II, and the facility Captain. The Contractor will also provide one computer system, with internet

connectivity, for the designated Committee Room if required A Computer system will include main computer, keyboard, mouse, and dual display. Each main computer will include the following hardware at a minimum:

- Processor: Quad Core i5 or faster
- RAM: 4 GB Memory or more
- Hard Drive: at least 240 GB
- Dual display: two (2) 19" Flat Panel dual Display

The Contractor will refresh each above mentioned computer system every five (5) years based upon computer manufacture date to ensure compatibility with CDCR.

b. SOFTWARE

The Contractor agrees to provide the following software, to be installed on each provided computer:

- Windows XP or later
- Microsoft Office 2003 or later
- Internet Explorer 7
- Adobe Acrobat 9
- Anti-Virus Program

The Contractor will upgrade software as required to ensure compatibility with CDCR. Both computer and internet connection will allow installation and use of CDCR connectivity software for access to CDCR network (VPN, Aircard, AT&T, etc.). Contractor will be responsible for any and all connection related fees, including but not limited to AT&T Circuit account setup fees and AT&T monthly use fees.

c. INTERNET/NETWORK CONNECTION

The Contractor will provide the following minimum internet connectivity for each computer system:

- Must be able to connect to the internet via wired or wireless network
- Connection speed must be at least 1.5Mbps up and down

The facility should include industry standard wiring connectivity, to transmit data at a minimum of 100mbs, from the workstations/offices and the classification room to the main distribution frame located in the PABX room. The Contractor, via the local telephone company, must provide for data/telephone trunks and allow connectivity to transmit data outside the MCCF.

Telephone closets shall have space and ventilation for telephone and data cable and cross connects as well as data hubs and routers.

4. Attorney Rooms

At a minimum, one Attorney Room shall be provided to maintain confidential communications between inmates and counsel and shall be supervised by custody staff. For non-contact attorney visit, a non-contact visiting room may be used, provided procedures are clearly developed to prioritize attorney visits.

5. CDCR Offices (For Assigned Staff)

The CDCR custodial, casework staff and/or management staff are permanently assigned on-site and integral participants in the MCCFs daily operation. The CDCR staff shall be provided fully enclosed offices for the intended use and staff functions. Each office shall include the following: (a) sufficient number and appropriately located power outlets; (b) lights; (c) light switches; (d) phone jack; (e) telephone (voice mail, direct line and phone extension capabilities, and internet access); (f) computer ports; (g) a door capable of being secured (keyed on both sides) by a detention grade keyed locking mechanism (no internal manual or automatic locks permitted); (h) A window, of sufficient size and dimension, shall be placed in the door or wall for visual observations in and out of the office; and (i) appropriate HVAC circulation of air. Each office should be of "hard construction". Within the office/work area of the CDCR staff, one FAX Jack connection (dedicated line) must be available. The CDCR will be responsible for providing office furnishings for only CDCR staff offices, telephones, copier machines and fax machine equipment.

Contractors shall be required to provide, at a minimum the following CDCR offices in the facility:

CDCR Facility Captain: The Contractor shall provide one office for the designated Facility Captain. This office must be located outside the inner security perimeter and allow the CDCR Facility Captain access to a variety of persons such as, but not limited to, administrative staff, local jurisdiction, public, inmate family or friends, CDCR staff and/or other persons as deemed necessary.

CDCR Correctional Counselor II (CCII): The Contractor shall provide one office space for the CCII. This office shall be located near the housing unit in order to readily provide for direct and unobstructed inmate access from within respective housing unit without the need for escort to the assigned caseworker (office) to effectuate required inmate casework functions. This office shall provide access to administrative staff, local jurisdiction, CDCR staff and/or other persons as deemed necessary.

CDCR Correctional Counselor(s) I (CCI): The Contractor shall provide appropriate number of office(s) to be utilized by individual CCI(s) for the facility consistent with the CCI staffing ratio described below. Each office shall be located near the housing unit in order to readily provide for direct and unobstructed inmate access from within respective housing unit without the need for escort to the assigned caseworker (office) to effectuate required inmate casework functions. Caseworkers will establish a period of hours during the week when inmates may see the caseworker on an unscheduled basis. The number of CCI's assigned to the MCCF and the

number of individual office spaces is predicated by the MCCF's inmate population. The staffing ratio is 129 inmates to 1 (one) CCI (129:1). Each CCI requires one individual office space each. *Example: A MCCF with an inmate population of 258-386 requires two CCI offices. A MCCF with an inmate population of 387-515 requires three CCI offices.*

CDCR Clerical Support: The Contractor shall provide work space, of sufficient size and dimensions, to be used for CDCR Clerical Support (clerical staff is to be provided by Contractor to support CDCR clerical functions) which shall be located adjacent, or in close proximity to the CDCR custodial offices. Due to the diversity of this assignment, varied hours of activity, processing of restricted inmate documents and location of work, the clerical support area should be capable of being secured from inmate access. (Means of direct access to this work area shall be provided to CDCR staff.)

CDCR Equipment Room/Space: The Contractor should also provide for CDCR secured equipment room/space, (via a keyed access provided to CDCR staff), that can be used to centrally and securely maintain functional CDCR office equipment (i.e., fax machine, copier machine, supplies, stored materials and/or other similar items) as well as related office materials. This room may be combined with the clerical support work space if there is sufficient space proportionately provided to readily accommodate the respective functions.

Medical Area: The Contractor agrees to provide one computer system, with internet connectivity, in the medical area accessible to the facility health care staff to access CDCR's electronic Unit Health Record (eUHR) system. The computer will be secured behind a locked door. The Contractor will work with CDCR IT staff to ensure the compatibility of Contractor's computer systems with CDCR connectivity software. Each main computer will include a main computer, keyboard, mouse, and the following at a minimum:

a. **HARDWARE**
- Processor: Quad Core i5 or faster
- RAM: 4 GB Memory or more
- Hard Drive: at least 240 GB
- Dual display: two (2) 19" Flat Panel Displays

b. **SOFTWARE**

The Contractor agrees to provide the following software, to be installed on each provided computer:

- Windows XP or later
- Microsoft Office 2003 or later
- Internet Explorer 7
- Adobe Acrobat 9
- Citrix
- Anti-Virus Program

6. Classification/Hearing Room

The Contractor shall provide a room within the inner perimeter and centrally located/accessible to staff and general population inmates. A window, of sufficient size and dimension, shall be placed in the door or wall for visual observation by staff. However, effort shall be taken to reasonably limit the size of the window to promote and maintain private one-on-one inmate interaction. This classification/hearing room may also be used by official staff from outside the facility such as, but not limited to, persons from the Board of Prison Hearings (Deputy Commissioners), Immigrations and Customs Enforcement (ICE) (Agents) or other outside agencies who may have official need to interact with a MCCF inmate.

An inmate waiting area, enclosed or non-enclosed should be designated and located in close proximity to this room for use by inmates waiting to be seen by the committee. This inmate waiting area should be isolated as much as possible from other general population activities/programs to minimize disruption and maintain continuity of scheduled committee hearings. The Contractor may enclose the waiting room to enhance security provided that inmates are in clear lines of sight for CDCR or Contractor staff observation and supervision.

7. Administrative Conference Room

The administrative conference room should be centrally located in the administration area and readily accessible to both CDCR/Contractor staff. The administrative conference room shall be appropriately furnished with conference table(s) and chairs and include appropriate power outlets, phone jack, and telephone.

8. Gun Lockers

The Contractor shall provide secured gun lockers that are inaccessible to the public and inmates yet provides peace officers with a means for the safe and temporary storage of weapons. Gun lockers must be located either inside the enclosed and secured vehicle sally port or within a separately enclosed and lockable area. Access to the gun lockers, may be either by vehicle and/or foot. Temporary parking space should be provided near the gun lockers to accommodate foot access. Access to the gun lockers must be observed directly by staff or indirectly monitored by CCTV at all times.

The Contractor may utilize an independently keyed or electronically accessible room/building to provide gun lockers provided it meets all the above requirements and is of “hard construction.

Gun lockers shall be of security detention grade construction and locks that are weather resistant and in sufficient number to minimally accommodate weapons of visiting peace officers (four handguns), on-site CDCR staff (seven handguns), and the CDCR transportation (four handguns and three rifles) at any one time. (Operationally, the individual gun locker key may be retained by the person whose weapon has been stored/secured.) Sufficient lighting shall be provided to maintain appropriate visual and/or CCTV observation and functional use during non-daylight hours.

9. Evidence Room

The Contractor shall provide and designate a secure room/area that is inaccessible to inmates and the general public to store, maintain and process evidence. The evidence room/area should be of "*hard construction*" and of sufficient size and dimensions to physically secure items identified/determined to be evidence. Evidence is any tangible item that is being preserved for the eventuality that it may be used to furnish proof to a discretionary/fact finding body. Contractor shall be aware that processing and storing of evidence may require special accommodations such as, but not limited to, refrigeration [i.e., fluid samples]; airing capability [i.e., blood stained articles]; storing of explosive material [i.e., chemicals, bullets]; separate storage capability [i.e., cross contamination]; or other specific safety, security or evidentiary requirement. The Contractor shall develop and incorporate a plan of operation for the evidence room which shall, at a minimum, include the safe, secure and proper handling and disposition of evidence. The Contractor shall process, handle, store, transport, as well as ensure the integrity and security standards associated with the evidence area/enclosure. The Contractor shall make every effort to coordinate related activities with on-site CDCR staff, and other law enforcement agencies.

X. PROGRAM REQUIREMENTS

The Contractor shall be responsible for the day-to-day program operation and services available to all inmates in accordance with Penal Code Title 15; DOM; Court Orders, Court Receiver, Special Master; and any written directives from the CDCR, MCCF as a result of discussions by both parties. At a minimum, the following required inmate program operations/services must be provided and fully incorporated in the Contractor's policy and procedures manuals:

1. Medical Services

Contractor shall be responsible for costs associated with routine medical, dental mental health care and prescriptions. CDCR shall be responsible for all Non-Routine Medical Care. CDCR shall reimburse the Contractor for non-routine medical costs provided by third parties

Non-Routine Medical Care" means treatment for any medical or dental condition which requires hospitalization, emergency response, or specialization that cannot be performed or provided by the MCCF physician or licensed nurses on-site and which is not otherwise provided by Contractor's off-site medical and dental providers pursuant to the medical and dental plan agreements between Contractor and its contracted medical and dental provider(s). Examples of Non-Routine Medical Care include surgery, neurological care, trauma, cardiac care, burns, rape/sodomy cases, cancer treatment, "active" HIV/AIDS, and any care that requires emergency or ambulance services.

"Non-Routine Medical Care Costs" means actual expenses incurred in the provision of Non-Routine Medical Care provided to inmates by medical and dental providers located within the vicinity of MCCF, as well as emergency transportation by ambulance to such medical and dental

providers. CDCR shall reimburse the Contractor for non-routine medical costs provided by third parties.

"Routine Medical Care" means treatment for any medical and dental condition which is provided to inmates by contracted physicians, dentists, and nurses to inmates either on-site at the CCF or off-site pursuant to the medical and dental plan agreements between Contractor and its contracted medical and dental provider(s). Routine Medical Care includes treatment at the local "Urgent Care" facility operated by Contractor's contracted medical provider, as well as transportation and custodial staff salaries/overtime salaries and benefits associated with treatment at the "Urgent Care" facility.

1) <u>Medical Services</u>

COMPLIANCE WITH CLASS ACTION MANDATES

Unless otherwise provided, the Contractor shall permit the CDCR, court appointed Receiver or Special Master, and any other duly authorized agent or governmental agency, to monitor all activities conducted by the Contractor pursuant to the terms of the Agreement. Specifically included in this provision is the right of the federally appointed receiver in the case of *Plata v Brown (Exhibit 14)* to monitor healthcare services within the institution. As CDCR or the Receiver may in their sole discretion deem necessary or appropriate, such monitoring may consist of internal procedures evaluation, examination of program data, special analysis, on-site reviews, formal audit examinations or any other reasonable procedures. All such monitoring shall be performed in a manner that shall not unduly interfere with Agreement work. Also specifically included in this provision is the right of the Special Master in the pending case of *Coleman v. Brown (Exhibit 14)* to monitor the provision of constitutionally adequate mental health care for all plaintiff class inmate-patients. Former class members may be transferred pursuant to the Agreement and some transferred inmate-patients may become members of the plaintiff class during their stay in the Contractor's facility(ies). The contracting parties acknowledge that the Special Master or his designee(s) may make inquiries involving policies and procedures for care of plaintiff class members and shall have the right, if a dispute about the adequacy of provided mental health services arises, to visit and assess the mental health services provided by the Contractor to plaintiff class members. Contractor shall cooperate with such visits, which shall not interfere unduly with Agreement work.

In the event the Contractor has an electronic medical record (EMR), access to the EMR must be provided to designated California Correctional Health Care Services (CCHCS), Private Prison Compliance and Monitoring Unit (PPCMU) staff and Utilization Management (UM) physicians and Nurse Consultant Peer Review staff. Upon return of a CDCR inmate-patient from the Facility to a CDCR institution, the Contractor shall provide copies of the EMR which shall contain the complete documentation to support all health care services delivered to the inmate-patient while under Contractor's care, including, but not limited to, all CBU

medical records, community hospital records, radiology reports and films, consultant reports and laboratory results.

2) Deficiencies/Requirements for Corrective Action Plan

In the event that the CCHCS, PPCMU ever identifies any deficiency in the health care services or processes involving providing health care to CDCR inmate-patients, on either a routine audit or based on a review after a specific incident, it is the expectation of *Plata* or CDCR that the Contractor will prepare a detailed Corrective Action Plan (CAP) outlining its proposed steps to remediate the identified deficiencies. During implementation of the CAP, status updates of these Plans of Action shall be provided to CCHCS, PPCMU on a monthly basis until such deficiencies are resolved.

3) Health Care Monitor

The Receiver appointed in the Federal case of *Plata v. Brown*, may, in his discretion, appoint a Health Care Monitor to either be housed at the facility, or to make periodic inspection visits to the facility consistent with the provisions of this section. In accordance with *Coleman V. Brown*, CDCR shall appointment a Mental Health Monitor to make periodic inspection visits to the facility consistent with the provisions of this section.

4) Medical/Mental Health

The Contractor shall provide essential health care services, including medical and mental health care services, while meeting the applicable standards and levels of quality established by the ACA, NCCHC, and CCR Title 15. In addition, the Contractor shall provide services consistent with all applicable Federal, State, and Local Laws and Regulations governing the delivery of Offender health care services and any applicable Court orders, including, but not limited to orders issued in the case of *Plata v. Brown* and *Coleman v. Brown* and establish the necessary quality controls to ensure all policies and procedures are designed and implemented in a manner to promote orderly and efficient delivery and management of health care services to CDCR Offenders. Compliance with applicable Court orders as set forth above shall not be deemed to be submitted to the jurisdiction of the ordering court, and is a contractual obligation only.

5) Services

All offender health care services shall be provided at the facility when possible. The Contractor must provide sufficient space for the on-site delivery of basic health care services which must be provided in an appropriate location dedicated to that function. The health care services area must be centrally located so that inmate-patients have direct and immediate access to the location (during normal work hours) without the requirement for staff escorts. Utilization Management (UM) shall review the list of outside providers/facilities (Hospital, Specialty Services) prior to the facility receiving inmate-patients.

The Contractor shall provide health care services to the inmate-patient population that includes, but is not limited to, the following:

a. Providing/conducting inmate-patient interviews, assessment, planning, implementation, screening and evaluation
b. Addressing triage of inmate-patient health care complaints and making appropriate referrals
c. Giving basic treatments for injuries and illnesses including dressings, bandages, hot and cold therapy, dispensing medications, etc
d. Providing liaison between the CDCR CCHCS, PPCMU and/or the Hub Institution's Chief Medical Executive (CME) or designee
e. Maintaining accurate and confidential Unit Health Records
f. Providing administrative services such as making appointments for inmate-patients and processing general paperwork required to operate inmate-patient health care and outpatient services
g. Administering and ensuring compliance with the Inmate Co-payment requirements as defined in DOM and Title 15, Section 3354.2 and as directed by CCHCS
h. Collecting, storing and processing blood, urine and saliva specimens.
i. Providing mental health access to care, crisis intervention, and suicide prevention in accordance with provisions of the MHSDS Program Guide.

Applicable health care services are to be provided consistent with departmental policies, procedures, regulations and any revisions therein (e.g. DOM Chapter 9, Articles 44-47 or as otherwise revised/delineated in Chapter 9 and Title 15, Subchapter 4, Articles 8 and 9) <u>and</u> the CCHCS Inmate Medical Services Policies and Procedures (IMSP&P).

The Contractor shall provide adequate security coverage commensurate with the health care services/activities being conducted.

The Contractor shall have a written plan supported by policies and procedures for providing emergent, urgent, and routine medical and mental health services. The plan shall include, but is not limited to the following:

- Access to 24 hour health care, seven days a week, emergency medical and mental health care;
- Initial Health Screening by an RN within 48 hours of arrival;
- Health Appraisal examination by a PCP within 14 days of arrival;
- Sick Call procedures with a Primary Care Provider (PCP) at least 5 days per week, 4 hours per day and have emergency services available as needed when not staffed;
- Sick call triaging with an RN shall be available 7 days per week.
- Diagnostic or Specialty services;

- adequate staffing of trained professionals health care services staff and support staff(see Section 10 Staffing and Training below) ;
- Pharmaceutical services and supplies;
- no co-pay to CDCR offender for medication refills and renewals;
- health education;
- infection control;
- Credentialing, Privileging, and Peer review;
- Informed consent/Refusal of care must be documented;
- mid-level protocols;
- Chronic Disease management program;
- Medical Emergency Response;
- Mental health services;
- maintenance of medical records;
- transportation procedures;
- Transfer/Release process;
- Monitoring reports – Contractor shall submit daily, weekly and monthly reports; and
- Compliance audits and/or on-site reviews.

The Contractor shall coordinate with the CDCR's CCHCS, PPCMU and/or designated CME or designee at the CDCR Hub Institution for the development and implementation of the written plan, and policies and procedures for medical and mental health care, including the division of responsibilities for the provision of the varying elements and levels of care. Copies of all policies and procedures are to be submitted to CCHCS, PPCMU and the Mental Health Monitor, as applicable, for review and approval.

6) <u>Initial/Preliminary Health Screening</u>

Initial health screening will be conducted by trained or qualified health care personnel on all inmate-patients within 48 hours of their arrival at the facility. Screening will include, but is not limited to:

- An inquiry into the inmate-patient's health complaints, health history, physical limitations, and housing accommodations;
- an observation of the inmate-patient's behavior, physical limitations and capabilities, and current physical condition;
- identification of current prescription medication orders and have the medications re-ordered or inmate-patient seen by a PCP within 24 hours of arrival;
- an immediate referral to appropriate health care professionals, for Emergency Care, prescription management, or modality authorization;
- upon arrival at the facility, verify inmate-patient's TB testing is current based on CDCR policy;
- at initial screening, all inmate-patients will receive orientation regarding procedures for accessing care; and

- referral for timely (within 14 days of arrival) PCP Initial Health Appraisal.

7) Initial Health Appraisals

Within 14 days of arrival at the facility, all inmate-patients shall receive an Initial Health Appraisal by a PCP. The Initial Health Appraisal shall include, but is not limited to the following:

a. Review of the CDCR Unit Health Record (UHR) Shadow File, including documented History and Problem list, medications ordered, conditions requiring ongoing treatment, and treatment authorized since July 19th, 2011;
b. Collection of a more detailed history;
c. Interview and medical examination;
d. Make an assessment of suicide risk by confidential interview
e. Other tests and diagnostics, as indicated by examination;
f. Initiation of treatment, as indicated;
g. Develop a comprehensive problem list; and
h. Development and implementation of a health care plan, including recommendations concerning physical limitations and restrictions that effect programming, housing and job assignment.

8) Sick Call

All inmate-patients are to be provided daily (7 days per week) opportunity to attend Nursing sick call. Sick call must be conducted in a manner and location to provide for inmate-patient/clinician confidentiality commensurate with health care practice and in accordance with CDCR requirements. Inmate-patients shall be referred appropriately in accordance with the CDCR's sick call protocols.

a. Emergency Services

Inmate-patients with an illness or injury that is considered emergent will immediately receive emergency care. Health care professionals present at MCCF will immediately arrange emergency transportation and contact will be made with the designated CDCR medical Hub institution as soon as reasonably possible without causing delays to the provision of emergency care. If there is no available MCCF health care staff present, the senior MCCF custodial/ management personnel will, in their absence or during non-business hours, make the required Hub institution contact(s). It shall be the Contractor's responsibility to document and record the CDCR authorization/approval in the inmate-patient's UHR Shadow File, which is located at the facility, advise the assigned or on-site CDCR staff (during business hours) and CDCR AOD (during non-business hours).

All contracted community correctional facilities housing California inmate-patients are required to complete and report all emergency medical-related transports to

the California Department of Corrections and Rehabilitation (CDCR) CBU, and CCHCS Private Prison Compliance and Monitoring Unit (PPCMU) HPM II or designee, via electronic monthly log.

Monthly logs are due on the 5th day of each month, or on the next business day, if the 5th of the month falls on a weekend or holiday.

b. Non-Life Threatening Injury/Condition

Whenever the Contractor determines that any inmate-patient's non-life threatening injury/condition request for medical care, treatment, evaluation or other need is warranted, beyond the level of medical services authorized and available at the facility pursuant to the agreement, the designated CDCR medical Hub institution shall be contacted immediately to:

- Schedule a "sick call" appointment with the Hub institution (pursuant to established procedures) and notify the appropriate MCCF custodial staff to coordinate transportation.

- Obtain approval/authorization from the designated CME or designee prior to transporting the inmate-patient to an outside facility.

9) Diagnostic or Specialty Services

The Contractor shall follow CDCR's Utilization Review Procedures (see attached Utilization Management Program, Chapter 6 (Attachment 9) and unless the required care is necessitated by an emergency, shall seek advance approval from the CME at the Hub institution for any non-emergent care outside the facility. The Contractor shall administer medical services, medical cost utilization review, and effective and accurate tracking of billing.

10) Staffing & Training

The Health Care Unit shall be adequately staffed with trained health care professionals and support staff to provide the level and the quality of care defined by the ACA, NCCHC, CCR Title 15, and any court orders to include *Plata and Coleman* (Attachment 6) and *Armstrong* (Attachment 7).

a. The Contractor shall, at a minimum, provide for organized and quality nursing care at the facility commensurate with that provided in the community.

b. At a minimum, clinical staff coverage (Registered Nurse) shall be on site24 hours a day, 7 days per week in accordance with the Minimum Required Staffing. 24/7 RN coverage shall ensure the RN is available to provide on-site nursing triage and sick call daily (including holidays).

c. At a minimum, there will be one (1) PCP (i.e. Physician and Surgeon, or Nurse Practitioner (NP) or Physician Assistant, currently licensed by the State of California

and in good standing on-site 20 hours a week, 5 days per week. The PCP must be available to service the inmate-patient population to the greatest extent possible. If a Nurse Practitioner or Physician Assistant is the on-site PCP, a physician must provide oversight of the care being given.

d. The PCP providing the oversight need not be located on site; however, should be available to provide on-site support as medically required.

e. Should the Contractor provide (or may contract) for the services of a private physician, the physician must have time-limited board certification in family practice or internal medicine to provide support and supervision for the facility.

f. The Contractor may furnish additional medical/nursing staff (i.e. Registered Nurses, NPs, etc.) or other health care professionals to meet or exceed minimum requirements provided those persons are currently and appropriately licensed by the State of California to provide health care services.

g. The responsibilities of these staff shall be clearly defined in their job descriptions and shall be consistent with any applicable scope of practice for which they are licensed to function, as appropriate.

h. Designated supervisory staff shall monitor and document performance of these responsibilities.

i. The Contractor shall provide female contract staff to supervise in areas where female inmates may be in various stages of undress.

j. The Contractor shall provide (or contract for) the services of a locally licensed doctoral level psychologist or Licensed Clinical Social Worker.

Current copies of licenses, accreditation and certification of the professional health care staff shall be maintained and made available to the CDCR upon request. All health care services staff shall participate in facility orientation and training in accordance with Facility, ACA and NCCHC standards. A copy of all staff orientation and training records shall be maintained by the Contractor and made available to the CDCR upon request.

11) <u>Minimum Required Staffing (MRS) Medical</u>

The CDCR may assess liquidated damages if the Contractor fails to maintain minimum staffing for mandatory health care posts or positions as stated in the Agreement. The Contractor may use contract staff and overtime to fulfill its mandatory health care posts and staffing requirements identified in the MRS. The contractor shall exercise due diligence in filling staffing vacancies and, to the fullest extent possible, the duties of the vacant posts and positions shall be performed through the use of overtime or contract staff. In the event that the duties of the vacant posts and positions are being performed through the use of overtime or contract staff, the Contractor shall not be deemed in breach of this contract and shall not be subject to an assessment of liquidated damages. For each shift that a mandatory post or position is not covered, CDCR may assess liquidated damages in an amount equal to the daily rate (salary and benefits) per post or position per day as long as the deficiency continues.

Contractors shall have 45 days to fill a vacant health care post or position as stated in the Agreement. A post or position shall not be deemed vacant in the event that the Contractor is using contract staff or overtime to fulfill the duties of the vacant position. Beginning on the 46th calendar day that the post or position remains vacant, the Contractor shall track the date position is vacated, the days, the work hours and salaries and benefits of each vacancy and make appropriate deductions from the next monthly invoice, using the form in FMH, Exhibit F (Rev 2014). Contractor agrees to not circumvent the imposition of liquidated damages by multiple short-term staff assignments in a post or position.

The Contractor shall not be liable for liquidated damages for a failure that results from the occurrence beyond its control. Assessment of liquidated damages shall not preclude CDCR from terminating this Contract for breach as provided herein. Withholding of payment as liquidated damages shall not relieve the Contractor of any of its obligations under the Contract.

12) <u>Pharmacy Services and Supplies</u>

The Contractor shall adhere to the CDCR established pharmaceutical formulary. When the only medically appropriate and medically necessary pharmaceutical for an inmate-patient is not on the formulary, the Contracting Prescriber will follow the CDCR's procedures for obtaining a waiver.

Medications will be stored, distributed and recorded as prescribed by appropriate health care professionals. This may be accomplished through a "pill line" or other appropriate system of assuring that individual inmates receive and take their medications.

A. <u>Non-Prescription Items:</u>

The CBU facilities are required by contract to maintain a supply of common, non-prescription items in addition to a First Aid kit and commonly used medical supplies. First Aid Kits and Spill Kits are required in each area where inmate-patients have access.

These medications are considered common "supply" items and will be included in the CBU inventory of standard non-prescription drug items. These items may be purchased generically, but should come packaged in commercially prepared packages that provide the inmate-patient with written information on dosage, indications for use, contraindications and precautions. The following non-prescription items are considered routine medical costs and are paid through the per diem rate:

- Aspirin tablets (325 mg)
- Acetaminophen (Tylenol) tablets (325 mg)

- Antacid tablet formulations – aluminum/magnesium hydroxide with Simethicone (i.e. Maalox, Mylanta, Gelusil)
- Antacid Liquid formulation – aluminum/magnesium hydroxide with Simethicone (i.e. Maalox, Mylanta, Gelusil)
- Kaolin/Pectin suspension (i.e. Milk of Magnesia)
- Saline Eye irrigating solution (i.e. Eye Stream)
- Ibuprofen tablets, 200 mg (i.e., Motrin-IB, Advil)
- Antihistamine tablets (i.e., Chlorpheniramine tablet [4 mg])
- Decongestant tablets (i.e. Sudafed tablets [30 mg])
- Analgesic burn spray (i.e., Americaine or Nupercainal)
- Antitussive tablet/lozenges with dextromethorphan (i.e., Robitussin Cough Calmers)
- Neosporin topical ointment or generic equivalent
- Hydrogen peroxide solution, 3 percent

Over-the-counter non-prescription items will be stored in a locked cabinet in the medical area. Only clinical staff may dispense non-prescription items to inmates as necessary in accordance with a prescription or a non-patient specific protocol.

B. <u>Prescription Items</u>

All prescription medication given shall be consistent with the CDCR drug formulary and delivery of medications shall be consistent with medical necessity. When the only medically appropriate and medically necessary pharmaceutical for an inmate is not on the formulary, the Contracting Prescriber will follow CDCR's procedures for obtaining a waiver. Prescription items will be stored in an appropriately locked/secured cabinet in the medical area. Only clinical staff may dispense prescription item to inmates as necessary in accordance with a prescription or patient specific protocol. Prescriptions will be directly reimbursed to the provider if the following conditions are met:

- Prescriptions should be filled with the lowest cost generic item available that meets the following Federal Food and Drug Therapeutically Equivalent Codes: AA, AB, AN, AO, AP, AT.
- Multiple vitamins or therapeutic multiple vitamins should only be prescribed if there is documented evidence in the inmate's medical record that a metabolic deficiency exists that can only be corrected with supplemental vitamin therapy rather than diet.

The following conditions must be met before reimbursement will be made to a provider for the purchase of eyeglasses for inmates:

- The CDCR health care personnel determine if eyeglasses (artificial appliances) are medically necessary (Title 15, Sections 3350 and 3358).
- If eyeglasses are required, the health care personnel will schedule the inmate to go to a CDCR or contracted optometrist for a prescription appliance.
- Health care personnel, or other Contractor designee, will examine the inmate-patient's Trust Account and determine applicable charges/billings as follows: (a) the appliance will be provided at State expense if the inmate-patient is indigent (Title 15, Sections 3000 and 3358); (b) if not indigent, he/she shall purchase; and (c) any inmate-patient co-payment charges are applied/collected (Title 15, Section 3354.2).

13) <u>Health Education</u>

Health care professionals shall document that inmate-patient education has been provided.

14) <u>Infection Control</u>

The Contractor shall have written policies and procedures to support the management and prevent the spread of infectious diseases. A copy of said policies shall have been provided to the CDCR prior to the execution of this agreement.

15) <u>Credentialing, Privileging and Peer Review</u>

Primary Care Providers (PCPs), which includes physicians, nurse practitioners and physician assistants, hired by the CONTRACTOR must be approved by CCHCS' Credentialing Review Committee prior to commencement of services. . Annual peer reviews for PCP staff shall be completed by the Contractor and forwarded to the CCHCS PPCMU Chief Medical Executive or designee and the CCHCS PPCMU Health Program Manager II or designee. Additionally, CCHCS may conduct clinical performance appraisals of all CONTRACTOR PCP's providing services to CDCR offenders and reviews all peer reviews of contracted PCPs.

16) <u>Mid-Level Protocols</u>

The Contractor must have established protocols and provisions for supervision of mid-level providers. Annual reviews must be completed by the supervising physician and forwarded to the CCHCS PPCMU Chief Medical Executive or designee and the CCHCS PPCMU Health Program Manager II or designee.

17) <u>Chronic Disease Management Program</u>

The Contractor shall establish policies and procedures for managing inmate-patients with chronic diseases.

18) <u>Emergency Care</u>

Any inmate-patient who sustains a medical condition for which evaluation, care or treatment, as determined by health care personnel, or senior custodial/management personnel (during non-business hours), is deemed necessary to avert a life threatening

injury, death, severe or permanent disability, or alleviate or lessen disabling pain, shall be transported via ambulance to a designated facility for appropriate care/treatment. The CME or designee at the Hub institution shall be contacted as soon as possible. But such contact shall not delay an inmate-patient's transportation. Procedures for access to emergency medical care must be approved in advance by CDCR's CCHCS CME or designee at the Hub and Chief of CBU.

19) Emergency Transportation

Access must be provided for emergency medical transportation, including ambulance services, when medically necessary to transfer inmate-patients to another facility for medical care/treatment. If contractor staff is used to transport/escort inmate-patient, appropriate documentation/records must be submitted to CBU that clearly identifies the need/circumstances associated with each transport and staff costs (overtime costs only). The contractor must submit completed Community Correctional Center/Facilities Inmate Health Care Advice Record(s) (CDCR 7323) (Attachment 21), and Non-Routine Medical Transportation and Security Overtime Report (Attachment 22) to CBU for reimbursement costs.

20) Self-Mutilation/Suicide Risks

Inmate-patients, who manifest act of self-mutilation or suicide, as determined by health care personnel, shall be placed in a medical isolation cell or THC pending immediate transfer to the designated medical Hub institution. Inmate-patients placed in a medical isolation cell or THC for these purposes shall be under constant observation to assure prevention of further suicide acts/attempts. The THC used for housing and observation of an inmate who has threatened and/or attempted suicide shall be free of attachment points, and furniture, and the inmate shall be placed into clothing meeting the requirements of the MHSDS Program Guide.

21) Maintenance of Medical Records

Contractor shall maintain complete, standardized and confidential inmate-patient medical records. The medical records must be maintained in a medical file and must be kept in a secured lockable location (inaccessible to inmate-patients, public and/or unauthorized persons) yet, readily available to health care provider(s) at each encounter. Upon return of a CDCR inmate-patient from the CBU to a CDCR institution, the Contractor shall provide the original UHR Shadow File, which shall contain the complete documentation to support all health care services delivered to the inmate-patient while under Contractor's care, including, but not limited to, all CBU health records, community hospital records, radiology reports and films, consultant reports and laboratory results.

The Contractor shall have written policies and procedures to ensure appropriate and confidential management of the inmate-patient's medical record and information. These policies and procedures shall support standardization of preparation, format,

documentation, release and maintenance of the medical record. Release of inmate-patient health information, including copying charges, shall be conducted in accordance with CDCR policy and only upon approval of the CDCR.

Dental Services

The Contractor shall have a written plan supported by policies and procedures for providing emergent, urgent, and routine dental services. Contractor shall provide or arrange for dental services to all inmates assigned to the facility in accordance with the Inmate Dental Services Program (IDSP) Policies and Procedures Manual of August 2010. The Contractor may transport inmates to a Public operated clinic, establish Public entity contracts with a Dental Group or establish clinics at each site or transport inmates to a site. Any dental treatment records created during the course of treatment by the sub-contractor shall be accessible to CDCR staff for purposes of audits, reviews, etc.

Dental Operatory Basic Requirements

a. Dental treatment chairs must be positioned so that there is adequate space for movement of clinical personnel around the chair when it is placed in the supine position.
b. Dental operatories must be fully compliant with the Americans with Disabilities Act (ADA) and allow for the provision of care to patients will disabilities.
c. Dental operatory must be easily converted for use by either a right-handed or left-handed clinician.
d. Compressors must be designed for dental clinic use.
e. Dental vacuums must be designed for dental clinic use with sink traps and anti-siphon valves.
f. Compressors and vacuums must have their own exhaust and intake lines. The discharge point for the exhaust must not be near a fresh air inlet or open windows, and it must not discharge into a supply room or other occupied space. Vacuum lines cannot be run in the ceiling or overhead space – they must be in or beneath the floor.
g. Each operatory must have at least one sink.
h. Work stations, desks, and cabinets must be located so that there is no risk of contact by aerosol contaminants from the clinical treatment areas.
i. A separate sterilization area must be provided with adequate separation of “clean” and “dirty” instruments to ensure compliance with infection control guidelines.
j. Dental emergency kits (including oxygen tank and delivery mask) must be present.
k. Digital panoramic radiograph equipment and digital intraoral radiograph equipment must be present.
l. Dental clinic operations must be fully compliant with the California Dental Practice Act and the Centers for Disease Control (CDC) most recently revised Guidelines for Infection Control in Dental Health-Care Settings.

Mental Health Services

The Contractor shall have a written plan supported by policies and procedures for providing emergent, urgent, and routine, mental health services. The Contractor shall record and report mental health contacts with clinical or medical staff and shall provide mental health records and operational data regularly at the direction of the Mental Health Monitor. Contractor shall provide a complete description of the method in the written plan by which mental services shall be provided including operational procedures and policies in accordance with the Mental Health Services Delivery System (MHSDS) program Guide revised 2009, which is hereby incorporated by reference and can be viewed at**:**

http://www.cdcr.ca.gov/dchcs/docs/mental%20health%20program%20guide.pdf.

CDCR mental health staff shall work with Contractor to develop policies for providing emergent, urgent, and routine mental health services.

Contractor's Acknowledgements

The parties hereto expressly acknowledge and agree that:

a. The inmates to be transferred pursuant to this Agreement to the facilities owned and/or operated by Contractor (the "Transferee Facilities") are members of a class of plaintiffs in an action pending in the United States District Court for the Northern District of California entitled, *Marciano Plata et al. v. Brown et al.* No. C01-1351 TEH (the "*Plata* Action");

b. The California Department of Corrections and Rehabilitation (the "CDCR") is a named defendant in the Plata Action;

c. The plaintiffs in the *Plata* Action have alleged that the health care delivered to inmates in the California prison system is constitutionally inadequate and violates their rights guaranteed by the Eighth and Fourteenth Amendments to the U.S. Constitution;

d. By order, dated February 14, 2006 (the "February 14 Order"), the Court in the *Plata* Action (the "Plata Court") appointed a Receiver (the "Receiver") for the California prison health care system and set forth in detail the duties and responsibilities of the Receiver (Attachment 6);

e. Pursuant to the February 14 Order, the CDCR and "all persons in concert or participation: with the CDCR are required to cooperate fully with the Receiver in the discharge of his duties;

f. The inmate-class members transferred pursuant to this Agreement are entitled to receive constitutionally adequate health care while housed in the Transferee Facilities and shall not, by reason of the transfers, lose their status as members of the plaintiff class in the *Plata* Action; and,

g. The transfers of inmates contemplated by this Agreement are not designed or intended to thwart, delay or interfere with the *Plata* Court's orders or with the Receiver's exercise of his duties pursuant to the February 14 Order.

h. The inmate-class members transferred pursuant to this Agreement are entitled to receive access to mental health care, mental health crisis intervention, and suicide prevention while housed in the Transferee Facilities and shall not, by reason of the transfers, lose their status as members of the plaintiff class in the *Coleman vs. Brown* Action;

Contractor expressly acknowledges and agrees that it:

a. intends to and will provide constitutionally adequate health care to the inmate-class members while they are housed in the Transferee Facilities;

b. Is a "person in concert and participation with" the CDCR within the meaning of, and subject to, paragraph VI.A. of the February 14 Order, and has been provided with a copy of the February 14 Order; and

c. Will cooperate fully with the Receiver and will provide the Receiver access to the Transferee Facilities and to documents, personnel and inmate-class members in the Transferee Facilities to the same extent as the Receiver is provided access to CDCR facilities, personnel and prisoners pursuant to paragraph II.E. of the February 14 Order provided, however, the Receiver's access to documents and personnel pursuant to this Section shall relate only to such documents and personnel as are directly related to the delivery of medical care to California inmates in the Transferee Facilities and shall not include information related to other jurisdiction's inmates or facility information unrelated to the provision of medical care to California inmates.

2. Recreation

The Contractor shall provide recreation and physical education programs consistent with DOM Section 53070 and Title 15, Subchapter 3, Article 2, which maximizes inmate participation under safe, secure and healthful conditions to promote physical fitness and relaxation. Recreational programs shall be established in a manner to provide a wide range of wholesome activities and promote better interpersonal relationships, and develop socially acceptable attitudes and behavior in accordance with CDCR requirements.

Recreational activities shall include a variety of games, sports, entertainment, physical development and audio/visual programs. Participation is voluntary during the inmate's leisure time. The amount of time the yard is open, number of inmates, and number of activities allowed on the yard at any given time needs to be considered when determining the size, location, configuration and security staffing of the recreation area.

Inmate weight lifting equipment or similar apparatuses (except for stationary pull-up/chin-up bars) are not permitted except as authorized by departmental policies. The Contractor may provide for other approved physical conditioning means in accordance with DOM and CDCR requirements.

3. Education

The Contractor shall provide inmates with academic programs and vocational education programs consistent with the Minimum Required Staffing and DOM Section 53090; Title 15, Chapter 1, Articles 3 and 3.5; and the operational and security priorities of the facility. At a minimum, the facility shall provide a year-round education program that includes Adult Basic Education (ABE), English as a Second Language (E.S.L.) and General Education Degree (GED) preparation and testing and a computer lab with computer program. Additionally, the facility shall provide inmates with a minimum two full time vocational classes that teaches entry-level employment skills or upgrades to current employment skills. The Contractor shall provide a learning lab for ABE, GED and other academic programming, consisting of 30 computers, printers, program software, desks and chairs. After the contract is awarded, if the Contractor decides to change the vocational and academic programs, prior approval from the Chief of CBU must be obtained.

The goal of the educational program is to provide inmates with occupational and social skills to help them function better in the MCCF and upon their return to society.

The Contractor shall:

a. Ensure that MCCF educational programs (including academic and vocational) are managed by staff who meets the credential standards as set forth by the California Commission on Teacher Credentialing. The instructors for the career technical program must hold a credential in the appropriate industry sector with 5 years of journeyman experience in the specific trade.

b. Ensure that educational programs meet CDCR's curriculum guidelines and shall use the approved competency-based adult education curriculum.

c. Multiple classes may be scheduled throughout the day on a simultaneous, overlapping, or alternating basis. Classes must be in accordance with educational standards and CDCR requirements.

d. Ensure that inmates achieving below 9th grade level, without a confirmed high school diploma or GED, are enrolled in an ABE class. In keeping with CDCR's commitment to inmate rehabilitation, the minimum requirement of an inmate achieving a Test of Adult Basic Education (TABE) of 9.0 will no longer be acceptable. Inmate will now be required to participate in academic education programming until they fulfill the requirements to earn a

General Education Development (GED) or high school diploma. Exception shall be documented in writing by the education department.

e. Ensure that inmates with Non- or Limited- English proficiency are assigned to an ABE program to learn to read, write, and speak English. Multiple classes may be scheduled throughout the day on a simultaneous, overlapping, or alternating basis.

f. Provide and implement vocational education program(s) that shall:
    1. Provide inmates the opportunity to learn a vocational, career technical skill;
    2. Provide a balance between vocational interests and needs of business, industry and/or society;
    3. Provide occupational instruction in reading, oral and written expression;
    4. Provide occupational information, guidance and assistance; and
    5. Prepare students for employment and/or advancement. Career technical offering are to be aligned to industry standards and offer certification testing in the industry of the offered trade (i.e. AWS, ASE, etc.)

g. The Contractor shall develop the vocational education program(s) in conjunction with appropriate Trade Advisory Committees and labor and management representatives from the community

h. Multiple classes may be scheduled throughout the day on a simultaneous, overlapping, or alternating basis. Based on the varying nature of vocational instruction/training, the Contractor may, with the approval of the Chief of CBU or designee, seek to specifically develop, modify, supervise, operate and/or evaluate vocational program(s) and inmate participation.

i. Provide sufficient classroom space, with adequate and appropriate chairs, tables and materials consistent with physical plant requirements of the Agreement. Classrooms shall be properly lighted and well ventilated.

j. Ensure that educational programs are conducted on a year round Monday-Friday basis in compliance with IWTIP standards, excluding State and national holidays. Academic program are to be scheduled for a minimum of 3 hours daily and vocational programs for a minimum of 6.5 hours daily, five days a week. Academic programs may be scheduled either mornings or afternoons and may allow the offender to participate in other job assignments during non-instruction time.

k. Provide adequate security coverage requirements for the educational area and instructors.

l. The contractor must provide departmental educational assessments and access to GED testing as identified in DOM 53090.

Any exceptions must be approved prior to implementation by the Chief of CBU.

4. Pre-Release

The Contractor shall provide inmate pre-release program services to all eligible and willing inmates. Inmate participation in such programs is voluntary. The Contractor shall ensure that the program includes lessons in, but not limited to, employability skills, communication skills, money management, community resources, parole resources, family and social interaction, showing inmates how to complete job applications and prepare for job interviews. To accomplish this, the Contractor shall:

a. At a minimum, the Contractor shall ensure that the pre-release program consists of a 90-hour pre-release program. The curriculum shall be three weeks in duration with full-time inmate assignments for five days a week. Multiple classes may be scheduled throughout the day on a simultaneous, overlapping, or alternating basis.

b. Provide instructional staff and materials for the pre-release program to ensure that inmate's familiarization with service agencies such as the Department of Rehabilitation, Social Security Administration, Department of Motor Vehicles, and the Employment Development Department.

c. Provide sufficient space, seating, equipment and supplies for the pre-release program.

d. Provide a legal law library at the facility consistent with DOM Section 101120.9 et al. and Title 15 Chapter 3124.

e. State reserves the right to negotiate an amendment to the contract to provide a Substance Abuse Treatment program.

5. Library

The Contractor shall maintain an inmate library in the MCCF consistent with DOM Section 101120.1. The library shall include a logical organization of materials to satisfy the needs of the user; information services to locate facts as needed; a reader's advisory service that provides users with suitable materials; promotions of the library materials through publicity, a list of books, special programs and other appropriate items; and a congenial library atmosphere.

a. The Contractor should provide, at a minimum, one inmate work assignment position with duties to include checking out and obtaining return of library books and materials. One typewriter, manual or electric, should be provided for this work position.

b. Library hours are to be scheduled to maximize accessibility to the inmates for a minimum of 30 hours a week.

c. The Contractor shall not be required to provide law library services at the facility. Law library access shall be determined and provided through a CDCR Hub institution. Inmates requesting use of law library material shall be transported to the Hub institution. Once the inmate has completed use of the institution's law library resources, he/she shall be returned to the MCCF.

d. The Contractor shall provide security coverage consistent with minimum custody requirements and supervision of inmates during library hours.

6. <u>Visiting</u>

It is the policy of the Director of CDCR that visiting shall be encouraged as a means of developing and maintaining healthy family and community relationships. The Contractor shall establish a minimum visiting schedule that provides for no less than 12 hours visiting per week. Regular visiting days shall be either four (4) days (Thursday-Sunday) or three (3) days Friday – Sunday) or two days (Saturday and Sunday). Visiting days shall be contiguous and shall include Saturdays and Sundays. Visiting shall occur on New Year's Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. (When one of the aforementioned holidays falls on a day not regularly scheduled for visiting, the Contractor shall provide the same number of hours visiting on that holiday as for any single regularly scheduled visiting day.) Additional guidelines are as follows:

a. The Contractor shall establish procedures for the administration and operation of the visiting program consistent with DOM Section 54020 and Title 15, Subchapter 2, Article 7.

b. Visit requests and the degree of inmate visiting are subject to denial or restrictions by CDCR staff for violations of the conditions under which such activities are permitted or other security reasons.

c. The privacy of inmates and their visitors shall not be imposed upon except as necessary for the identification of persons to maintain order, acceptable conduct, and to prevent the introduction of items, commodities, or substances which inmates are not permitted to possess.

d. Limitations on the length and frequency of visits and the number of persons permitted to visit an inmate at the same time shall be imposed to avoid overcrowding, to ensure the equal allocation of visiting resources and/or provide a fair access to eligible inmates. Visiting should not conflict with or supersede required inmate participation in MCCF programs or activities such as full-time work/training assignments.

e. Visitors may elect to voluntarily submit to a search. However, refusal to submit to a requested search shall result in a denial to visit on that day as described in Title 15, Section 3177 (c)(3) and DOM Section 54020.

f. Inmates may be placed on non-contact visiting status for specific periods of time by disciplinary disposition or classification committee action. Non-contact visiting rooms must be inspected prior to and after each instance they are used to ensure that the rooms have not been compromised and do not contain contraband.

g. Visiting violations shall be appropriately documented and administrative sanctions applied, in accordance with CDCR requirements, to future visits.

h. All Inmate visitors shall complete and sign a CDCR 106, Visiting Questionnaire, which will be used to initiate an arrest history inquiry (i.e., CLETS). All inmate visitors shall secure prior approval from CDCR. *No visit shall be allowed without a completed arrest inquiry*. Upon review and completion of the CDCR 106, the inmate shall receive a CDCR Form 887, Notice of Visitor's Approval/Denial/Termination/Suspension that delineates the visiting status of the visitor.

7. Inmate Work/Training Incentive Program

The Contractor shall establish and maintain an Inmate Work Training Incentive Program (IWTIP) and positions for work and education assignments either within the facility or outside the facility in accordance with PC Sections 2700 and 2900-2935; DOM Section 53130, CDCR's Classification Manual, DOM Chapter 60000; Title 15, Chapter 1, Articles 3 and 3.5; and any revisions thereto. Every inmate, through the IWTIP, shall have a reasonable opportunity to participate in a full-time credit qualifying assignment consistent with facility security and available resources. The Contractor and on-site CDCR staff shall assign each inmate who qualifies to participate in the IWTIP to such positions. The CDCR goal is to standardize work policies and have inmates work to the fullest extent possible. The Contractor shall make every effort to achieve full 100% participation in the IWTIP in accordance with above requirements. At no time shall IWTIP participation be lower than 86% of eligible facility inmates that are actually employed in meaningful and constructive job assignments or enrolled in education on a half-time or full-time basis.

The Contractor and CDCR on-site staff shall assign each inmate, who qualifies to participate in the IWTIP, to designated and approved work groups and respective privilege groups consistent with CDCR classification provisions identified in Title 15, Section 3375 and DOM Chapter 60000. Eligible IWTIP work assignments (designated) must be paid out of Contractor per diem rate from the Inmate Pay budget line item. The Contractor shall establish inmate pay positions for a minimum of 30% of the inmates at the facility at an average pay rate of $23 to $36 per month per inmate.

Inmate pay will not be directly reimbursed by the State. Inmate pay rates shall comply with those established by CDCR in accordance with TITLE 15, Sections 3041.1-3041.2, DOM Section 51120, and must be approved in advance by the assigned CDCR Facility Captain and Inmate Pay

Committee in CBU Headquarters in Sacramento. Pay rates must be commensurate with the level of skill and productivity required. Inmate compensation and rates are subject to determination by the Director of CDCR with approval of the Department of Finance. Not all inmate work assignments are paid positions; however the Inmate Pay Committee will approve the Contractor's paid and non paid positions based on the minimum budget established above. Upon contract award, the Contractor shall submit to the Chief of CBU an Inmate Pay Plan that describes the number of inmate paid and non-paid positions, the position numbers, the pay rates, and job titles to meet the established inmate pay budget described above. The Inmate Pay Committee will review the Inmate Pay Plan to determine if it meets the Inmate Pay Budget. Any changes to the initial pay plan must be approved by the Inmate Pay Committee at CBU Headquarters in Sacramento.

Some inmates must be assigned to internal facility job assignments, in accordance with CDCR classification policies, that include, but are not limited to:

Support Service:

Janitorial
Yard
Porters

Central Service:

Food Service
Laundry
Maintenance

Administrative Support:

Clerical
Advisory Committee

Program Support:

Aides
Teacher Assistants

Other assignments can include off-reservation work assignments (ORWA), vocational programs, and/or Prison Industries Programs.

The Contractor (i.e., inmate's work supervisor) shall record the hours worked or training time and absences of each inmate assigned each day in accordance with Title 15, Section 3045 through 3045.3 and pay for each inmate's assignment. The Contractor shall submit the *Inmate Pay Register, (FMH Appendix B, Schedule 3)* by the fifth working day of each month in

accordance with FMH Section IV, Reporting Requirements A (1) Inmate Timekeeping, to Chief of CBU, 10961 Sun Center Drive, Rancho Cordova, CA 95670.

Inmates are eligible for workers' compensation benefits consistent with Title 15, Section 3046 for injuries sustained while performing assigned work while imprisoned. The Contractor shall provide inmates with access and copies (upon request) of CDCR's guidelines covering workers' compensation. At a minimum, CDCR's guidelines shall be available at the inmate assignment office (or office of person responsible for inmate assignments) and at, or near, the work location (via the work supervisor). The Contractor shall provide adequate insurance coverage for inmates to cover any potential Workers Compensation claims.

8. <u>Religious Programs</u>

The Contractor shall make a reasonable effort to provide for the specific faith and non-denominational religious and spiritual welfare of all interested inmates in the MCCF consistent with Title 15, Subchapter 3, Article 1, Sections 3210-3213. The Contractor shall allow reasonable time for religious services in keeping with the MCCF's security and other normal and necessary operations and activities. Participation in religious programs shall be voluntary for each inmate. The Contractor shall establish a procedure for participation in religious activities and shall make such information available to all inmates. Additional guidelines are as follows:

a. The Contractor may hire or seek volunteers to act as chaplains to facilitate religious programs consistent with the safety and security needs of the MCCF.

b. In the event the Contractor is unable to obtain an officially ordained chaplain of a particular faith to conduct services within the MCCF, the Contractor may, with prior written approval of the Chief of CBU, designate a qualified inmate to minister to the religious needs of that particular faith. In determining the qualification of an inmate to conduct such services, the Contractor must seek the advice and counsel of outside religious leaders of that faith and document their recommendations. Under no circumstances shall an inmate who is allowed to provide such services be given or permitted to assume control over any other inmate unless so authorized pursuant to CCR Title 15 Section 3022.

c. Inmates shall not be assigned as ministers or as religious counselors on a full-time basis in lieu of regular MCCF work and program assignments. Nor shall any inmate, who is approved to minister to the religious needs of other inmates, be considered a State or MCCF employee or be paid and/or compensated for his/her services.

d. The Contractor shall provide frequent and direct security coverage and/or supervision of inmates during religious activities.

e. Reasonable time shall be allowed for religious services in keeping with facility security and other necessary operations and activities. Religious activities must be planned so as to not conflict with other facility activities or schedule of events.

9. Inmate Use of Telephones

The CDCR will provide inmate pay telephones for inmates in all housing units to make non-confidential calls (outgoing collect calls only) consistent with DOM Section 52060 and Title 15, Section 3282 via the Department of General Services' statewide Inmate Ward Telephone System (IWTS) agreement. The Contractor shall develop a plan of operation for the use of inmate pay telephones that includes, but is not limited to: (a) eligibility of inmates; (b) inmate access to telephones; (c) scheduling of telephone time; (d) limitations on the frequency and duration of calls; (e) inmate verification; (f) cancellations/termination of calls; (g) replacement callers, and (h) recording/monitoring of phone calls. The Contractor shall provide IWTS provider reasonable and necessary access to install and/or maintain inmate pay telephone system.

The Facility Captain, or designee, may authorize and permit an inmate to make a confidential and/or emergency call if warranted. CDCR on-site staff shall be responsible for supervising authorized confidential or emergency calls. Confidential calls shall not be made on inmate pay telephones and shall not be monitored. Emergency calls are generally defined as a death, serious illness or accident involving an immediate family member. Emergency calls shall be monitored. Upon completion of the call, CDCR staff will document (via form CDCR 128-B) the specifics of the call, demeanor of the inmate and need for any change in the inmate's custody or housing.

Authorized inmate telephone calls requiring the completion of a trust account withdrawal shall not be placed on inmate pay telephones. Inmates shall not use intra-facility telephones except as specifically approved by the Facility Captain or designee.

10. Mail/Packages

The Contractor, in concert with CDCR, shall establish and maintain a plan of operation for the sending and receiving of mail; receipt of packages and special purchases in accordance with DOM Sections 53130, 54010 and 54030 as well as Title 15, Subchapter 2, Articles 1, 4, 5, 6 and 9. Personal property packages shall be ordered by inmates or their correspondence via a departmentally-approved vendor in a sealed container or packaging. The Contractor shall ensure approved vendor catalogues and order forms are available to those who qualify. The Contractor shall encourage correspondence between inmates and persons outside the MCCF. Receipt and sending of mail/packages shall be consistent with acceptable practices of the United States Postal Service and the safety and security guidelines established by CDCR policy. *Violations may result in the temporary suspension or the denial of correspondence between the involved parties.*

Each outgoing article of correspondence from the MCCF sent by an inmate shall be clearly labeled or stamped with the words "MODIFIED *COMMUNITY CORRECTIONAL FACILITY*". All Contractor staff shall comply with regulations set forth in mail procedures.

The Contractor shall, at a minimum, establish policy/procedure that incorporate: security measures; processing procedures; inspections; distribution; disposition of disapproved

correspondences and packages; disposition of contraband; confidential/legal correspondences; volume of allowable items; staff responsibility; and staff record keeping. Mail/Package processes and procedures must be outlined in the facility Inmate Orientation Hand Book.

Indigent inmates shall be provided with supplies for correspondence for up to the price of five (5) one-ounce first class letters per week in accordance with DOM Section 54010.5.

11. <u>Barber Shop Service Area</u>

The Contractor shall enforce all hair grooming standards as established by CDCR policy, (Title 15, Chapter 1, Article 5). The Contractor shall also establish and maintain a plan of operation for on-site barber shop services.

12. <u>Inmate Advisory Committee/Council</u>

The Contractor shall establish, maintain and administer an Inmate Advisory Committee/Council, representative of the MCCF inmate ethnic groups/cultures, pursuant to CDCR policy (DOM Section 53020 and Title 15, Subchapter 3, Article 3).

The Contractor may also establish inmate subcommittees to represent sub-facilities or specialized segments of the inmate population. Specialized committee members, unless exclusively composed of Inmate Advisory Committee members, shall not be affiliated with a facility's Inmate Advisory Committee.

13. <u>Canteen</u>

The Contractor shall establish an inmate canteen program and operating procedures in compliance with PC Section 5005, DOM Section 54070, and Title 15 Sections 3090-3095. The canteen operation shall allow each inmate no less than one draw each month.

At a minimum, the Contractor shall:

a. Develop and maintain canteen items and a price list to ensure a reasonably sufficient inventory of items to meet the needs and diversity of the inmate population and provide for a self-supporting canteen in accordance with DOM Section 54070. The Contractor shall ensure that canteen prices are consistent with those at the surrounding CDCR institutions. Facility staff shall consult with representatives of the inmate population when determining items to be stocked. Additionally, the Contractor shall implement a canteen schedule that will provide reasonable access to all inmates during non-working hours at a minimum of once per week. The item list and hours of operation shall both be posted in conspicuous locations, at a minimum, at the inmate canteen, the library, and each housing unit. Copies shall be made available to inmates denied direct access to the canteen.

b. The Contractor and the on-site CDCR staff shall establish procedures for suspension and restriction of canteen privileges based on the disposition of disciplinary rules and violation reports (CDCR 115).

c. The Contractor shall establish an Inmate Welfare Fund (IWF) as specified in the following item #14 below and in Section IV of the FMH. Any profit derived by the Contractor from the inmate canteen program shall be deposited in the IWF.

d. The Contractor shall post IWF Statement of Operations at the inmate canteen on a quarterly basis and forward a copy to the Chief of CBU.

e. The Contractor shall incorporate plans to maintain an adequate variety of competitively priced canteen merchandise of interest to an ethnically diverse inmate population.

f. The Contractor shall develop a plan of operation that provides a documented, accurate and auditable means of readily accounting for all canteen operations and transactions. This shall include, but is not limited to, identification of inmate; verification of inmate trust account balances; authorization of draw; and recording each inmate transaction.

14. <u>Inmate Welfare Fund</u>

The Contractor shall establish a separate Inmate Welfare Fund (IWF) account system for the benefit of the inmates housed at the facility in accordance with Penal Code Section 5006, DOM Sections 23010 and 53110, Title 15, Subchapter 3, Article 4 and Section IV of the FMH. The Contractor shall deposit IWF funds into a separate, interest bearing account insured by Federal Deposit Insurance Corporation (FDIC). IWF balances exceeding $100,000 shall be placed into another additional FDIC insured account. The IWF funds shall only be used in accordance with the FMH for the benefit, education, and welfare of all facility inmates such as, but not limited to: (a) establishment and operation of a canteen; (b) purchase of canteen products; and (c) establishment and operation of a facility hobby shop program. All net proceeds from the canteen, hobby shop, hair styling area, vending machines, or funds assigned by inmates shall be deposited in the IWF in accordance with DOM and FMH. Expenditure(s) from the IWF must be in compliance with DOM and the FMH and must have final approval of the Chief of CBU. Each facility shall budget IWF expenditures so that expenditures shall not exceed budget allocations and revenues from IWF activities.

The IWF shall act as a trust account for the benefit and welfare of inmates. The Contractor may deduct 10% from inmate donations for deposit in the IWF to offset transaction processing costs. Moneys collected from sales of products, commodities, or services shall be subject to the deduction based on gross sales. No form of coercion shall be used on any inmate to participate in a fund raising campaign or make a non-voluntary donation.

Annual IWF Budget: The Contractor shall prepare and submit an annual IWF budget to the Chief of CBU for review and approval by May 1st for the upcoming fiscal year. In accordance with DOM Section 23010.8 the Contractor must prepare quarterly IWF fund statements and submit to the Chief of CBU. All entries to the IWF must be supported by source documentation. Any IWF expenditures over $500 must have prior approval from the Chief of CBU, and all IWF expenditures must be in accordance with DOM and the FMH.

15. Inmate Appeals

The Contractor shall establish and maintain an Operational Procedure (OP) to process and respond to inmate-generated appeals in accordance with CDCR policy/procedure (DOM Section 54100.1 and Title 15, Division 3, Chapter 1, Article 8, Section 3084 - 3085). The OP must ensure inmate appeal forms (CDCR Form 602, CDCR Form 602-HC) are readily available to all inmates. This includes Reasonable Modification or Accommodation (CDCR Form 1824) and the Prison Industry Authority (PIA) forms for appeal of decisions, actions, or policies within their respective jurisdictions. Additionally, the Contractor staff shall provide the assistance necessary to ensure that inmates who have difficulty communicating in writing have access to the appeal process. The Contractor staff shall also respond and attempt to resolve appeals at the lowest possible level if the issue(s) is/are Contractor related.

Unless *screened out* for non-adherence pursuant to Title 15, Section 3084.3, by the local CDCR Appeals Coordinator (AC), all appeals must be thoroughly reviewed and a proper response prepared that correctly addresses the issue(s) at hand. The Contractor shall coordinate inmate appeal efforts with the local CDCR AC who is in liaison with the CBU Appeals Coordinator

For Contractor related issues (only), i.e., living conditions, medical, mail, property, visiting, program, work incentive, funds and staff complaints, the Correctional Counselor II (CC-II) AC and/or Facility Captain shall review and/or assign inmate appeals at the first formal level to the respective Facility Director or designee. Staff employed by the Facility Director shall respond (only) at the informal level of review. Moreover, it is only the Facility Director or designee that is authorized to respond at the first formal level.

All Second Level appeals shall be forwarded to the CBU Appeals Coordinator for review and/or response by the Chief of CBU or designee. All Third Level appeals shall be forwarded by the respective appellant to the Inmate Appeals Branch. Any granted appeal at the second or third level of review containing a Modification Order (MOD) directing the facility to remedy the appeal issue or complaint, shall be expeditiously addressed and resolved.

If the appeal is denied after exhausting the department's administrative process, the inmate may seek redress outside CDCR. Pursuant to California Penal Code Sections 5054 & 5058 and Title 15, Section 3084.1, no reprisal shall be taken against an inmate for filing an appeal. Appeal procedures shall be described during inmate reception and are to be included in any inmate orientation manual or handbook.

Appeals related to alleged Contractor staff misconduct must be forwarded directly to the facility AC and subsequently forwarded to the CBU Appeals Coordinator for review and disposition.

At a minimum, the Contractor shall ensure that a sufficient number of locked (keyed by the AC only) and physically secured appeal collection containers are readily located in each inmate-housing unit within the facility, and are readily accessible to inmates in accordance with CDCR requirements.

No reprisal shall be taken against any inmate for filing an appeal. If the appeal process is changed by CDCR the contractor must follow the new process and procedures.

16. Living/Sleeping Areas

The Contractor shall provide suitable living and sleeping areas for all inmates consistent with all applicable codes and in accordance with CDCR space requirements. The living and sleeping areas shall be primarily of open (dormitory) housing. Celled housing is required for temporary placement (THC) and general population celled housing is optional. All open and celled housing shall be in accordance with all applicable codes and CDCR requirements. The Contractor shall be responsible for ensuring that all operational needs are provided and maintained within the framework of inmate security. The Contractor will also establish, implement, and coordinate housing unit procedures with on-site CDCR staff. The Contractor shall conduct routine daily inspections of all inmate living/sleeping areas and a weekly documented inspection of the entire housing unit.

17. Food Service

The facility shall have a fully equipped kitchen or contract out for the preparation of food for inmate consumption. The Contractor is responsible for providing each inmate with a wholesome and nutritionally balanced diet that meets the recommended daily allowances as established by the CDCR and the Food and Nutrition Board of the National Research Council. The Contractor is prohibited from conducting any dietary, biomedical and/or similar research on inmates pursuant to, but not limited to, PC Sections 3500, 3502 and 3505. At a minimum, the Contractor shall:

a. Provide food service at the MCCF that meets CDCR's required standards consistent with DOM Section 54080 and Title 15, Chapter 1, Article 4. Food service staff shall develop and follow approved menus. Contractor and/or CDCR staff shall taste test all food prior to serving it to the inmates.

b. Ensure all menus and food served comply with nutritional standards approved by the CDCR Food Administrator, or a state or county registered dietitian. Food served must meet CDCR's "*Heart Healthy Guidelines*" and meet the Required Daily Allowances (for inmates) calories. The facilities must conform to the California Uniform Retail Food Facilities Law (CURFFL) and the Hazard Analysis Critical Control Point (HACCP) guidelines for keeping food safe. All menus shall be prepared in advance indicating what substitutions shall be used in the event there is spoilage or shortage. The Contractor shall provide for the special dietary needs of inmates. Any special menu/diet required to meet medical needs shall be approved by CDCR's medical personnel and be provided by the Contractor. The Contractor shall provide for food purchase and storage, meal planning serving, and sanitation of culinary areas in a manner that meets State and local health department requirements.

c. Develop a plan for meals served to non-inmates that meets CDCR required standards consistent with DOM Section 54080.15, requiring payment either by the individual or the Contractor.

d. Develop a written procedure for maintaining, dispensing, retrieving and accounting for all utensils during and after meal periods. The Contractor shall ensure that the kitchen is equipped with a secure shadow board for meat cleavers, knives, long handle forks, spatulas, etc. The shadow board must be physically secured and inaccessible to inmates unless under direct supervision by staff. All shadow boards must include a written inventory of all equipment. The Contractor staff shall be required to develop procedures to identify, report and document any equipment that is, but not limited to: lost; misplaced; broken; worn; replaced; or otherwise unaccounted for.

e. Properly retain a refrigerated sample of each meal served (minimum of two ounces of each food item) for 72 hours to determine what food items may be responsible in the event of alleged food poisoning or infection. In case of food poisoning or infection, these samples shall be made available for analysis to medical staff, and/or state or local public health officials.

f. Comply with all applicable health codes and local and state standards for sanitation. The Contractor must ensure that all food service personnel have clean hands and fingernails, wear hairnets or caps and clean washable garments, are in good health and free from communicable diseases and open wounds, and practice hygienic food handling techniques.

g. Ensure that all food is properly stored and maintained in appropriate environments/containers and at proper temperatures. Appropriate space and equipment must be made available for the proper storage and refrigeration of food supplies.

h. Ensure the kitchen and dining area is ventilated, properly furnished, and clean.

i. Conduct daily routine operational and sanitation inspections of all food service areas, equipment and workers to ensure and maintain required compliance standards. Formal inspections must be scheduled as required by industry standards and/or applicable codes/standards.

j. Employ proper safety and security measures.

18. Laundry

Contractors will provide each inmate with inmate clothing consistent with the quantity, quality, and material specified by the Prison Industry Authority (PIA). Contractors shall provide, maintain and handle, inmate clothing in accordance with CDCR requirements (DOM Section 54090 and Title 15, Chapter 1, Article 2). The Contractor shall ensure that each inmate is issued state or similar to state issue clothing, linen and towels in accordance with CDCR allotment requirements.

The Contractor shall develop a plan of operation detailing all facility laundry services to be provided. The Contractor shall, where appropriate, utilize inmate work crews to maintain,

process, inventory, issue/receive clothing and operate laundry equipment consistent with operational plan and security. The Contractor may also incorporate means to repair garments or linens in a manner and at a level consistent with industry standards.

To the extent possible, the Contractor shall ensure that appropriate laundry equipment for the washing and drying of inmate clothing and linens is provided in sufficient number/capacity. The Contractor shall ensure that inmates are able to exchange their compliment of soiled laundry for clean laundry (on a one-for-one basis) at a minimum of twice per week. The Contractor's plan of operation shall delineate clothing/linen collection; laundering; repair; replacement and distribution process/procedures. All laundered clothing/linen shall meet applicable standards for cleanliness. The plan shall also include chemical, equipment, worker and safety requirements.

19. <u>Inmate Discipline</u>

The Contractor shall, at a minimum, establish and maintain a plan of operation that appropriately delineates the progressive disciplinary methods and practices to be adhered to by Contractor staff in the operation of the MCCF in accordance with DOM Section 52080 and Title 15, Subchapter 4, Article 5. Additional guidelines are as follows:

a. Inmate discipline shall be administered to maintain control and to promote positive change in attitude and behavior. The Contractor shall develop an inmate disciplinary operations plan that meets the requirements of CDCR's policy, due process, and specified time limits. The Contractor must ensure that all disciplinary reports are completed within 24 hours from the time of discovery.

b. Contractor staff shall initiate and participate in informal and formal disciplinary actions within the context of progressive disciplinary practices. Inmate misconduct is handled in a progressive manner of verbal counseling, custodial counseling chrono (CDCR 128-A), and a Rules Violation Report (CDCR 115). Rules violation reports are categorized as Administrative (minor in nature) and Serious (serious offenses).

c. The Contractor staff will be the first level of review regarding informal action. All Contractor staff shall have the responsibility of documenting inmate negative behavior and writing the initial charges in accordance with CDCR's policy and regulations. CDCR staff review and classify Rule Violation Reports as either an administrative violation or serious violation. CDCR staff has the final authority in all formal disciplinary actions unless the CBU Administrator has delegated authority in writing to the Contractor for the review, classification, or hearing of minor (administrative) violations.

20. <u>Search, Seizure and Urinalysis Testing</u>

a. Custody personnel may conduct searches of the facility at any time and when there is reason to believe any inmate is in possession of contraband. Any contraband discovered shall be processed into the facility's evidence area consistent with policies

and procedures established by the Contractor. As soon as practical, the Contractor shall advise and coordinate any additional efforts with on-site CDCR staff.

b. The Contractor, in conjunction with CDCR, shall be responsible for the proper disposition and/or transference of contraband/evidence to local law enforcement for possible criminal prosecution of the inmate or inmates. (CDCR shall be responsible for ensuring that a written agreement has been established between the facility Contractor and the local District Attorney's Office that identifies prosecutable offenses and the processes required to be undertaken consistent with PC Sections 4700.1 - 4704 and 4750 - 4755.)

c. Search and seizure conducted by Contractor staff shall comply with the requirements of Title 15, Sections 3006 and 3287 and DOM Sections 52050.18 through 52050.18.3.

d. The Contractor staff shall be authorized to administer urine testing to inmates in compliance with Title 15, Section 3290.

21. <u>Inmate Temporary Housing and Placement</u>

a. The Contractor shall be responsible for ensuring compliance with all requirements and conditions of Disciplinary Detention, in accordance with DOM and Title 15, Sections 3330-3332, when ordered by the senior hearing officer or disciplinary committee for an inmate.

b. The Contractor shall be responsible for ensuring compliance with all requirements and conditions of "*Confinement to Quarters*", in accordance with DOM and Title 15, Section 3333, when ordered by the senior hearing officer or disciplinary committee for an inmate.

c. The Contractor shall be responsible for ensuring compliance with all requirements and conditions when placing an inmate in a Transit Holding Cell (THC) (pending transfer to a higher custody), in accordance with DOM Section 52080 and Title 15, Subchapter 4, Articles 6 and 7, when ordered by the CDCR Correctional Lieutenant, Facility Captain, Facility Director or CDCR AOD or designee. An inmate's placement in a THC shall be limited to no more than 10 calendar days. When circumstances indicate the THC placement is likely to exceed ten (10) calendar days, the CDCR Facility Captain shall be required to notify the CBU Correctional Administrator (Field Operations) to advise of the situation and solicit assistance for the inmates transfer. Thereafter, the inmate shall be transferred to a CDCR institution or facility, as soon as practical, but no later than the 10th day.

d. An inmate's placement in a THC for any reason must be documented on a CDCR-128B. The Contractor must provide security staff and conduct health and welfare checks of inmates placed in a THC at no less than one hour increments and more frequently if an inmate's condition/demeanor is less than normal.

e. An inmate's removal from the THC shall not be at a level less than a Facility Director in coordination with the highest ranking CDCR staff on duty. The reasoning for the removal from the THC must be documented on a CDCR-128-B.

22. Inmate Property

The Contractor shall, in accordance with CDCR requirements (DOM Section 54030 and Title 15, Subchapter 2, Article 9), maintain a list of personal inmate property items and the maximum amount of each item an inmate may possess within the MCCF. The combined volume of state issued and allowable personal property items shall not exceed six cubic feet. The Contractor shall ensure that each general population inmate is provided a suitable means of storing their state and personal property within their assigned living area. (Inmates housed in THC or Medical Cells will have their personal property collectively stored at a separate designated location.)

23. Inmate Orientation

The Contractor shall ensure that each newly received inmate is provided an orientation to the MCCF, prior to being released to general population (dorm housing) consistent with Title 15, Section 3002 and guidelines in DOM Section 83040.4 (Re-entry). Each newly received MCCF inmate shall be advised of procedures governing the conduct and activities of inmates; earned privileges; range of available facility programs, activities, work assignments/participation as well as procedures governing mail, visiting, and appeals. Additionally, the Contractor shall have up to date written handout material prepared for distribution to new inmate arrivals that summarizes and details pertinent facility information such as, but not limited to the following: availability and schedule of facility activities; availability of inmate programs and work assignments; inmate behavior expectations; count times; yard hours and recall time(s); procedures for mail, visiting and appeals; and any other pertinent information. As soon as possible after arrival, inmates must also be issued picture identification cards, bed assignments, proper inmate clothing and linens. The Contractor shall provide a means of advising inmates who cannot read English. This does not reduce the Contractor's responsibility to ensure that each new arrival has received a copy of Title 15. (Copy of the Title 15 in Spanish will be maintained in the library).

24. Classification

The Contractor, in concert with CDCR, shall uniformly apply CDCR's classification process to each inmate assigned to the MCCF in accordance with DOM; Title 15 Sections 3375 - 3380; and CDCR policy.

The inmate's Central File (C-File) will be retained by CDCR in the CBU Case Records Office (located in Sacramento). The MCCF will be required to maintain an inmate Field File (aka "flimsy" file) in lieu of a C-File at the MCCF. The Field File is a working file that shall contain all appropriate and pertinent inmate information. All Field Files shall be secured in a locked file Cabinet marked "Authorized Personnel Only". Only authorized persons shall have access to the

Field Files. The Contractor shall comply with CDCR policy regarding the release of inmate information.

Each inmate shall be individually classified in accordance with CDCR requirements. The Contractor shall be required to participate in the classification process. The Contractor shall ensure that the classification process is conducted in the manner prescribed by CDCR and that the inmate receives proper advance notice and appropriate non-confidential documentation. Classification decisions/actions shall be based on evaluation of available information and mutual agreement of the committee members. Every decision of a classification committee shall be properly documented on a CDCR Form 128-G, Classification Chrono.

The purpose of the classification process, at a minimum, consists of the following:

a. The classification process is a continual diagnostic and prescriptive process involving the systematic and diagnostic study of each inmate's needs and desires. The Contractor shall establish an operational plan in accordance with DOM, Title 15, the Agreement and other CDCR requirements which shall ensure a process for review of each inmate upon arrival at the MCCF and as necessary thereafter. The Contractor and CDCR staff shall participate in the classification process in accordance with DOM Section 62010. Initial and Unit Classification Committee shall, at a minimum, consist of a quorum of three persons who shall serve as a Chairperson, Recorder and Other member. Composition of committee members shall normally include a Correctional Counselor I (or other CDCR designee as approved by the Facility Captain) [Recorder], Facility Director [Chairperson], and Assistant Director [Other member or Alternate Chairperson]. Contractor member(s) may be substituted from the ranks of any of the following Contractor staff: Program Director, Chief of Security, Inmate Assignment personnel, or by another CDCR staff member. A CDCR staff member shall always be present and part of any classification committee/action. At no time shall the Contractor initiate a classification committee/action without the participation of a CDCR staff member.

   The Facility Captain will have final decision making authority on all disputed classification actions, but may elect to either defer or elevate matters to the CBU Administrator (or designee) for final review/decision based on facts at hand.

b. The classification process commences upon the receipt of an inmate committed to the custody of the Secretary of CDCR and is continuous throughout the time the inmate remains under the Secretary's jurisdiction. The classification committee process: (1) provides committee member review of inmate case factors; (2) provides staff with an opportunity to evaluate individual inmate case factors and assist each inmate to fully understand departmental/facility expectations and available programs and resources; (3) allows for review and documentation of inmate performance, behavior and progress in past and current programs; (4) allows for adjustments to retain, remove or reassign inmates to other program assignments like education, vocational training, or work program; and (5) establishes regularly scheduled review periods to ensure that inmates

are continually evaluated and placed in an appropriate custody level, program assignment, housing level and work group at the lowest possible level of security and supervision required.

c. Each classification determination which affects an inmate's length of confinement and/or program participation shall be made by the classification committee. Such classification determinations include establishing and changing restrictions and supervision for control purposes, or to ensure the security of the facility and safety of all persons. All classification committee action shall be documented on a CDCR form 128G for placement in the inmate's field file, faxed/scanned and mailed to the CBU Case Records Office, and a copy to the inmate.

d. Review cases where the inmate's case factors have significantly changed requiring higher custody or an increase in the inmate's classification score.

e. Ensure that initial classification is conducted for new arrivals within 14 days of reception.

25. <u>Inmate Trust Fund</u>

The Contractor shall establish an Inmate Trust Fund (ITF) accounting system for recording and maintaining all transactions affecting inmate trust accounts (in accordance with applicable DOM Sections 51120.12, 51121.15, 53110.5.3, 54070.4 and 54070.5)`. All transactions and reconciliations shall be supported by sufficient and relevant source documentation. The accounting system shall maintain individual inmate accounts and moneys shall not be commingled with any other funds. ITF shall be deposited into an interest bearing account guaranteed by the FDIC. ITF balances exceeding $100,000 shall be placed into another interest bearing FDIC insured account. The Contractor shall not utilize inmate trust funds for facility expenditures without the authorization of either the inmate and/or Chief of CBU or designee through the disciplinary process.

a. Additionally, the Contractor is responsible for the following Trust Fund transactions:

b. Upon an inmate's transfer to another facility or CDCR prison to forward the individual inmate trust funds to the transfer location;

c. Upon an inmate's parole to issue a check for an individual inmate trust fund balance;

d. To handle "unclaimed" inmate trust fund balances in accordance with the FMH.

e. Restitution shall be calculated, deducted, and processed according to Section G, Administrative and Security Requirements, #31.

26. <u>Transportation of Inmates</u>

The Contractor shall be required to provide inmate transportation for any ORWD work assignments (i.e.: outside work crews) outside the facility consistent with CDCR requirements. If

the ORWD provides service for another governmental entity pursuant to a valid agreement, the transportation details must be agreed upon by all parties and final approval rests with CDCR. The Contractor shall therefore develop and provide CDCR with written policies and procedures on the safe and secure transporting of inmates for all ORWD or related facility programs for CDCR approval.

The Contractor shall establish procedures for providing transportation and supervision of paroling inmates to local public transportation sources/locations from the MCCF without the benefit of CDCR staff. The Contractor staff shall be responsible for remaining with and supervising the "*parolee*" until such time as the parolee has physically embarked on public transportation. Prior to actual departure, the Contractor shall confirm with the public carrier the final destination and any stopovers scheduled en-route.

CDCR will generally provide regularly scheduled transportation via its centralized transportation hubs for medical, disciplinary and inmate transfers that can be scheduled in advance. In some instances, it may be necessary or in the best interest for on-site CDCR staff to facilitate the inmate transfer using supplemental Contractor staff. The Contractor will be required to provide Male Contractor staff when transporting Male inmates. In some instances, CDCR may approve the transport of an inmate by Contractor staff without the benefit of CDCR staff. The Contractor shall therefore develop and provide CDCR with written policies and procedures on the safe and secure transporting of inmates for CDCR approval.

Out-to-courts, ICE and intra-facility transports will be coordinated by CDCR staff with the appropriate involved entities.

Whenever the Contractor determines that any inmate medical care, treatment, evaluation or other need is warranted, beyond the level of medical service authorized and available at the facility pursuant to the Agreement, the Contractor shall be required to immediately contact the designated CDCR medical hub and obtain advance direction and approval/authorization from the assigned CME or MOD prior to transporting the inmate outside the facility. Medical emergency (i.e., life threatening) transportation to a local medical provider, as directed by the CME or MOD, shall be provided via contracted ambulance service. Under normal circumstances, a Contractor staff person shall ride in the ambulance with the inmate and a CDCR staff person will follow in a chase vehicle. If a CDCR staff person is not available, the Contractor shall provide an additional staff person to drive the chase vehicle. Contractor staff (of the same gender as the inmate) shall remain with the inmate at all times until relieved by CDCR staff.

The Contractor shall therefore develop and provide CDCR with written policies and procedures for potential inmate emergency transports to include contingency provisions for: (a) activation of emergency transport procedures; (b) available security escort staff; (c) staff training requirements; (d) available resources (equipment, vehicles); and (e) any known restrictions/limitations of the inmate, and any other similar factors.

The Contractor shall be required to immediately notify the CBU AOD of any and all inmate transports occurring during non-business hours. The Contractor must make every reasonable effort to advise the CBU AOD prior to the actual transport.

XI. MCCF INMATE ELIGIBILTY SCREENING

CDCR reserves the right to modify the inmate eligibility screening criteria on an as-needed basis without amending the agreement. Modifications become effective upon written notification from CDCR. The screening criteria will not be expanded to include those inmates who, based on CDCR's criteria, demonstrate a need for ongoing-celled housing.

XII. CONTRACTOR INFORMATION

1. Contractor Business Structure:

The Contractor shall maintain a current organizational chart that thoroughly describes and illustrates the Contractor's organization, management and structure. Contractor shall also maintain current charts of any other business relationships involved in the program. Said charts shall identify by name, address, title, and phone number every person in a management capacity in the identified companies. Contractor shall produce said charts and the resumes of such persons to CDCR immediately upon any change in company structure and/or management, and upon request by CDCR.

The Contractor must identify and describe any related, subordinate (i.e., wholly or partially owned entities, subsidiaries, etc.) and/or superior (i.e., parent entities, owners, etc.) entity(s) and any other corporations, businesses, partnerships, sole proprietorships, joint ventures, limited liability entitles, organizations, encumbrances (i.e., lenders, investors or others with secured interests), contractors, subcontractors or other persons or business entities that will have a significant role in the ownership, development, financing, construction, and/or operation of the facility. The following documentation must be maintained at all times:

Contractor Entity Organization Chart – A current organization chart shall depict the management structure and principal lines of authority of the Contractor entity.

General Business Information - The following current Contractor information must be maintained at all times and provided immediately to CDCR upon any change in business information and upon request at any time by CDCR for each related entity described above:

Contractor's Name

Form of Business entity (Indicate whether the business is a corporation, limited liability corporation, partnership, joint venture, sole proprietorship or other [explain].)

Contractor's complete contact information, including management contact persons and titles, business address, telephone number, facsimile and email

Facility street address, email address, and mailing address

Contractor's Facility Director

Telephone Number, facsimile and email address of Facility Director

Telephone listing for entire Facility, including but not limited to Central Control

XIII. Hazardous Materials and Site Condition Requirements

1. Right of Entry

During the term of the Agreement, there shall be and is hereby expressly reserved to State and to any of its agencies, contractors, agents, employees, representatives or licensees, the right at any and all time to temporarily enter upon the Premises for survey or other lawful State purposes.

2. Health and Safety Rules

Contractor shall be solely responsible for determining the applicability of and ensuring compliance with all applicable federal, state and local health and safety laws and regulations.

Periodic health and/or safety inspection by governmental agencies shall be allowed. Contractor shall institute and adhere to any additional safety programs required by CDCR.

3. Compliance

Contractor agrees to maintain said Premises in compliance with the laws and regulations of the State of California pertaining to sanitation, and in compliance with all other applicable State and Federal laws and regulations, and the rules and regulation of CDCR.

Contractor shall, at Contractor's sole cost and expense, comply with all of the laws and requirements of all applicable Municipal, State, and Federal authorities now in force, or which may hereinafter be in force pertaining to the Premises and the use of the Premises as provided in the Agreement.

4. Environmental Compliance

a. The Contractor shall be solely responsible for determining the applicability of and ensuring compliance with all applicable federal, state and local environmental, natural resources, zoning, etc. laws and regulations.

b. The Contractor agrees to comply with all applicable Federal, State, and local laws, regulations and policies pertaining to the generation, transfer, use, storage and disposal of hazardous materials and/or hazardous wastes. Contractor shall provide copies of Material Safety Data Sheets (MSDS) for all hazardous materials used on Contractor's property if requested by CDCR. Contractor shall provide documented training to their staff in the use,

storage, and handling of hazardous materials and waste. Contractor is prohibited 1) from transporting to and 2) from use, storage or disposal on the premises any hazardous material, hazardous substance, hazardous chemical, or hazardous waste as those terms are used in CERCLA (42 USC 9601.14), SARA (43 USC 11021 (e) 0, or Resources Conservation and Recovery Act of 1976 (RCRA), Pub. L. 94-580 (1976), 42 USC 6901 et seq. and amendments, including the Hazardous and Solid Waste Amendments of 1984 (HSWA), Pub. L. 98-616 (1984), or any similar state law; or oil, petroleum products or fuel; except only materials packaged and purchased for consumer use in containers not to exceed 1 gallon, or fuel in a vehicle fuel tank.

c. Any spill or release of a hazardous substance, material, or waste to the air, soil, surface water, or groundwater will be immediately reported to the State as well as to appropriate government agencies, and shall be promptly and fully cleaned up and the Property (including soils, surface water, and groundwater) restored to its original condition. No dumping or disposal of hazardous wastes, substances or materials, including petroleum products or fuel, shall be permitted.

d. If Contractor or Contractor's representative generates any regulated hazardous materials or wastes on the Contractor's property, Contractor agrees to handle, store, transport and dispose of such wastes in accordance with all applicable Federal, State, and local regulations, including all applicable reporting requirements. Contractor is prohibited from treatment or disposal of any hazardous substance, material or waste on Contractor's property, excepting only temporary storage, not to exceed 90 days. Storage of hazardous materials and/or hazardous waste shall comply with 22 Title 15 66264 et seq. and all applicable governmental requirements, including fire regulations. The Contractor shall not apply to become a "permitted" hazardous waste storage or disposal facility. Copies of all hazardous waste manifests or disposal certificates shall be submitted to CDCR. If the Contractor is required to prepare a Business Plan, as specified by Health and Safety Code Section 25500 et seq., or a Hazardous Waste Contingency Plan, as specified in 22 Title 15 66264.51 et seq., then a copy of the plan shall be submitted first to the CDCR.

e. The State or its representatives reserve the right to inspect all areas which are leased or rented by Contractor, for the purpose of verifying environmental compliance. Any violation of Federal, State, or local environmental law shall be grounds for termination of the lease in accordance with applicable sections herein.

f. The Contractor shall indemnify and hold harmless the State and its agents and representatives for any violation of environmental and or natural resources law caused by Contractor, Contractor's representatives, Sub-Contractors, visitors, inmates, landlord/property owner or other contractual entities. Furthermore, Contractor shall reimburse the State for any and all costs and liability related to investigation, clean up, settlement amounts, and/or fines, including attorneys' fees, incurred by the State for non-

compliance or inadequate compliance by the Contractor or Contractor's agents or representatives with any and all applicable environmental and/or natural resources law.

g. More specifically, the Contractor shall indemnify and hold harmless the State and its agents and representatives for any violation of hazardous materials and/or hazardous waste law caused by Contractor or Contractor's representatives. Furthermore, Contractor shall reimburse the State for any and all costs and liability related to investigation, testing, clean up, settlement amounts, and/or fines, including attorneys' fees, incurred by the for non-compliance or inadequate compliance by the Contractor or Contractor's representative with hazardous materials and/or hazardous waste law.

5. <u>Lead Base Paint Disclaimer/Asbestos Disclosure</u>

Contractor's Premises may contain lead-based paint or asbestos. Contractor shall inform State immediately of the possible presence of any friable lead-based paint or asbestos currently in or upon the Premises. Certification shall be performed by State. In the event the presence of friable lead-based paint or asbestos is confirmed by the testing, State shall have the right, at State's option to terminate the Agreement immediately, without any expense or liability to State for such early termination.

6. <u>Permits, Licenses, and Periodic Reporting</u>

Contractor shall at its own expense procure, maintain in effect and comply with all permits and licenses (including conditions of issuance imposed by any governmental authority) and meet all other requirements of Environmental Laws which apply to Contractor's use of the Premises, including, without limitation, the submittal of "business plans" as required by Section 25500, et seq., of the California Health and Safety Code (or other provisions of Environmental Laws).

7. <u>Notification Requirements</u>

Contractor shall promptly notify CDCR in writing of:

a. Any spill, release, discharge or disposal of any Hazardous Material in, on or under the Premises;
b. Any enforcement, cleanup, inspection, investigation, removal or other governmental or regulatory action instituted, contemplated or threatened (if Contractor has notice thereof) pursuant to any Environmental Laws;
c. Any claim made or threatened to be made by any person against State, Contractor or the Premises resulting from or claimed to result from any Hazardous Materials;
d. Any reports made to any governmental agency or entity arising out of or in connection with any Hazardous Materials, including any complaints, notices, warnings, reports or asserted violations. All reporting obligations imposed by Environmental Laws are strictly the responsibility of Contractor;

8. Special Environmental Audits

CDCR shall have the right from time to time, to retain an environmental company acceptable to CDCR to conduct environmental audits as provided in the agreement at Contractor's sole cost and expense, which audit reports shall be submitted to CDCR. Contractor shall promptly comply with all recommendations set forth in the report resulting from each such audit at Contractor's sole cost and expense.

XIV. DAMAGE TO PROPERTY OR PERSONS

Notwithstanding any other language contained in the Agreement to the contrary, the State, its agents and employees shall not be liable or responsible for any damage to property or persons on the premises pursuant to the Agreement caused by acts of the Inmates or by the Contractor's employees while in the performance of their duties. Contractor understands that the premises are a part of a correctional institution and such possible damage or injury.

XV. AMERICANS WITH DISABILITIES ACT (ADA)

CONTRACTOR agrees that by signing this Agreement, it is assuring CDCR that it complies with the Americans with Disabilities Act of 1990 (ADA), 42 U.S.C. Section 12101 et seq., as applicable, which prohibits discrimination on the basis of disability, and with applicable regulations and guidelines pursuant to the A.D.A."

XVI. CDCR Contact Information

Should questions or problems arise during the term of the Agreement, the contractor should contact the following offices:

Billing/Payment Issues:
Headquarters Accounting Office
Phone Number: (916) 255-2042
Fax (916) 255-5418

Scope of Work/Performance Issues:
Contract Beds Unit
Brian Coates, Correctional Administrator
Phone Number: (916) 464-4572
Fax (916) 464-5130

General Contract Issues:
Contracts Management Branch, Service Contracts Section
Phone Number: (916) 255-5704
FAX Number: (916) 255-6187

MODIFIED COMMUNITY CORRECTIONAL FACILITY
City of Taft

TOTAL CONTRACT ALLOTMENT

FISCAL YEAR 2014/2015

FISCAL YEAR	2014/2015	365
TYPE OF BEDS		ANNUAL
AMOUNT OF BEDS		600
TOTAL PARTICIPANT DAYS		219,000
PER DIEM AMOUNT		$60.00
PROGRAM EXPENDITURES	MONTHLY MAXIMUM RATE*	ANNUAL TOTAL
STAFF AND BENEFIT/TAXES	$368,117.25	$4,417,407.00
FOOD	$89,790.00	$1,077,480.00
TRANSPORTATION	$7,807.00	$93,684.00
CONSULTING/CONTRACTED SERVICES	$127,310.00	$1,527,720.00
OPERATING EXPENSES	$93,064.65	$1,116,775.80
PROPERTY TAX	$7,089.89	$85,078.68
GENERAL LIABILITY INSURANCE	$8,338.65	$100,063.80
ADMINISTRATIVE OVERHEAD	$88,431.74	$1,061,180.88
CORPORATE FEE	$305,050.82	$3,660,609.84
TOTAL PER DIEM	$1,095,000.00	$13,140,000.00
**ADDITIONAL MEDICAL COVERAGE (RN 2.8)	$36,152.20	$433,826.40
GRAND TOTAL	$1,131,152.20	$13,573,826.40

NOTE:
*Monthly rate shown above is based on complete bed occupancy. If occupancy falls below 512 for any particular day, the monthly rate will decrease in accordance with the actual occupancy

** CDCR to reimburse Contractor for additional RN coverage coverage.
To be invoiced separately from Per Diem invoice.

MODIFIED COMMUNITY CORRECTIONAL FACILITY
City of Taft

TOTAL CONTRACT ALLOTMENT

FISCAL YEAR 2015/2016 (*Leap Year*)

FISCAL YEAR	2015/2016	366
TYPE OF BEDS		ANNUAL
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FOOD	$89,790.00	$1,077,480.00
TRANSPORTATION	$7,807.00	$93,684.00
CONSULTING/CONTRACTED SERVICES	$127,310.00	$1,527,720.00
OPERATING EXPENSES	$97,717.88	$1,172,614.56
PROPERTY TAX	$7,089.89	$85,078.68
GENERAL LIABILITY INSURANCE	$8,755.58	$105,066.96
ADMINISTRATIVE OVERHEAD	$92,853.33	$1,114,239.96
CORPORATE FEE	$298,559.07	$3,582,708.84
TOTAL PER DIEM	**$1,098,000.00**	**$13,176,000.00**
**ADDITIONAL MEDICAL COVERAGE (RN 2.8)	**$36,868.30**	**$442,419.60**
GRAND TOTAL	**$1,134,868.30**	**$13,618,419.60**

NOTE:
*Monthly rate shown above is based on complete bed occupancy. If occupancy falls below 512 for any particular day, the monthly rate will decrease in accordance with the actual occupancy

** CDCR to reimburse Contractor for additional RN coverage coverage.
To be invoiced separately from Per Diem invoice.

MODIFIED COMMUNITY CORRECTIONAL FACILITY
City of Taft

TOTAL CONTRACT ALLOTMENT

FISCAL YEAR 2016/2017

FISCAL YEAR	2016/2017	365
TYPE OF BEDS		ANNUAL
AMOUNT OF BEDS		600
TOTAL PARTICIPANT DAYS		219,000
PER DIEM AMOUNT		$60.00
PROGRAM EXPENDITURES	MONTHLY MAXIMUM RATE*	ANNUAL TOTAL
STAFF AND BENEFIT/TAXES	$368,117.25	$4,417,407.00
FOOD	$89,790.00	$1,077,480.00
TRANSPORTATION	$7,807.00	$93,684.00
CONSULTING/CONTRACTED SERVICES	$127,310.00	$1,527,720.00
OPERATING EXPENSES	$101,927.95	$1,223,135.40
PROPERTY TAX	$7,231.00	$86,772.00
GENERAL LIABILITY INSURANCE	$8,930.69	$107,168.28
ADMINISTRATIVE OVERHEAD	$97,496.00	$1,169,952.00
CORPORATE FEE	$286,390.11	$3,436,681.32
TOTAL PER DIEM	$1,095,000.00	$13,140,000.00
**ADDITIONAL MEDICAL COVERAGE (RN 2.8)	$37,596.80	$451,161.60
GRAND TOTAL	$1,132,596.80	$13,591,161.60

NOTE:
*Monthly rate shown above is based on complete bed occupancy. If occupancy falls below 512 for any particular day, the monthly rate will decrease in accordance with the actual occupancy

** CDCR to reimburse Contractor for additional RN coverage coverage.
To be invoiced separately from Per Diem invoice.

MODIFIED COMMUNITY CORRECTIONAL FACILITY
City of Taft

TOTAL CONTRACT ALLOTMENT

FISCAL YEAR 2017/2018

FISCAL YEAR	2017/2018	365
TYPE OF BEDS		ANNUAL
AMOUNT OF BEDS		600
TOTAL PARTICIPANT DAYS		219,000
PER DIEM AMOUNT		$60.00
PROGRAM EXPENDITURES	MONTHLY MAXIMUM RATE*	ANNUAL TOTAL
STAFF AND BENEFIT/TAXES	$368,117.25	$4,417,407.00
FOOD	$89,790.00	$1,077,480.00
TRANSPORTATION	$7,807.00	$93,684.00
CONSULTING/CONTRACTED SERVICES	$127,310.00	$1,527,720.00
OPERATING EXPENSES	$107,024.35	$1,284,292.20
PROPERTY TAX	$7,375.62	$88,507.44
GENERAL LIABILITY INSURANCE	$9,377.22	$112,526.64
ADMINISTRATIVE OVERHEAD	$99,445.92	$1,193,351.04
CORPORATE FEE	$278,752.64	$3,345,031.68
TOTAL PER DIEM	$1,095,000.00	$13,140,000.00
**ADDITIONAL MEDICAL COVERAGE (RN 2.8)	$38,343.90	$460,126.80
GRAND TOTAL	$1,133,343.90	$13,600,126.80

NOTE:
*Monthly rate shown above is based on complete bed occupancy. If occupancy falls below 512 for any particular day, the monthly rate will decrease in accordance with the actual occupancy

** CDCR to reimburse Contractor for additional RN coverage coverage.
To be invoiced separately from Per Diem invoice.

MODIFED COMMUNITY CORRECTIONAL FACILITY
The City of Taft
RATE SHEET
TOTAL CONTRACT ALLOTMENT BID SUMMARY

GRAND TOTAL FOR FY 2013/2014	$3,741,620.00
GRAND TOTAL FOR FY 2014/2015 (EXHIBIT B-2)	$13,573,826.40
GRAND TOTAL FOR FY 2015/2016 (EXHIBIT B-3)	$13,618,419.60
GRAND TOTAL FOR FY 2016/2017 (EXHIBIT B-4)	$13,591,161.60
GRAND TOTAL FOR FY 2017/2018 (EXHIBIT B-5)	$13,600,126.80
TOTAL CONTRACT AMOUNT	$58,125,154.40

FINANCIAL MANAGEMENT HANDBOOK

FOR MODIFIED COMMUNITY CORRECTIONAL FACILITIES

PREPARED BY: CONTRACT BEDS UNIT ADMINISTRATION

REVISED MAY 2014

FINANCIAL MANAGEMENT HANDBOOK FOR MODIFIED COMMUNITY CORRECTIONAL FACILITIES

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I. Purpose and Objective:

The Financial Management Handbook (FMH) has been developed by the CBU to provide the Contactor a means to accurately, properly and uniformly account and report fiscal activities concerning all funds associated with this Agreement Additionally, this FMH contains standardized forms the Contractor will be required to use for invoicing and reporting expenditures. Therefore, the Contractor's accounting system must meet the Financial Accounting Standards Board and the Governmental Accounting Standards Board standards as the authoritative body of Generally Accepted Accounting Principles. Accounting and cost reports are required so that the State, including the California Department of Corrections and Rehabilitation (CDCR), Contract Beds Unit (CBU), Department of Finance (DOF) and other State Departments can monitor the contracted services and costs and compare those costs to an established budget.

The State's specific needs and requirements may change. Non-substantive or procedural changes to the FMH may be revised by the CDCR or CBU without the need for an Agreement amendment. The CDCR will provide the Contractor written notification of such revisions. Substantive changes to the FMH require an Agreement amendment. In the interim, the CDCR and the Contractor may utilize a Memorandum of Understanding (MOU) to reflect mutually agreed upon changes until such time as they are incorporated in an Agreement amendment. The use of an MOU is subject to the CDCR's discretion. FMH revisions and MOUs have the same binding effect as the original FMH incorporated into the Agreement.

II. Responsibility of Contractor

The Contractor shall have direct responsibility to administer, manage, and account for all fiscal records, monies and Agreement-related funds pursuant to the terms of the agreement and in accordance with all applicable laws, rules, regulations, policies, and directives. These records must be recorded, maintained and reported/provided to the CDCR (as required or requested by the CDCR) in accordance with the State's fiscal year reporting cycle (July 1st through June 30th).

The Contractor shall promptly and timely comply with all department and/or state fiscal reporting requirements/guidelines, reviews, inspections, audits, and/or corrective action plans including but not limited to production of source or supporting documentation or other requested material. This includes a timely response to audit findings, observations and inquiries.

The Contractor shall maintain any and all inmate funds (such as, but not limited to, Inmate Trust Fund, Inmate Welfare Fund, Release Fund, Restitution Funds) and "program income" (refer to the FMH Section III, C.4.) in separate interest-bearing accounts (up to the FDIC insured limits) on the behalf of, and in trust for, the State. The Contractor shall ensure that inmate funds, program income and/or Contractor's own funds are not commingled.

The Contractor shall provide timely accounting to the CDCR or CBU for all inmate funds and program income and use or turn over such funds to the State as directed by the Department.

The Contractor shall be responsible for providing the CDCR, CBU or any duly authorized representative with access, right to examine, and copies of any MCCF records/source documents as requested within the proscribed time frame. If the Contractor allows the MCCF related records/documents to be held or maintained by a third party, the Contractor shall be responsible for securing and providing said records/document to the CDCR (as requested) in a timely manner.

The Contractor shall have procedures to ensure confidentiality of information and to protect the data from unauthorized access and/or destruction due to negligence, malice, or disaster.

The Contractor shall not release or reveal any report, publication, and/or statistical data related to the inmates and/or inmate programs without the prior written approval from the CDCR.

The Contractor shall be responsible for obtaining clarification and interpretations of the FMH contents by contacting the CDCR's Chief of CBU or designee.

The Contractor shall implement and maintain adequate internal control procedures to ensure and account for appropriate management of funds. The Contractor, in addition to the Facility Director, Assistant Facility Director and/or Fiscal Officer, shall be held directly responsible for failure to account for any State funds associated with this Agreement, monies lost due to mismanagement or negligence, and/or misappropriations of any Agreement funds.

The Contractor shall comply with all fiscal policies and reporting requirements of the agreement to include, but not limited to:

- Expenditures claimed are accurate and
- Associated with performing contracted services for auditing purposes and program reviews;
- Proposed budget adjustments/expenses are justified and submitted to the CBU for approval as required or requested; and
- Required budget amendment(s) can be supported and justified for those expenses associated with performing contracted services.

The Contractor shall not commingle any MCCF Agreement-related funds with any other separate contract (if any). The Contractor shall maintain separate records and chart of accounts for each separate contract and they shall not be commingled.

The Contractor shall be responsible for maintaining MOUs and revisions to the FMH at the facility/site.

III. Financial Management of Funds

A. Direct Contract Funds

The Contractor agrees to provide services as specified in this Agreement for the amount of funds encumbered in the Standard Agreement. This amount constitutes the full and total contract allotment consideration to be paid the Contractor in compensation for all Contractors' allowable costs incurred in the performance of this Agreement.

This is a fee for service Agreement, not a direct reimbursement contract. The Contractor shall be paid on a per diem basis. The Contractor's expenditures shall be consistent with the budget documents of this Agreement. Because the Agreement will be housing inmates under the legal custody of CDCR and be paid with State funds, the State (CDCR, CBU, etc.) reserves the right to audit, review and request the Contractor's financial records.

The State shall compensate the Contractor in accordance with the rates specified in this Agreement for services satisfactorily rendered and upon receipt and approval of properly completed Contractor's invoices.

The following are special financial management practices incorporated as part of this Agreement:

- Although this Agreement is for a multi-year period, the award of funds by the CDCR does not imply or assure ongoing funding beyond the current fiscal year.
- The Contractor's payments are limited to the amount specified in this agreement.
- The Agreement does not guarantee nor provide Cost-of-Living-Adjustments (COLA) or other inflationary adjustments.
- The Total Contract Allotment will not be increased by the CDCR unless specifically provided for by the Legislature in the Budget Act via an Agreement amendment.
- Any changes to the total Agreement funds must be reflected in an Agreement amendment.
- Funds shall be expended in the manner budgeted in this Agreement.
- Any transfer of Agreement budget funds from one category to another that exceeds $10,000 must be submitted with appropriate justification and must receive prior approval from the Chief of CBU. Fund transfer request(s) must be submitted on Appendix E, Change in Budget Authorization and Position Classification Forms. Also, the budget and position document forms will be required with the budget revision forms.

1. Allowable Costs

Allowable costs (i.e.: expenditures) shall be reported in accordance with the nature of the cost incurred.

The Contractor shall perform all services in accordance and consistent with all terms and conditions of this Agreement, the Scope of Work, and Disabled Veteran Business Enterprise (DVBE) requirements, if applicable, at the rates set in this Agreement.

Costs are allowed for appropriate goods and services for program/facility operation that are expended in an efficient and effective manner consistent with this Agreement. Costs should be reasonable and representative of a fair and comparable cost value/rate at the time the costs are incurred.

The CDCR reserves the right to question any and all costs. Unresolved questioned costs may be offset against the Contractor's future invoices. Misappropriated or unresolved questioned costs, for which the Contractor has already been reimbursed, can also be directly disallowed and offset against future invoices.

The CDCR payments will not exceed the budgeted contracted amounts. Allowable costs shall be budgeted, expended, and recorded based on the definitions of the following categories:

a. Personnel

Personnel costs are allowed under this Agreement when the following conditions are met:

- Positions are specifically authorized in this Agreement and identified in the Minimum Required Staffing (MRS) and Post Assignment Schedule (PAS).

The CDCR has approved in writing a change in the budgeted funding for personnel and any Contractor staff position within the allotted funding level.

- Personnel salary costs shall be commensurate with the level or responsibility and experience necessary to perform contracted program obligations.

- Incentive pay is an allowable salary cost if it is based on job performance. A written incentive plan shall be maintained and be made available to Contractor staff. Cost savings can only be one of many factors on evaluating job performance. Each employee should have an equal chance in receiving incentive pay. Incentive pay available to the Contractor employees cannot exceed 5 percent of the allotted amount per position identified in the MRS.

- Salaries and wages of personnel who are involved in more than one contracted facility must be charged to each contracted facility on a proportional basis using separate position numbers and/or titles to differentiate between the contracted programs. Time sheets (or other similar timekeeping system approved by the CDCR) must show by position number how much time each employee spends on various programs and salary costs must be prorated accordingly. All time sheets must reflect actual hours worked and be verified and signed by the employee. Additionally, time sheets must be verified and signed by the immediate supervisor.

- The Contractor shall develop and maintain a master staffing plan that includes all administrative as well as posted positions and reflects corresponding position numbers. Job descriptions, duty statements or Post Orders identified in the PAS shall be maintained for all staff paid through the CDCR agreement. In addition, all affected employee personnel files will indicate the date of employment, rate of pay, funding source, pay increases, promotions, status changes, employee benefits, withholding and salary deduction information, and the date and reason for termination of employment.

  Hours worked shall be documented by time sheets (of actual time worked) signed and verified by the employee as well as verified and signed by the immediate supervisor or by some other similar timekeeping system as approved by the CDCR. Additional documentation shall include payroll registers, payroll warrants, employee personnel files, and the program's general ledger accounts. All reported salary costs shall be based on actual expenditures. All documentation shall be made available to the State (CDCR, CBU etc.) upon request.

- Volunteer positions may not be used to offset Agreement-funded positions unless approved by the CDCR or CBU in advance. Volunteers may be used to provide supplemental programs/services above and beyond Agreement requirements.

b. Staff Benefit Costs/Payroll Taxes

Fringe benefits/payroll taxes are allowable in accordance with governmental rules, laws and regulations. Benefits and payroll taxes typically include, but are not limited to: medical, dental, state and federal unemployment, retirement, workers compensation, social security, and disability insurance. In order for employee retirement plan costs to be allowable, the plan must be a "qualified" plan meeting the requirements as set forth under Section 401 (k) of the Internal Revenue Code and Section 17501 of the California Revenue and Taxation Code.

c. Food Services

i. Food Services

In an arrangement where the Contractor has meals prepared outside the MCCF facility by a separate entity, the Contractor shall use a competitive bid process to select the food service provider (i.e.; minimum of three bids). Prior approval shall be obtained from the Chief of CBU and a copy of the finalized contract shall be provided to the Chief of CBU.

ii. Food Costs

When feasible, food items should be purchased in bulk orders at wholesale prices. Governmental surplus food shall be used when available.

The food cost category shall only include food items used in the preparation of a meal. It does not include eating utensils, pots, pans, cleaning detergents, etc. Food, as an allowable cost, shall not be used as prizes, awards or other incentives.

All food served shall comply with the CDCR prescribed nutritional standards and use a rotation of a meal menus recommended by the CDCR Food Services Administration. Meals must be prepared and served in accordance with applicable State and local health codes.

The Contractor will charge its employees, the CDCR staff, and visitors the cost of a meal if they eat at the facility in accordance with DOM Section 51100.4. These proceeds shall be re-deposited into the Contractor's Food line item.

iii. Materials and Supplies

Includes actual costs for purchases of such items as eating utensils, pots, pans, napkins, pitchers, etc.

d. Contracted/Consultant Services

A consultant is an individual or an entity that provides services consistent with California Public Contract Code, Section 10356 (a). The Contractor may contract for such necessary consultant or professional services in accordance with the requirements of the contract. Contractor employees are not included in this designation.

The Contractor shall obtain prior written authorization from the Chief of CBU for any contracted services that exceeds $2,500. Before approval can be granted, the Contractor shall submit: (1) three competitive bids in writing from individuals or firms providing the same service which must provide a description of the service to the rendered, the proposed rate and total payment; or (2) in the event that three individuals or firms cannot provide the required consultant service(s), the Contractor shall describe the service(s) required, his unsuccessful attempt to obtain written bids for such services and the selected consultants' unique qualifications to provide such a service along with the consultant contract rate and total payment. The Contractor shall make an attempt to negotiate a reasonable rate.

The Contracted/consultant or professional service costs may include the following:

- Accounting
- Auditing
- Food service

- Canteen
- Education (Academic/Vocational)
- Culinary
- Health Care Services (Medical/Dental/Mental Health)
- Bonding or similar security instruments
- Other as approved by the Chief of CBU

The Contractor is required to submit to the CBU with the Quarterly Cost Reports (QCR) the "Contractor/Consultant Services" form in Appendix C, which is a detailed listing of the Contracted/Consultant services received and the amount charged to provide those services.

e. General Operating Expenses

Allowable general operating expenses are those expenses, either one-time or ongoing, necessary to operate the contracted program (per the Agreement) but are not included in the other allowable cost budget categories. This includes, but is not limited to, the following items:

i. Computer Supplies

Computer supplies include items purchased which directly support the routine day to day usage of computer equipment. (i.e., computer programs, software, toner, printer cartridges, mouse/wrist pads, etc.).

ii. Education (Academic) Supplies

Academic supplies include all common supplies and materials, such as paper, books, magazines, and pencils required for operation of the entire function of education and items purchased directly to support academic requirements.

iii. Education (Vocational) Supplies

Vocational supplies include materials, supplies and tools required for the conduct of general vocational programs, materials specific to the vocational programs, trade magazines or reference materials, etc.

iv. Office Supplies

Office supplies include items such as, tape, staples, pens, pencils, paper, etc. and other sundry expenses. The items purchased should be comparable in price to the office supplies per unit in the surrounding area.

v. Library Purchases

Library purchases included items purchased and used by all inmates such as, books, magazines, newspapers, etc. that are not paid for by the inmate welfare fund.

vi. Advertising

Advertising includes newspapers, magazines, radio and television programs, direct mail, trade papers and the like. The advertising costs allowable are those which are solely for:

a. Recruitment of personnel required for the contracted program.

b. Solicitation of bids for the procurement of required goods and services.
c. Other purposes specifically provided for in the Agreement.

vii. Memberships, Subscriptions and Professional Activities

All expenditures must be pre-approved by the Chief of CBU.

Expenditures are not permitted for membership in an organization, meetings, conferences, subscriptions and/or other activities that include any public relations, politics or legislative influences.

The cost of membership in technical and professional organizations may be allowable provided: (1) the benefit from the membership is related to the Agreement; (2) the expenditure is for MCCF Contractor's membership; and/or (3) the cost of the membership is reasonable related to the value of the services or benefits received.

Expenditures, such as meetings and conference costs, are allowable only when pre-approved by the Chief of CBU, in writing. The primary purpose of such meetings/conferences must be for the dissemination of technical information relating to the Agreement programs consistent with respective industry/trade practices or standards.

viii. Printing

Allowable printing expenses are printing and reproduction services necessary for program administration including but not limited to, forms, reports, manuals, and informational literature may be allowable when pre-approved by the Chief of CBU in writing and such services are in support of the purpose of the CDCR contracted program.

ix. Communications

Allowable Contractor communication expenses are defined as direct charges incurred based on actual costs related to staff telephone usage to perform MCCF business. Actual costs are substantiated by source documentation such as monthly telephone bills. Inmate Telephones shall be operated consistent with Exhibit A, Scope of Work, X., Program Requirements, #9 Inmate Use of Telephone and VII., Administrative and Security Requirements, #28 Inmate Telephones.

x. Postage

Allowable postage expenses are defined as direct charges incurred for postage meter rental, repairs and refills. Actual costs are substantiated by source documentation, such as the reading of the postage meter, stock received reports and invoices.

xi. Staff Training

Staff training costs are allowable in accordance with the Statement of Work. Custody officers shall meet the Corrections Standards Authority (CSA) standards. Other staff training costs will be limited to that training which is directly related to his/her job performance and as allowed by the Internal Revenue Service (IRS) standards.

The cost of in-service and out-of-service training, customarily provided for employee development which directly or indirectly benefits Agreement programs is allowable.

xii. Maintenance and Repair

Allowable maintenance and repair costs are those that are necessary for the upkeep of the facility in order to maintain it at the same level of functionality as deemed acceptable by the State at the outset of the Agreement, but which neither upgrade the facility, nor add to the permanent value thereof, nor prolong the life of the facility. The CDCR or CBU will only recognize allowable costs for maintenance and repair (normal "wear and tear") that the Contractor can demonstrate are directly caused by the use of the facility for State program purposes under the Agreement. The Contractor shall be responsible for the payment of all maintenance and repair costs out of its own funds.

xiii. Utilities

Utilities costs include electricity, natural gas, sewer, waste removal, water, water treatment and cable television/satellite service.

xiv. Housekeeping Supplies

Those items necessary for the operation/maintenance of the facility in keeping with the housing of individuals (i.e.: inmates). Housekeeping supplies include but are not limited to, cleaning supplies, detergents, scouring pads, towels, disinfectants, brooms, mops, toilet supplies and insecticides.

xv. Linen Services

Linen services consist of outside services obtained to provide clean linen to the facility.

xvi. Medical

All non-emergency health care costs, including supplies, equipment, and services required in the Scope of Work, Section X, Program Requirements, #1, Medical Services, as it relates to inmate-patient health care, dental, and mental health care services provided at the MCCF facility are allowable costs and will be included in the per diem rate.

The Contractor shall work with the California Correctional Health Care Services (CCHCS)and the CDCR to establish contracts with local hospitals, pharmacies, clinics, health care/dental/mental health providers and ambulance services that shall be used for emergency care of the inmate-patients that cannot be handled at the MCCF facility. At the inception and during the term of the contract, a listing of all existing contractual arrangements with local health care providers, including but not limited to acute care hospitals and clinics shall be made available to the CDCR by Contractor. Any change to this list shall be communicated to the CDCR and Chief of CBU.

The contracts for routine health care, dental and mental health care and emergency services must be approved by the CCHCS and the CDCR in order to be reimbursed. The Contractor shall send invoices to the identified medical hub and the CDCR Headquarters Accounting for reimbursement. Health care invoices from contracted services which are the responsibility of the CDCR shall be submitted to the CDCR within 30 days of receipt.

In the event the Contractor staff must transport inmate-patients outside the facility for health care or treatment, appropriate documentation must be submitted to the Chief of CBU that

clearly identifies the circumstances associated with each transport and staff costs (overtime costs only). The Contractor must submit the appropriate documents identified in Appendix A Schedule 4.1 to 4.6 for reimbursable costs. Contractor shall be reimbursed in arrears for the transportation costs separately and in addition to the normal per diem payment.

Co-pay in the amount of $5.00 may be charged to the CDCR inmate-patients for certain health care, dental and/or vision services requested or initiated by the inmate-patient in accordance with Title 15, Section 3354.2. The co-pay fee shall be retained by the Contractor when services are provided by the contractor or contactor's subcontracted health care provider. When services are provided by the CDCR or CDCR's subcontracted healthcare providers, the co-pay for each inmate-patient shall be remitted to the CDCR on a quarterly basis with the Quarterly Cost Reports (QCR's).

xvii. Personal Care Supplies

Personal care costs incurred for purchases such as toothbrushes, shaving supplies, hair creams, feminine napkins and oils, and other personal care items on behalf of indigent inmates or as otherwise authorized by the CDCR or CBU.

xviii. Governmental Fees

The Contractor shall be responsible for securing and paying for all governmental fees consistent with the Agreement. Governmental fees include business licenses, inspections, and conditional use permit fees that are mandated by the local government in whose jurisdiction the facility is located.

The Contractor shall be responsible for paying any and all costs associated with obtaining any fire clearance(s) from the Office of the State Fire Marshall (OSFM).

xix. Vector/Pest Control Services

Necessary services for the control of pests to meet health and sanitation standards or are deemed harmful to persons are allowable.

xx. Transportation

Routine and customary transportation and travel costs are allowed under the contracted program if the following conditions are met:

- Travel costs which are necessary and are directly related to the program are allowable. This includes, but is not limited to: visits by the Facility Director or facility staff to Contractors Corporate and/or district office and to the CDCR's district, regional or headquarters office.

  Allowable staff travel costs can include outside training, transportation, lodging and food. Travel costs cannot exceed the overall travel per diem rate currently in effect pursuant to Department of Personnel Administration regulations for non-represented employees. (http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx)

- All program transportation costs shall be supported by a CDCR participant location control log or by a Contractor initiated travel expense voucher showing purpose, location, dates,

time of travel, rates claimed, and/or mileage logs and any applicable receipts. Travel rates claimed cannot exceed rates identified and set by the DPA.

- Relocation costs in accordance with DPA regulation are allowable; however, Contractor must obtain prior approval from the Chief of CBU before relocation expenses are incurred.

The CDCR may recognize the costs for the lease and operation of vehicles for facility operations. The lease costs cannot exceed the cost per mile on a monthly basis as allowed pursuant to DPA regulations.

Costs incurred for freight, cartage and other transportation costs relating either to goods purchased, delivered or moved from one facility location to another are allowable. When such allowable transportation costs occur in moving items from one of the Contractor's CDCR contracted facilities to another, the cost shall be charged against the receiving facility's Agreement.

Inmate emergency medical staff escort costs are treated differently than routine transportation costs. Please refer to FMH Section III, B #2.

xxi. Equipment

The Contractor shall be responsible for the identification, procurement, installation, removal, repair, maintenance and/or replacement of all furniture, fixtures, and equipment that are necessary for the operation of the facility in compliance with this Agreement utilizing Exhibit B-7, Equipment Listing. For any equipment changes after the contract award the Contractor will utilize the form in Appendix C, Schedule 6, Equipment Changes.

xxii. Insurance

Insurance costs for the operation of the program are allowable. The Contractor shall be responsible for securing and maintaining required insurance coverage and shall be a condition of the State's obligation to pay for services provided under this Agreement. The Contractor is required to comply with the insurance requirements and minimum limits contained in this Agreement.

The Contractor shall ensure that all insurance required in the performance of this Agreement shall be in effect at all times during the term of this Agreement. In the event the insurance coverage expires, is canceled or terminates during the term of this Agreement, the Contractor's insurance provider must agree to give at least thirty (30) days prior notice to the State before said expiration date, cancellation or termination. In the event said insurance coverage expires at any time or times during the time of this Agreement, the Contractor may provide a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of the term of the Agreement. New certificates of insurance are subject to the approval of CDCR and the Department of General Services (DGS).

The Contractor shall be responsible for providing the State evidence of valid insurance coverage. The following shall be considered evidence of coverage: 1) a certificate of insurance; 2) a "true and certified" copy of the policy; 3) or any other industry standard proof of insurance issued by the insurance provider only if it addresses the minimum insurance requirements of the Agreement.

The State reserves the right to verify the Contractor's evidence of coverage. In the event the Contractor fails to keep or maintain insurance coverage as required and in effect at all times, the State reserves the right to withhold and reduce payment(s), terminate the Agreement, and/or seek any other remedies afforded by the laws of the State of California.

If a facility is utilized to provide for other CDCR authorized programs, the allowable insurance costs must be allocated according to usage.

Actual losses which are covered by insurance are un-allowable costs and will not be considered in determining the contracted per diem rates.

Indemnification includes securing the State against liabilities to third persons and other losses not compensated by insurance or otherwise.

Costs of other insurance in connection with the general conduct of activities are allowable subject to the following limitations:

1. Type and extent and cost of coverage will be in accordance with State policy and sound business practice.

2. Costs of insurance or of contributions to any reserve covering the risk of loss of or damage to state property is non allowable except to the extent that the State has specifically required or approved such costs.

The CDCR will not reimburse the Contractor for any liability insurance that exceeds the coverage requirements in the Agreement. All costs must be supported by source documentation that identifies insurance costs to the program.

Minimum Insurance Requirements:

The Contractor shall furnish the Chief of CBU a certificate(s) of insurance stating that there is insurance presently in effect for the Contractor in amounts not less than the following quantities:

a. General Liability -Not less than $5,000,000 per occurrence for bodily injury and property damage liability combined.

b. Automobile Liability -Not less than $1,000,000 per occurrence.

c. Workers Compensation -Coverage for Contractor's employees in accordance with the Labor Code with the employer's liability limit of not less than $1,000,000. Coverage for CDCR inmates in accordance with applicable laws, codes, regulations, policies, etc. with the employer's liability limit of not less than $1,000,000.

d. Property Coverage -Property coverage for the facility caused by fire, inmates, or parolees must be carried in an amount not less than 90 percent of the full replacement value of all improvements within the premises exclusive of foundation footing and excavations.

The certificate(s) of insurance must include the following provisions:

1. The insurer will not cancel the insured's coverage without 30 days prior written notice to the Chief of CBU.

2. The State of California, its officers, agents, employees, and servants are included as additional insured, but only insofar as the operations under this Agreement are concerned resulting from the intentional or negligent (whether active or passive) acts of the Contractor.

The insurance must be issued by an insurance company acceptable to the Department of General Services, Office of Insurance and Risk Management.

xxiii. Accounting

The cost of establishing and maintaining accounting and other information systems required for the management of contracted programs is allowable. This includes cost incurred by central service agencies for these purposes. These costs are to be reported under the budget category of Contracted/Consultant Services, and/or Personnel.

xxiv. Audit Service

The cost of audits necessary for the administration and management of functions related to contracted programs is allowable. These costs are to be reported under the budget category of Contracted/Consultant Services, and/or Personnel.

xxv. Bonding

Costs for premiums of fidelity, surety and performance bonds, or similar security instruments are allowable. These costs are allowable under Insurance.

xxvi. Central Stores

The cost of maintaining and operating a central stores organization for supplies and materials used either directly or indirectly for contracted programs is allowable. These costs are to be reported under the budget category of Operating Expense.

xxvii. Health and Welfare Costs

The costs of health or first aid clinics and/or infirmaries are allowable. These costs are to be reported under the budget category of Contract/Consultant Services, whichever is applicable.

xxviii. Legal Expenses

The cost of legal expenses required in the administration of contract programs is allowable. Legal expenses resulting from claims filed by inmates that the Contractor incurs, but not as a result of Contractor negligence, is allowable. Contractor's initial and ongoing legal expenses for their own unlawfulness are non allowable. Contractor's legal expenses for the prosecution of claims against the State are non allowable. These costs are to be reported under the budget category of Operating Expense.

xxix. Payroll Preparation

The cost of preparing payrolls and maintaining necessary related wage records is allowable. These costs are to be reported under the budget category of Personnel or Operating Expenses.

xxx. Personnel Administration

Costs for the recruitment, examination, certification, classification, training, establishment of pay standards and related personnel activities for contract programs is allowable. These costs are to be reported under the budget category of Personnel or Operating Expenses.

xxxi. Procurement Service

The cost of procurement services including solicitation of bids, preparation and award of contracts and all phases of contract administration in providing goods and services for contracted programs is allowable. These costs are to be reported under the budget category of General Operating Expenses.

xxxii. Taxes

In general, taxes which the contractor is legally required to pay are allowable (i.e. sewage tax, utility tax, sales tax). Taxes which are not included in this category are those taxes resulting from profits earned (i.e. income taxes). Taxes are to be reported under Benefits or General Operating Expenses, whichever is applicable.

xxxiii. Automatic Data Processing Systems

The cost of data processing services (computers, software, etc.) to contracted programs is allowable.

xxxiv. Management Studies

The cost of management studies to improve effectiveness and efficiency of management for on-going programs is allowable but must be specifically identified in the quarterly cost report. These costs are to be reported under the budget category of Contracted/Consultant Services, Personnel.

xxxv. Professional Services

Cost of professional services rendered by individual or organizations not a part of the State is allowable under consultant costs category. These costs must be specifically identified in the quarterly cost report. Professional services provided must be in writing and conform to Agreement provisions. These costs are to be reported under the budget category of Contracted/Consultant Services.

f. Facility Use Cost

Facility use costs are allowable but limited to the funds allocated in the Agreement for this purpose.

i. Contractor Owned

If owned, the Contractor must submit a complete, legible copy of the deed of trust.

ii. Contractor Leased

If leased, the lease must remain in effect during the entire term of the Agreement and include the fixed monthly cost. The lease must contain all information pertinent to the leased property and be signed by the lessor and lessee. The lease must expressly allow CDCR unconditional access to the facility 24 hours a day, 7 days a week.

The CDCR shall not pay for any increase in facility use costs that may occur after bid submission. The CDCR shall pay only the fixed use costs that are set forth in the bid/Agreement. No increase in facility use costs for any reason will be recognized as a means of increasing payments after bid submission or Agreement is affected. Additionally, The CDCR shall not recognize any escalator clauses contained in any lease for any reason for the life of the agreement.

The Contractor is required to provide Chief of CBU with the legally binding document in a timely manner of any change in ownership of the land or building and of any change in the parties to the lease.

CDCR shall remit Facility lease/use payments to the contractor in accordance with the schedule of payments in the Lease Agreement between the Contractor (Lessee) and the Lessor.

The MCCF facility lease/use payments may be made payable to a trustee if mutually agreed by the Contractor and the State.

g. Inmate Pay

Inmate Pay is an allowable expense that will be paid out of the Contractor per diem reimbursements and will be in accordance with Section IV, Reporting Requirements, A #1.

h. Inmate Clothing

The Contractor shall be responsible for the purchase, laundry, repair and replacement of offender clothing and shoes during the CDCR inmate's incarceration at the Facility and also ensure clean clothes and bedding are provided on a weekly basis. The Contractor shall provide clothing and laundry services to the inmate at no charge to the offender in accordance with established CDCR policies pursuant to Title 15, section 3030.

The Contractor shall ensure that each inmate is issued clothing, linen and towels consistent with State issued in accordance with the CDCR allotment requirements.

The Contractors shall provide each inmate with inmate clothing consistent with the quantity, quality, and material specified by the Prison Industry Authority (PIA). Contractors shall provide, maintain and handle, inmate clothing in accordance with the CDCR requirements (DOM Section 54090 and Title 15, Chapter 1, Article 2).

i. Corporate Fee

The Corporate Fee is an amount of targeted net profit that the contractor identifies in their budget that is realized above expenditures when the contractor is able to contain their costs for each of their budgeted line item amounts. The contractor shall not minimize the level of service required by the contract in order to realize a higher corporate fee (net profit).

2. Non allowable Costs

Non allowable costs, whether the Contractor has been reimbursed or not, will be directly disallowed. Failure to comply with CDCR directions to resolve or repay un-allowable costs as directed by the CDCR will be offset against future invoices.

Costs for any and all services not covered in allowable costs or performed outside the scope of the Agreement are not allowed. Such costs are at the sole risk and expense of the Contractor.

Examples of non allowable costs include, but are not limited to, the following:

• Bonuses: Staff bonuses are not considered to be salary or Agreement costs and are deemed a distribution of the Contractor's profit.

• Contributions and Donations

• Entertainment: Costs of amusements, social activities, and incidental costs relating thereto

• Legal Costs: The Contractor's initial and ongoing legal expenses for failure to comply with legal requirements. The Contractor's legal expenses resulting from the filing or prosecution of any legal action or claim against the State

• Fines, Penalties and Settlements: Costs resulting from violations of or failure to comply with federal, state, local laws and regulations. This includes formal judgments and settlement agreements to be paid by the Contractor

• Lobbying. Costs resulting from political activities or influencing public decision making. This includes donations, associated personnel costs and/or the hiring of a lobbyist

• Accreditation Costs. American Correctional Association or similar accreditation costs unless they are specifically provided for in the Agreement

• Interest Costs. Interest costs incurred for the ongoing operation of the program, which includes borrowing funds for cash flow purposes. (Interest for facility construction, renovation, improvements, and/or purchase of equipment for program development purposes that are amortized over a period of time is allowable, if identified for in the Agreement.)

• Unsupported Costs. Costs that are not supported by source documentation (regardless of the type of cost)

• Contractor's misappropriation of Agreement related funds.

B. Additional Contract Reimbursements

The following costs are not funded in the Agreement but are subject to reimbursement provided the Contractor complies with the following requirements. Failure to adhere to these procedures and/or submit supporting documentation may result in a disallowed reimbursement.

1. Inmate Release Funds

In accordance with PC Section 2713.1 and CCR, Title 15 Section 3075.2, inmates are entitled to funds to assist them with necessary expenses upon their release from prison. The Contractor, in conjunction with the CDCR, shall develop a procedure (consistent with current acceptable accounting practices) that can provide a paroling inmate with cash (for the total amount authorized by the CDCR) and transportation upon release. The Contractor will ensure that cash is issued to the paroling inmate for which the State will reimburse the Contractor (monthly in arrears) through the CDCR invoice process. Transportation of the paroling inmate is not reimbursed by the CDCR.

The CDCR staff will initiate the Release Statement (form CDCR-102) which must be approved/signed by the appropriate CDCR Facility Captain (or designee) and paroling and/or discharging inmate(s). The Contractor will ensure that cash is issued to the paroling and/or discharging inmate(s) for which the State will reimburse the Contractor (monthly in arrears). Invoices must include the original Release Statement that has been signed by the paroling and/or discharging inmate(s) and be submitted to:

California Department of Corrections and Rehabilitation
Regional Accounting Office
Attention: Cashiering Unit
P.O. Box 6000
Rancho Cucamonga, CA 91729-6000

The Contractor shall submit a copy of the the original invoice and the Release Statement that has been signed by the paroling and/or discharging inmate(s) to:

California Department of Corrections and Rehabilitation
Contract Beds Unit
Attn: Contract Analyst
10961 Sun Center Dr.
Rancho Cordova, CA 95670

The Contractor shall require each inmate to supply all or a portion of their release clothing. It shall be the Contractor's responsibility to ensure the inmate has secured inmate clothing from family, friends, or other sources such as donations.

State-issued release clothing shall be kept to a minimum. State-issued release clothing shall be charged against the inmate’s release allowance consistent with CDCR established clothing rates.

2. Staff Escorts for Inmate Medical Emergencies

Whenever the Contractor determines that any inmate medical care, treatment, evaluation, or other need is warranted, beyond the level of medical service authorized and available at the facility pursuant to the Agreement, the Contractor shall be required to immediately contact the designated CDCR medical hub and obtain advance direction and approval/authorization from the assigned Chief Medical Officer (CMO) or Medical Officer of the Day (MOD).

The CMO or MOD must provide advance authorization for the inmate to be transported to a medical provider outside the facility, unless it is a life or death emergency.

Contractor staff may be used to transport and supervise inmates. Contractor shall maintain direct supervision for State inmates at the medical provider facility until the State inmate is transported by Contractor back to the MCCF or CDCR staff assume direct supervision of the inmate.

The appropriate documentation/records must be submitted to the Chief of CBU that clearly identifies the need/circumstances associated with each transport and additional staff costs incurred as a result of transport (i.e., overtime, if staff is called back or held over to cover posted positions). The Contractor must submit appropriate documents identified in Appendix A, Schedule 4.1 through 4.6 for reimbursement costs. Contractor costs for inmate supervision shall be reimbursed by the State in arrears upon receipt of Contractor's invoice.

3. **Additional Nursing Coverage**

CDCR shall reimburse the Contractor for partial nursing coverage (2 shifts per day, totaling16 hours per day) at the rate detailed in the Minimum Staffing Requirement document. This reimbursement is to be billed separately from the Monthly Inmate Participant Day Invoice (Per Diem billing). The Contractor must submit appropriate documents for reimbursement costs. Contractor costs for additional Nursing coverage shall be reimbursed by the State in arrears upon receipt of Contractor's invoice.

C. Contractor's Accounting System

1. Accounting Principles

The Contractor's accounting system shall be in accordance with the Financial Accounting Standards Board and the Governmental Accounting Standards Board standards as the authoritative body of Generally Accepted Accounting Principles. In addition to written accounting policies, the Contractor shall develop and maintain current detailed procedure manual(s) for use by staff throughout the facility to ensure consistent and correct accounting and reporting of revenues and costs. The manuals shall include, but not be limited to: personnel, travel, procurement, petty cash, invoice preparation, cost reporting, year-end adjustments, facility accounting procedures, ITF, IWF, restitution, inmate pay, release funds, and internal control systems. The manuals shall be made available for review upon request by the CDCR staff, and at the time of any audit performed by the State or subcontracted for the State.

2. Internal Control

It is the responsibility of the Contractor to implement adequate internal control procedures (GC Sec 13400) to ensure appropriate management of all Agreement funds. The Contractor shall be held directly responsible for any failure(s) to account for any State funds associated with this Agreement, monies lost due to mismanagement or negligence, and/or misappropriations of any Agreement funds.

The State reserves all rights to take whatever action it deems appropriate and necessary to remedy, in the CDCR's discretion, any Contractor failure(s) or negligence.

3. Reporting Agreement Revenue and Expenditures

a. The Contractor's accounting system shall provide information necessary to identify all receipts and expenditures of program funds including revenues earned of program funds (i.e., interest earned on behalf of the State). This information shall be reported on the CDCR cost reporting forms or on a similar computerized cost reporting form approved by

the CBU. (See Appendices B, C, and D) Program revenue and expenditures shall be identifiable and supported by source documentation.

b. Expenditures of Agreement funds must be recorded in general ledger accounts which parallel the following budget categories.

- Staff Salaries/Wages and Benefits/Taxes
- Food
- Consulting/Contracted Services
- General Operating Expenses
- Facility Use Cost
- Inmate Pay
- Inmate Clothing
- Corporate Fee

Line Items must, at a minimum, include those identified in the Cost Reports (refer to Quarterly Cost Reports, Appendix C). Additional line items may be identified subject to prior CDCR review and approval.

c. The Contractor shall support all general ledger account entries by both the subsidiary records and the original source documentation. All costs recorded shall be supported by sufficient and accurate source documentation. The Contractor shall implement adequate internal control procedures so that the Contractor can provide accurate, current and timely financial reporting information. Original accounting records shall be available on site when requested by the Chief of CBU or designated auditors at the Contractor's expense.

The Contractor shall ensure detailed transactions are recorded in subsidiary accounting records (e.g., cash receipts and disbursement ledgers, cost analysis reports, technical cost appraisals) and then summarized in the general ledger accounts.

Source documents (e.g., invoices, time and payroll records, inmate time cards, supervisor's logs, receipts, and indirect costs computations) are the instruments which bring about the actual expenditure of funds and must be maintained by the Contractor.

All subsidiary records and original source documentation shall be available for review, and available upon request, for a minimum period of three years after the termination of the Agreement, or until such time as a financial audit is completed by the State, or as otherwise directed by the State, whichever is later.

4. Program Income

The Contractor, or any other entity, is not allowed to directly or indirectly derive any profit or compensation from the use of inmate labor or participation. The use of inmate labor/participation is subject to CDCR approval and any such profits or compensation are deemed to be State funds and must be reported by the Contractor directly to the Chief of CBU for appropriate resolution and disposition as directed by the CDCR.

If the operation of the MCCF results in additional revenues and/or monies that are generated as a result of the MCCF or inmate participation, those funds shall be referred to as CDCR "Program Income". Potential sources of CDCR Program Income may include, but are not limited to: interest earned on inmate funds, sale of products or services resulting from inmate participation and any rebates, commissions or bonuses resulting from MCCF operations or inmate labor/participation.

Accordingly, Program Income does not belong to the Contractor, nor inure to the benefit of the Contractor, but is held by and accounted for by the Contractor on behalf of, and in trust for, the State, to offset the State's costs and expenses for the MCCF program operation. The Contractor must account for and report to the CBU (via Cost Reports) all such Program Income that comes into its actual or constructive possession.

During the term of the Agreement, any and all such Program Income shall be deposited by the Contractor into one or more interest-bearing bank accounts that are fully insured by the Federal Deposit Insurance Corporation (FDIC), in trust for the State. The balance of such accounts shall not exceed the insured limit per account.

The Contractor shall remit all such Program Income to the State General Fund upon request, or upon expiration or termination of the Agreement, whichever occurs first.

D. Trust Funds

The Contractor shall adhere to the Information Practices Act (IPA) of 1977 – Information in all records and files of CDCR which pertains to inmates, parolees, employees, or other persons will be disclosed in conformance with IPA. Employees who collect, use, maintain, amend, disseminate, and/or destroy personal information shall not improperly disclose personal information to any unauthorized person in accordance with DOM Sections 13030 and 13040, Title 15, Section 3261.2.

1. Inmate Trust Fund

a. Inmate Trust Fund Requirements

The Contractor shall establish and maintain an Inmate Trust Fund (ITF) accounting system for recording and maintaining all transactions affecting inmate trust accounts in accordance with Penal Code Section 5057 and 5008 and applicable DOM Sections (51120,51121,54070) and CDCR Title 15 (Articles 3 and 3.5). All transactions and reconciliations shall be supported by sufficient and relevant source documentation. The Contractor's accounting system shall maintain accurate and current information relative to each individual inmate account. The moneys shall not be commingled with any other funds. Monthly reconciliations shall be performed to ensure the accuracy of the cash and accounting records. Contractor shall provide inmates with a fund statement and a check for the balance of his or her account upon release or parole.

Additionally, the Contractor is specifically responsible for the following ITF transactions:

- Upon an inmate's transfer to another facility or CDCR prison, forward the individual inmate trust funds to the transfer location within five working days.
- When multiple inmates are transferred to the same location a spreadsheet shall be included listing inmate name, CDCR # and amount for individual inmate. Spreadsheet total shall balance the total of receiving check.
- Upon an inmate's transfer to Immigration and Customs Enforcement (ICE) or to court, the Contractor shall provide a trust account statement and a check for the balance of the account to the inmate.
- Upon an inmate's parole, issue a check for an individual inmate trust fund balance.
- Coordinate ITF process with the CDCR.
- The contractor shall be responsible for collecting restitution from the wages and account deposits of inmates who owe restitution, pursuant to Penal Code Section 2085.5, as further detailed in regulations Title 15 Section 3097.

b. Unclaimed Inmate Trust Funds

Inmate trust funds shall be considered "unclaimed" as follows:

- If a check issued to an inmate (out of the inmates trust account) has been outstanding (un-cashed) for ninety days or more. Each month, the Contractor shall review the outstanding checks for trust funds and cancel (i.e. stop-payment) on checks over 90 days old. The Contractor shall post such un-cashed check amounts back to the inmate's trust account and document and verify the inmate's non-receipt of the funds.

Each month funds received and deposited into an inmate's trust account after the inmate has left the facility (i.e. paroled, out to court or returned to another CDCR institution) do not belong to the Contractor. These funds shall be forwarded to California Department of Corrections and Rehabilitation Inmate Accounting Branch Headquarters. Upon closure of the facility any outstanding checks (after stop payment process) and or balance remaining in an inmate's trust account shall be sent to Inmate Accounting Branch Trust Headquarters.

Inmate Accounting Branch Trust Headquarters
Attn: Trust Accounting
P.O. Box 276088
Sacramento, CA 95827

A list showing inmate name, CDCR# and amount with the reason for remittance (i.e. trust fund balance) shall be attached.

CDCR Inmate Accounting Branch Contacts:
Inmate Trust:
Irene Painter (916) 255-1036
Yvonne Villa-Arthur (916) 255-1012

2. Restitution Collections

The Contractor shall be responsible for collecting restitution from the wages and account deposits of inmates who owe restitution, pursuant to Penal Code Section 2085.5, as further detailed in regulations Title 15 Section 3097.

The current restitution amount deducted is 50%, plus an administrative fee of 10% of the restitution deduction, for a maximum deduction of 55% of the inmate's wages and deposits, taking into consideration Title 15, Section 3097(j) exemptions from the above deductions.

A Direct Restitution payment from outside the facility received as a "Restitution Only" payment will be applied 100% to the Victim's Direct Order &/or Fine waiving the Admin Fee. An inmate's request for a Voluntary payment from his Trust Account shall have the Admin Fee waived. Contractor shall accept checks from CDCR to apply to inmate's Restitution Victim Direct Order, Fine &/or Trust Account as instructed by CDCR Inmate Account Branch (IAB) staff.

By entering into this agreement, the Contractor acknowledges that Contractor is responsible for satisfying CDCR's restitution obligations under such regulations as they currently exist and as they may be amended in the future. Contractor shall dedicate a one-half time (.5 FTE) staff position and a computer with programming sufficient to perform all of the requirements specified for restitution account, collection and submission.

CDCR shall provide the Contractor the Inmate First & Last names, Inmate CDCR Numbers, Restitution Victim Direct Order & Restitution Fine Numbers, individual court assigned debt amount for each case assigned and individual balances of each inmate restitution debt. Contractor shall collect restitution debts beginning with the oldest dated Victim Direct Order first and resume collections until all Victim Direct Orders are paid in full as expressed in AB1505 (January 1, 2007). After all Victim Direct Orders have been satisfied, the Contractor shall begin collection on the oldest Restitution Fine first and resume collection until all Restitution Fines are satisfied. Contractor shall have a means set in the computer for update purposes for collections that CDCR collects & informs the Contractor to update the inmate's balance owing. This transaction will not be a monetary exchanged.

Contractor shall hold such funds in trust for CDCR for the purposes set forth in said statute and regulations, and shall not commingle such funds with Contractor's own funds or with any other funds. The Contractor shall submit one check to CDCR for restitution collections and administrative fees for the prior month attached to an itemized statement reflecting individual collection amounts. Note- Victim Direct Orders & Fines may have the same case number but must be accounted for separately.

Contractor shall at all times keep an accurate and up-to-date accounting of all such funds and restitution information, and shall remit fund collections and associated inmate case information to CDCR as directed. By the 10th of each month following collections, Contractor shall forward the amount of restitution and administrative fees to CDCR - Inmate Account Branch (IAB), Attn: Restitution Collections, P O Box 276088, Sacramento CA 95827. The remittance shall include an itemized statement which includes the CDCR Number, Inmate First & Last names, designated Victim Direct Order(s) or Fine case number(s), individual collection date(s), individual restitution collection amount(s), and balance still owing shown by the Contractor. In addition, Contractor shall provide an accounting of all such funds to CDCR at any time upon request. The Contractor will send a copy of the itemized statement by electronic mail to CDCR's designated group of recipients' and the Contractor will furnish an Accounting/Restitution Contact person.

Any such restitution funds remaining in Contractor's possession at the end of the contract shall be remitted to the CDCR for proper disposition pursuant to said statue and regulations.

3. Inmate Welfare Fund

The Contractor shall establish a separate Inmate Welfare Fund (IWF) as a trust for the benefit of the inmates housed at the facility in accordance with Penal Code 5005, 5006 and DOM Section 23010.1.

IV. Reporting Requirements

A. Operational Invoice

The Contractor will be paid for services rendered based on the contracted inmate participant day rate when properly invoiced. The Contractor will use Schedule 1.2 from Appendix A in order to correctly fill out the monthly operational invoice and the supporting schedules. Incomplete or improperly filled out invoices and supporting schedules will result in the invoice being disputed and returned to the Contractor.

The CDCR will not pay any amounts that exceed the annual contracted amount(s).

The Contractor is responsible to maintain documents on file which substantiates the validity of their actual facility use cost and general liability insurance costs. The Contractor shall make such documents available to the CDCR upon request.

1. Inmate Time Keeping/Pay System

The Contractor shall establish and maintain an Inmate Work Training Incentive Program (IWTIP) and positions for work and education assignments either within the facility or outside the facility in accordance with PC Sections 2700 and 2933; DOM Section 53130, CDCR's Classification Manual, DOM Chapter 60000; Title 15, Chapter 1, Articles 3 and 3.5; and any revisions thereto.

Inmate pay rates shall comply with those established by the CDCR in accordance with Title 15, Sections 3041.1-3041.2, DOM Section 51120. Contractor shall establish inmate pay positions for a minimum of 30% of the inmates at the facility at an average pay rate of $23 to $36 per month per inmate. Eligible IWTIP work assignments (designated) must be paid out of Contractor per the diem rate via Inmate Pay budget line item as follows:

The Contractor shall maintain a minimum of 30% of the inmates in pay positions regardless of the daily inmate count at the facility. Pay rates must be commensurate with the level of skill and productivity required. Inmate compensation and rates are subject to determination by the Director of CDCR with approval of the Department of Finance (DOF).

Inmate pay will not be directly reimbursed by the State.

The Contractor (i.e., inmate's work supervisor) shall record the hours worked or training time and absences of each inmate assigned each day in accordance with Title 15, Section 3045 through 3045.3 and pay for each inmate's assignment. The Contractor shall submit the *Inmate Pay Register, (FMH Appendix B, Schedule 3)* by the fifth working day of each month to

California Department of Corrections and Rehabilitation
Contract Beds Unit
Attention: Chief of CBU
10961 Sun Center Drive
Rancho Cordova, CA 95670

2. Staffing Reports

a. Vacant Post or Position Deduction Report

The Contractor shall be required to maintain all Minimum Required Staffing (MRS)/Post Assignment Schedules (PAS) staffing levels consistent with the Agreement.

The Contractor shall report all vacant positions as soon as they are known to the assigned Facility Captain and Chief of CBU. On a monthly basis, the Contractor shall submit the Vacant Post or Position Deduction Report, Appendix A, Schedule 1.3. to the Chief of CBU.

A position is deemed vacant when a permanent full-time or part-time employee is unable to work (i.e., medical leave) or is no longer employed at the facility. The position is deemed vacant until such time as the employee returns to work or a permanent replacement employee is hired to reconcile to the MRS/PAS staffing levels. The Contractor may request written approval from the Chief of CBU to hold a position vacant for a specified reason/time period.

A Vacant Post or Position Deduction Report, Appendix A, Schedule 1.3. shall be submitted to the Chief of CBU to report all staff vacancies via the facility's assigned CDCR Facility Captain. This report shall be completed and submitted by the fifth working day after the end of the month being reported detailing the actions taken to fill vacant positions.

If the Contractor fails to notify the CDCR, fill a vacant position or secure prior CDCR approval authorizing the vacant budgeted position(s), the CDCR, at its discretion, may deduct from the Contractor's monthly invoice an amount of money (based on the budgeted salaries and benefits for each vacant position) equivalent to the vacancy period.

b. Current Staff Rosters

The Contractor will be required to submit a current custody Master Roster (Exhibit B-6) and a Custody and Non-custody Positions Roster (Appendix B, Schedule 2) for all positions at the facility (that coincides with the MRS) to the Chief of CBU by the fifth working day after the end of each month being reported.

B. Quarterly Cost Reports

The Quarterly Cost Report (QCR) shall reflect all program revenues and expenses for specific reporting periods (i.e., quarters) consistent with the Agreement. The QCR shall include, but not be limited to the following:

- Quarterly Cost Report Coversheet
- Statement of Program Revenue and Expenses
- Salary and Wages for Facility Administration Staff
- Salary and Wages for Facility Program Staff
- Salary and Wages for Facility Security Staff
- Contracted/Consultant Services
- Equipment Changes
- IWF Quarterly Statement
- Certification

The Contractor shall submit completed QCR's (see Appendix C) consistent with the CDCR's reporting format(s) to:

California Department of Corrections and Rehabilitation
Division of Adult Institutions
Contract Beds Unit
Attention: Chief of CBU
10961 Sun Center Drive
Rancho Cordova, CA 95670

The QCR's must be submitted for the first complete reporting quarter after the start-up period ends and subsequent quarters thereafter. If cost reports are not completed, submitted, and received by the Chief of CBU within 45 days of the period, the CDCR can withhold monthly payments until the completed reports are received and it is determined by the CBU that reporting requirements have been satisfied. Guidance for the completion of the attached cost reports will be provided by contacting the CBU Staff Manager.

Upon request and approval by the Chief of CBU, the Contractor may utilize computerized cost reports to meet their needs as long as all of the required information is provided in a format/level of detail approved by the CBU that corresponds with the cost reports developed by the CBU.

The QCR's must be submitted and are due to the CBU within 45 days from the end of the respective quarter, but no later than the following dates:
1st- October 15 (covers July 1 through September 30)
2nd -February 15 (covers October 1 through December 31)
3rd -May 15 (covers January 1 through March 31)
4th -August 15 (covers April 1 through June 30)

The CDCR will consider the QCR's received to be accurate and will be used to monitor use of funds.

The Contractor shall report the Corporate Fee apart and separate from all other items in the QCR. The Corporate Fee shall not be reported as an expenditure, instead, it shall be reported as a stand-alone item below the profit/loss line item.

Any warranted revisions and/or adjustments after the due date must include a justification/explanation, be completed and resubmitted to the Chief of CBU. The CBU will consider the original QCR to be invalid and may withhold monthly payments until the revised QCR is received.

C. Annual Cost Report

The Annual Cost Report (ACR) shall reflect all program revenues and expenses for specific reporting periods (i.e., per annum) consistent with the contract.

The Contractor shall submit completed Annual Cost Reports (ACR) [see Appendix D] consistent with the the CDCR's reporting format(s) to:

California Department of Corrections and Rehabilitation
Contract Beds Unit
Attention: Chief of CBU
10961 Sun Center Drive
Rancho Cordova, CA 95670

The ACR must be consistent with the State's Fiscal Year reporting cycle of July 1 through June 30. The ACR must be submitted by August 15th for the period ending June 30th of each fiscal year regardless of the contract start date. If cost reports are not completed, submitted, and received by the Chief of CBU within 45 days of the end of the reporting period, the CDCR can withhold monthly payments until the completed reports are received and it is determined by the CBU that reporting requirements have been satisfied.

Upon request and approval by the CBU, the Contractor may utilize computerized cost reports to meet their needs as long as all of the required information is provided in a format/level of detail approved by the CBU that corresponds with the cost reports developed by the CBU.

The ACR must be submitted within 45 days but no later than received by the CBU no later than August 15.

The CDCR will consider ACR received to be accurate and will be used to monitor use of funds.

Any warranted revisions and/or adjustments after the due date must include a justification/explanation, be completed and resubmitted to Chief of CBU. The CBU will consider the original ACR to be invalid and can withhold monthly payments until the revised ACR is received.

The Contractor shall report the Corporate Fee apart and separate from all other items in the ACR. The Corporate Fee shall not be reported as an expenditure, instead, it shall be reported as a stand-alone item below the profit/loss line item.

D. Request to Change Contract Budget/Staffing Line Item(s)

Any change(s) to a budgeted line item funding that exceeds $10,000 or ten percent of any line item in the Total Contract Allotment requires prior written approval from the Chief of CBU before implementation. The Budget Revision Form [BRF] (Appendix E) is to be used when the Contractor wishes to adjust funding (not to exceed the fund amount encumbered in the Standard Agreement) or staffing based on actual spending patterns by increasing or decreasing the budget from one line item to another (not to include prior years).

Any change(s) to staffing, regardless of the cost, requires the completion of a “Change Established Position(s)” (Appendix E) and related budget documents.

1. Budget Revision Form:

- Identify the budget category requiring the change under column 1, “Description of Line Items”.

- Indicate the current budgeted authority for the line items requiring the change under column 2, “Budgeted Authority”.

- Indicate the amount of increase or decrease requested for each of those line items under column 3, “Amount of Requested Budget Revision”. Any decrease should be indicated by parentheses.

- The Revised Budgeted Authority, Column 4, is the net result of the change requested. It will either increase or decrease specific line items.

- Identify the reason for the request.

- Identify the factors justifying the request.

- Explain the consequences of what will happen if the request is not approved.

- A Corporate Officer, Facility Director (or designee), or Facility Fiscal Officer is authorized to request the change.

- The Contractor must notice and provide a copy of the BRF to the assigned CDCR Facility Captain (or designee) and the date should be reflected on the BRF. This will afford them the opportunity to provide timely input regarding the requested change(s) to the Chief of CBU. However, the Contractor need not wait for a response from the Facility Captain prior to submitting the BRF.

• The Contractor must submit the Budget Revision Form to the assigned CBU Program Analyst for the facility. Once a decision has been made by the Chief of CBU, a signed copy will be returned to the Contractor.

• The Contractor must also submit with the BRF complete set of budget documents identifying the changes in the overall budget.

• The Contractor will be responsible for clearly identifying on the BRF in the "Month & Year" box whether the proposed changes are "ongoing" (i.e., for all subsequent remaining Agreement years) or "one-time" (i.e., for a specific period of time/fiscal year).

• The Contractor may include supplemental supporting documentation identifying the reason for the request, amount, or justification for the adjustment. The CDCR may request additional information or justification be provided by the Contractor prior to rendering a decision. Failure to provide requested information to the CDCR shall be cause to deny the request.

• The Contractor is responsible for adhering to and complying with the BRF instructions contained in Appendix E. Additionally, the Contractor will be responsible for appropriately reflecting approved BRF changes on other respective budget/staffing documents (i.e., QCRs, ACRs, PAS, and MRS) or as directed by the CDCR in order to properly and accurately report/reconcile expenditures.

2. Request to Change Established Position(s)

Positions are specifically authorized and must be maintained in accordance with the Agreement as identified in the Minimum Required Staffing (MRS) and Post Assignment Schedule (PAS).

Any change(s) to staff in the established MRS or PAS, regardless of the cost, requires the completion of a "Change Established Positions (CEP) (Appendix E). The change(s) may include, but are not limited to: duties, titles, responsibilities, salary, position(s), post numbers, and functions (of the position).

The Facility Director (or designee) is authorized to request the change.

Any proposed changes to the MRS and PAS require initial review and recommendation of the assigned CDCR Facility Captain. This will afford them the opportunity to provide timely input regarding the requested change(s). If approved, the MRS and PAS proposed changes are forwarded to the Correctional Administrator-Field Operations, or designee, for review and approval.

Any change(s) to established staffing requires prior written approval from the Chief of CBU before implementation.

At the CBU's discretion, an Agreement amendment may be warranted to reflect staff changes. The Contractor may be requested to submit new MRS/PAS exhibits or other supplemental documentation consistent with the approved changes.

NOTE: A "temporary" change in classification, functional responsibilities and/or post assignment does not need to be reported via a "Change in Established Positions" form. A temporary change is considered to be 30 days or less to provide for specific interim staff needs, such as, but not limited to, Acting Assignments. A "temporary" change request must be submitted by the Contractor to the assigned CDCR Facility Captain for review and prior approval. A "temporary" change request must

be submitted in writing and include the information required by the assigned CDCR Facility Captain, Correctional Administrator-Field Operations, and the Chief of CBU to provide for a thorough review/consideration (i.e.: approval/disapproval).

V. Payment Process

A. Invoicing and Payment

The CDCR will not pay any amount(s) that exceed the annual contracted amount encumbered in the Standard Agreement.

Incomplete or improperly prepared monthly invoices will not be processed for payment. Failure to provide source/supporting documentation as required or requested by the CDCR or CBU, may be cause to not process invoice(s) for payment.

The MCCF invoices are limited to the Operational Invoice, Inmate Release Funds Invoice, and Emergency Medical Transportation Invoice.

The CBU will notify the contractor, and upon request, return the invoices for corrections. Properly completed invoices must be submitted before payments can be made. The Contractor will request payment on a monthly basis, unless otherwise approved by the CBU, using the monthly invoice forms specified by the CDCR.

Monthly invoices not received by the Chief of CBU within two weeks after the end of the month in which the services were provided may be discounted by 1.5 percent of the total monthly invoice. An additional 1.5 percent may be discounted for each subsequent month. If monthly invoices have not been received by the CBU on the sixty-first (61) day after the end of the month in which the services were provided, the invoice may be disallowed in its entirety. Invoices shall include the Agreement Number and shall be submitted in duplicate on a monthly basis in arrears to:

California Department of Corrections and Rehabilitation
Contract Beds Unit
Attention: Chief of CBU
10961 Sun Center Drive
Rancho Cordova, CA 95670

1. Operational Invoice

Facility activation will commence upon arrival of the first endorsed inmate permanently housed at the facility. Upon activation, the Contractor will be paid a per diem rate based upon actual participant days as identified in Exhibits B-2 through B-5 of this agreement.

Total participant days available for a specific month is the contractor's budgeted design bed capacity times the number of days during that specific month.

The Contractor will submit the monthly invoice and all supporting documentation in duplicate to the designated CDCR Facility Captain for review and recommended approval. The CBU will verify that each participant listed on the "Register of Participation" is accurate. Each page of the register shall be sub-totaled at the bottom. The Contractor can only include in the "Register of Participation" the first day of participation, but not the last day of participation.

The Contractor will use the Monthly Operational Invoice (Appendix A, Schedule 1.2), the Register of Participation form (Appendix A, Schedule 2.1), and the Vacant Post or Position Deduction Report (Appendix A, Schedule 1.3) and submit to CBU to be paid.

The Contractors shall have 45 days to fill a vacant post or position per the Agreement. A vacant post or position shall not be deemed vacant in the event that the Contractor is using contract staff or overtime to fulfill the duties of the post or position for the first 45 days. Beginning on the 46th calendar day that the post or position remains vacant, the Contractor shall track the date position is vacated, the days, the work hours and salaries and benefits of each vacancy and make appropriate deductions from the next monthly invoice using the form in FMH, Appendix A, Schedule 1.3. The CDCR may assess liquidated damages in an amount equal to the daily rate (salary and benefits) for such post or position per day while it remains vacant. Contractor shall not circumvent the imposition of liquidated damages by multiple short-term or rotation of staff assignments in a post or position.

Assessment of liquidated damages shall not preclude the CDCR from terminating this Agreement for breach as provided herein. Withholding of payment as liquidated damages shall not relieve the Contractor of any of its obligations under the Agreement.

If the Contractor fails to: notify the CDCR or CBU; or secure prior the CDCR or CBU approval for vacant budgeted position(s); or fill a vacant position within 45 days of the vacancy, the CDCR or CBU, at its discretion, may deduct from the Contractor's monthly invoice an amount of money (based on the budgeted salaries and benefits for each vacant position) equivalent to the entire vacancy period. Deductions will be based on the CBU using forms such as FMH, Appendix A, Schedule 1.3 and a Daily Sign-In Sheet.

The following reports or documentation must be submitted as required within the time frames established in this FMH or the Contractor shall be deemed non compliant with the contract terms and conditions and monthly invoice payment may be disputed and not processed.

- Posted Positions Daily Sign-in Sheet
- Vacant Post or Position Deduction Report, Appendix A, Schedule 1.3,
- Evidence of Insurance
- Quarterly Cost Reports, FMH, Appendix C
- Annual Cost Report, FMH, Appendix D
- Annual Fire Clearance
- Inmate Pay Plan
- Inmate Pay Register (FMH Appendix B, Schedule 3)
- Copy of CDC 102's (Appendix A, Schedule 3.1)
- Annual IWF Budget and Expenditure Report
- Key Representatives Approvals
- Corrective Action Plan to an Audit
- Copies of all Subcontracts
- Licenses and Credentials of all Health Care Services Staff
- Credentials of all Vocational and Academic Instructors
- Master Roster and Post Assignment Schedule
- Employee Status Report,

2. Inmate Release Funds

Inmate Release Funds is paid in arrears to the Contractor by the CDCR. The Contractor will request reimbursement for Inmate Release Funds, using the "*Inmate Release Fund Invoice*" form (Appendix A, Schedule 2.2). A copy of all CDCR-102s for each month must be attached.

3. Emergency Medical Transportation Invoice

Emergency Medical Transportation is paid in arrears for necessary contractor staff (on an overtime basis only) related to the transportation and supervision of inmates for emergency medical care (as determined by a CDCR Chief Medical Executive). The Contractor shall submit the "*Emergency Medical Transportation Invoice*" form contained in Appendix A, Schedule 4.2 through 4.6)

B. Prompt Payment Time Frame

Per the Prompt Payment Act (Government Code, Section 927) the State is required to pay the Contractor on the date set forth in the Agreement (GC 927.10) and within 45 calendar days (GC 927b). The date of receipt of an undisputed invoice by the assigned CBU facility Program Analyst is equal to Day Zero (GC 927 & 927.4)

1. Late Payment Penalty

The California Prompt Payment Act (the Act) Government Code (GC), Section 927 et seq., requires State agencies to automatically calculate and pay the appropriate late payment penalties (as specified in SAM Section 8474.2) if they fail to pay properly submitted, undisputed invoices on the date required by the Agreement, which shall not exceed 45 days; or if a payment date is not specified in the Agreement, within 45 calendar days of receipt of the invoice. Thirty of the 45 calendar days allowed for vendor invoice processing and payment are allocated to the State agency payment approval process. The remaining 15 calendar days are allocated to the State Controller's Office (SCO) claim audit and warrant generation process. The DGS will not approve Agreements with invoice payment terms exceeding 45 days.

The Act specifies that the SCO shall pay Contractors within 15 calendar days of receipt of a correct claim schedule from the State agency. If the SCO fails to make payment within 15 calendar days of receipt of the claim schedule from a State agency, the SCO shall pay applicable penalties out of its own funds. The SCO's liability for penalties shall cease to accrue on the date a warrant, in full payment, is issued.

Penalties begin accruing:

- State agency: the day after payment due date per Agreement; if no payment date in Agreement, on the 31st day after receipt of invoice.
- State Controller: On the 16th day after receipt of the state agency claim (GC 927.4).

C. Disputed Invoices (SAM Sec 8474)

1. Disputed Invoices

If the State and the Contractor have a dispute over the amount due and/or the services/property received, the payment due date will be 35 calendar days from the date the dispute is settled or a

corrected invoice is received by the State. The State has 15 calendar days after receipt of an invoice to notify the Contractor of a dispute.

The State will not pay for goods or services prior to their receipt. If an invoice is received prior to the receipt of the property or rendering of services, the invoice will be considered a disputed invoice and not subject to payment until after the goods or services are received.

2. Calculation of Interest Penalties

An interest penalty fee of one percent (1%) above the rate accrued on June 30th of the prior year by the Pooled Money Investment Account (PMIA) will be paid, but not to exceed 15 percent. A Management Memo is issued annually by the Department of Finance outlining the appropriate adjusted penalty rate for the following fiscal year.

The penalty will begin accumulating with the day after payment was due. If a due date was specified, interest penalty fee will begin the day after the due date.

If a payment due date was not specified and if the State is processing the invoice through the SCO, penalty begins on the 36th calendar day after the postmark date of the invoice. (If payment date was not specified and if the State is paying by Office Revolving Fund (ORF), the interest penalty fee will begin the 51st calendar day after the postmark date of the invoice.)

The penalty is to end the date the SCO receives the properly submitted claim schedule; therefore, the penalty calculations should allow for appropriate additional time for mail and/or transport of claims.

The penalty is calculated on the gross amount of the invoice less any sales tax and other deductions. Calculations of penalty fees will be completed by the CDCR's Accounting Office.

VI. CDCR Access to Agreement records and information

The CDCR or any duly authorized representative shall have access and the right to examine, audit, excerpt, copy, and transcribe any books, documents, papers, or records of the Contractor which in the opinion of the State may be related or pertinent to this agreement. Such material must be retained for a period of three (3) years after the termination of the Agreement or until an audit is completed by the State and all questions arising there from are resolved, whichever is sooner.

If the Contractor allows the MCCF related records/documents to be held or maintained by a third party, the Contractor will be responsible for securing and providing said records/document to the CDCR (as requested) in a timely manner.

The Contractor shall have procedures to ensure confidentiality of information and to protect the data from unauthorized access and/or destruction due to negligence, malice, or disaster.

The Contractor shall not release or reveal any report, publication, and/or statistical data related to the inmates and/or inmate programs without the prior written approval from the CDCR.

VII. Audits

Facility monitoring, reviews, and audits by the CDCR or CBU or its designee may be scheduled on a routine basis or may be unscheduled and unannounced. The CDCR or CBU will attempt to keep any disruption to the Contractor's daily work to a minimum when undertaking an audit, however the

cooperation and assistance of the Contractor is required for an audit, therefore the Contractor shall at all times maintain accurate, organized, and accessible records to expedite any and all audits and to minimize any disruption. Audits may also be conducted by other independent and appropriate/authorized governmental entities. Accordingly, the contractor will be required to cooperate, respond to and adhere to the respective audit requirements.

A. Financial Audit

The CDCR and/or its designee may conduct audits or reviews of the Contractor's financial records as they relate to the contract whenever deemed necessary or appropriate by the CDCR. The contractor shall be responsible for ensuring auditors have access to the facility (including areas where records are kept), providing an appropriate work area, providing necessary staff escorts, and facilitating availability of contractor staff for purposes of discussions related to the purpose of the audit.

1. Draft Audit

Draft audit findings and observations (if any) will be summarized and presented to the CDCR and the Contractor as a draft audit report. The Contractor and CDCR will have an opportunity to review and provide a written response for inclusion in the final audit report. The Contractor may have the opportunity to submit additional source documentation for the auditor's consideration in preparing the final audit report. Replies must be directed to the entity conducting the audit and copies to the Chief of CBU within the specified time frame as required.

2. Final audit

A final audit will be issued that incorporates the Contractor's and CDCR's response (if any) to the draft audit. If the Contractor has any disagreements with the audit findings or observations, the Contractor may submit a formal written appeal.

If the Contractor fails to reply in writing within the allotted time, or within such additional commensurate and reasonable time period the parties mutually agree to in writing, the final audit report will be considered accepted in full by the Contractor. The Contractor shall then immediately comply with the audit recommendations and/or findings. Failure to comply will result in a disallowance of claimed costs and all other available remedies.

3. Corrective Action Plan

The Contractor shall provide a Corrective Action Plan (CAP) to the Chief of CBU within 30 days from the date of the final audit. The CAP must, at a minimum, include the following: what action has been taken or will be taken to remedy audit findings and/or observations, the time frame for completion, the Contractor staff that has primary responsibility for each finding/observation, supporting documentation (i.e., policies, procedure changes, changes in staff duties/responsibilities, etc.) and any other proof, confirmation, verification as may be required. (The Contractor does not need to address final audit findings/observations that are pending or under appeal).

Questions regarding the CAP may be directed to the assigned CBU Staff Manager I.

4. Appeal

If the Contractor has any disagreements with the audit findings or observations, the Contractor may submit a formal written appeal to CDCR's Administrative Review Committee (ARC) within thirty (30) calendar days upon receipt of the final audit report. The appeal must be sent to:

California Department of Corrections and Rehabilitation
Office of Audits and Compliance
Attention: Assistant Secretary, OAC
9800 Old Placerville Road, Suite 200
Sacramento, CA 95827

The appeal must be written and should be complete to include any and all supporting documentation the Contractor believes is pertinent for appropriate ARC review/consideration. The Contractor should clearly and thoroughly express its position and/or basis for its position to minimize the ARC's need to request additional or clarifying information. Any question regarding the ARC process shall be referred to the Office of Audits and Compliance (OAC). Appeals shall not be sent to the CBU. If an appeal is sent to the CBU, there shall be no obligation for the CBU to redirect the appeal to the OAC on behalf of the Contractor.

The ARC generally consists of the following CDCR Executive Staff (or equivalent level staff or designees):

- Director, Support Services, (ARC Chairperson)
- Assistant Secretary, Office of Audits and Compliance
- Deputy Director, Division of Adult Institutions
- Deputy Director, Fiscal Management

Other additional executive level CDCR staff may be part of the ARC or substituted dependent upon the nature of the appeal issue and/or availability of the CDCR staff. The ARC may request and/or require input from other CDCR staff dependent upon the nature of the appeal issue. Information may also be solicited from the auditing entity and they may also be consulted/present during the ARC.

The ARC may request additional documentation or other information from the Contractor. The ARC may also request a meeting with the Contractor to discuss the appeal. If a meeting is deemed necessary, it will be scheduled at a mutually acceptable date/time.

The ARC will render a written decision. The ARC's findings shall be the CDCR's final position on the audit. If the audit findings and/or observations are upheld, the ARC may require a Corrective Action Plan from the Contractor subject to the timeframes determined by the ARC.

If audit findings and/or observations as determined by the ARC result in disallowances for which the Contractor must repay monies to the State of California and if payment for the audit findings is not received within thirty (30) days after the ARC findings are issued, the amount involved will be deducted from monthly invoice payments until the audit disallowance is fully paid. Contractor's failure to pay audit disallowances may result in immediate termination of the Agreement as well as notification to the California Department of General Services that the Contractor has refused to honor the audit findings. The State shall have the right to take appropriate action to collect all amounts due the State.

A follow-up audit may be conducted to verify compliance.

Misappropriation of funds and/or failure to comply with financial management and accounting requirements set forth herein shall constitute a breach of contract and may result in a disallowance of claimed costs and all other available remedies including termination.

B. Program/Operational Audit

Program audits or reviews will be conducted on an as needed basis by the CDCR/CBU staff, designees and/or other governmental entities. Custody/Security, Program Management and Building/Grounds audits will be conducted for compliance with the Agreement, the CDCR standards/requirements and/or other lawful requirements.

1. Audit

The facility will receive written notice/findings as to the areas of partial compliance or non-compliance. Within thirty (30) days of receiving the notice/findings, the contractor will submit to the CDCR Facility Captain, designated by the respective CBU Correctional Administrator, a proposed corrective action plan (CAP) identifying responsible party, the action taken or to be taken to correct the deficiency, and timelines for completion or attaining full compliance. The CBU Facility Captain will review the proposed CAP and will either concur with the proposed CAP or provide recommendations to assist in attaining full compliance with recommended time frames for completion. In case of any discrepancy, the appeal process is available if filed within ten working (10) days of notice. If there is disagreement with the Facility Captain, first level of appeal is to the CBU Correctional Administrator-Field Operations and second level of appeal is to the Chief of CBU.

2. Corrective Action Plan

The Contractor will develop a CAP based on the audit/review finding(s):

a. If the contractor is not in compliance with a requirement of the contract, the State can serve the contractor with a written Notice of Contract Compliance (NCC) and require the contractor to take corrective action by a specific date. This notice will typically be in the form of a written notice/correspondence from the CBU.

b. If the noncompliance issue relates to the: (1) security of the facility; and/or (2) health and/or safety of inmates, the facility staff or the community, the date for the corrective action may be the same day as the notice.

c. When the contractor receives a NCC, the contractor shall take corrective action by the date specified or request a date extension and resubmit a CAP that meets Penal Code, local laws, statutes, Department Operations Manual, CDCR policies, procedures and/or contractual expectations. This request and action plan shall be submitted in writing within 30 working days from receipt of a NCC to the CBU Associate Warden Business Services (AWBS).

d. The CBU AWBS shall respond in writing to the contractor's request and CAP within 30 working days of receipt. However, the CBU AWBS can verbally reject the contractor's request and CAP at any time if the noncompliance issue relates to the areas listed in subparagraph b) (relating to the security of the facility; and/or health and/or safety of inmates, the facility staff or the community).

e. If the contractor fails to take corrective action by the deadline approved by the CBU AWBS, the State may impose a one percent (1%) penalty against the total monthly invoice for the month in which corrective action was to have been taken.

f. For each additional successive 30 day period the contractor fails to take corrective action in accordance to the approved deadline, the penalty may be increased to twice that of the last penalty assessed until the deficiency is rectified and/or remedied to CDCR satisfaction.

g. The Contractor may appeal any action(s) taken by the provisions in subparagraphs (b) through (f) as outlined in the Special Terms and Conditions section of this Agreement.

The Facility Captain and/or other CBU staff will schedule and conduct follow-up audit/reviews to determine compliance with Penal Code, local laws, statutes, Department Operations Manual, CDCR policies, procedures and/or contractual expectations

Failure to comply with contract conditions, resulting in a breach of security or health and safety standard, may result in the immediate termination of the contract following discussions by both parties.

VIII. DISPUTE RESOLUTION

Contract disputes will be settled according to the terms contained within the Agreement.

IX. PENALTIES

The Contractor shall provide the following, but not limited to, labor, materials, supplies, licenses, permits, equipment, and transportation necessary to perform all services in accordance with the Scope of Work, all terms and conditions, Disabled Veteran Business Enterprise (DVBE) requirements at the rates set in this Agreement. Any and all services performed outside the scope of the Agreement shall be at the sole risk and expense of the Contractor. (Refer to Section III, Allowable Costs.)

X. BUDGET CONTINGENCY CLAUSE

It is mutually agreed that if the California State Budget Act for the current fiscal year and/or any subsequent fiscal years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor, or to furnish any other considerations under this Agreement, and Contractor shall not be obligated to perform any provisions of this Agreement.

If funding for the purposes of this program is reduced or deleted for any fiscal year by the California State Budget Act, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an Agreement amendment to Contractor to reflect the reduced amount.

XI. RIGHT TO TERMINATE

The State reserves the right to terminate this Agreement subject to thirty (30) calendar day's written notice to the Contractor. Contractor may submit a written request to terminate this Agreement only if the State should substantially fail to perform its responsibilities as provided herein.

MODIFIED COMMUNITY CORRECTIONAL FACILITY
FINANCIAL MANGAGEMENT REQUIREMENTS
APPENDIX A
INVOICES
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MODIFIED COMMUNITY CORRECTIONAL FACILITY
MONTHLY OPERATIONAL INVOICE

_____
(Official Name of Contractor)

_____
(Address of Contractor)

_____
Contract #

TO:

California Department of Corrections and Rehabilitation
CBU - Division of Adult Institutions
10961 Sun Center Dr.
Rancho Cordova, CA 95670
Attn: MCCF Program Analyst

FROM:

_____
(Facility Name)

_____
(Facility Address)

In accordance with the above numbered contract, payment is requested for satisfactory service provided in the month of _____, 20 _____

1	Total Participant Days	_____
2	Reimbursement Rate Per Contract	$ _____
3	TOTAL PER DIEM PAYMENT	$ _____
4	Facility Use Cost	$ _____
5	**TOTAL PAYMENT REQUESTED**	$ _____

The Facility Administrator certifies that the requested reimbursement for the monthly inmate participant days are in compliance with the Contract and the Financial Management Requirements Handbook.

_____
Signature of Facility Director
or Fiscal Officer

Date: _____

_____
Signature of CDCR Facility Captain
or Designee

Date: _____

STATE OF CALIFORNIA

MCCF – REGISTER OF PARTICIPATION

CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION

Month & Year	Page 1 of ___

Name of Facility	Contract #	Beds	REASON CODES
Address of Facility	City	Zip Code	1 Paroled 2 Escape 3 Discpl 115 (Jail)
Signature of Facility Representative	Title	Phone No.	4 Discpl 115 (Inst.) 5 Transferred to Another Facility 6 Other (Specify)

Participant		Participation Period			Departure	
CDCR Number	Name	From	To	Total Participant Days a/	Effective Date	Reason Code
TOTAL PARTICIPANT DAYS (PAGE TOTAL)						
TOTAL INMATE PARTICIPANT DAYS (SCHEDULE TOTAL) b/						

a/ The Total Inmate Participation Days should include the first day of participation, but not the last day. Any variation requires adequate documentation, as outlined in the Financial Management Handbook, and shall be attached to the invoice

b/ Add total of all Register of Participation pages and enter. Use this total in determining percent occupancy and for completion of line 2 on the monthly invoice.

MODIFIED COMMUNITY CORRECTIONAL FACILITY ADMINISTRATION PRIVATE MONTHLY PARTICIPANT DAY USAGE INVOICE INSTRUCTIONS

The contractor will submit one original monthly invoice (original signatures) and one legible copy. Incomplete or improperly prepared invoices will be returned for corrections before payment will be made.

Line number and instructions

1 Enter the total participant days from the Register of Participation.

2 Enter the Per Diem Rate from the contract.

3 Multiply Line 1 (Total Participant Days) by Line 2 (Per Diem Rate).

4 Enter the Facility Use Cost from the contract.
(If applicable)

6 Add Lines 3 and 4.

MODIFIED COMMUNITY CORRECTIONAL FACILITY
MONTHLY INMATE PAY INVOICE

_____
(Official Name of Contractor)

_____
(Address of Contractor)

_____
Contract #

TO:

California Department of Corrections and Rehabilitation
CBU - Division of Adult Institutions
10961 Sun Center Dr.
Rancho Cordova, CA 95670
Attn: MCCF Program Analyst

FROM:

_____
(Facility Name)

_____
(Facility Address)

In accordance with the above numbered contract, payment is requested for reimbursement of inmate pay provided in the month of _____, 20 _____

1 Inmate Pay (Schedule 2.2 attached) $ _____

_____
Signature of Facility Director
or Fiscal Officer

Date: _____

_____
Signature of CDCR Facility Captain
or Designee

Date: _____

STATE OF CALIFORNIA

CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION

MCCF - INMATE PAY REGISTER

MONTH & YEAR	PAGE 1 OF _____

NAME OF FACILITY		CONTRACT #
ADDRESS OF FACILITY	CITY	ZIP CODE
SIGNATURE OF FACILITY REPRESENTATIVE	TITLE	PHONE NO. ( )

PARTICIPANT		INMATE PAY					
CDCR Number	**Name**	**Start Date**	**End Date**	**Hours Worked**	**Rate**	**Total Paid**	**Position Number**
TOTAL INMATE PAY (PAGE TOTAL)							
TOTAL INMATE PAY (SCHEDULE TOTAL) a/							

a/ Add total of all Inmate Pay Register pages and enter.

NOTE: Inmate Pay Register is a summary of the Inmates' individual time cards, which reflects actual hours worked.

MODIFIED COMMUNITY CORRECTIONAL FACILITY
MONTHLY INMATE RELEASE INVOICE

_____
(Official Name of Contractor)

_____
(Address of Contractor)

_____
Contract #

TO:

California Department of Corrections and Rehabilitation
CBU - Division of Adult Institutions
10961 Sun Center Dr.
Rancho Cordova, CA 95670
Attn: MCCF Program Analyst

FROM:

_____
(Facility Name)

_____
(Facility Address)

In accordance with the above numbered contract, payment is requested for reimbursement of inmate release provided in the month of _____, 20 _____

1 Inmate Release (original CDC 102s attached) $ _____

2 TOTAL PAYMENT REQUESTED $ _____

The Facility Administrator certifies that the requested reimbursement for the monthly inmate release are in compliance with the Contract and the Financial Management Requirements Handbook.

_____
Signature of Facility Director
or Fiscal Officer

Date: _____

_____
Signature of CDCR Facility Captain
or Designee

Date: _____

MODIFIED COMMUNITY CORRECTIONAL FACILITY
EMERGENCY MEDICAL TRANSPORTATION REIMBURSEMENT INVOICE

_____
(Official Name of Contractor)

_____
(Address of Contractor)

_____
Contract #

TO:

California Department of Corrections and Rehabilitation
CBU - Division of Adult Institutions
10961 Sun Center Dr.
Rancho Cordova, CA 95670
Attn: MCCF Contract Analyst

FROM:

_____
(Facility Name)

_____
(Facility Address)

ONE PAGE PER EMPLOYEE AND TRANSPORT DATE

DATE OF MEDICAL TRANSPORT: _____
INMATES NAME: _____
CDCR NUMBER: _____
MEDICAL LOCATION: _____
MEDICAL DISPOSITION: _____
EMPLOYEE NAME: _____
REGULAR WORK HOURS _____
REGULAR DAYS OFF _____
DATE OF OVERTIME _____
OVERTIME STARTED _____
OVERTIME ENDED _____
TOTAL OVERTIME HOURS _____
RATE OF PAY PER HOUR _____

TOTAL PAYMENT REQUESTED _____

The Facility Administrator certifies that the requested reimbursement for the emergency medical transport are in compliance with the Contract and the Financial Management Requirements Handbook.

Note: Attach all appropriate documentation for each transport. (CDCR-7322 or CDCR-7323, CDCR-7317, Body Receipt, Employee's Timecard) If all documentation is not attached invoice will not be processed for payment.

_____
Signature of Facility Director
or Fiscal Officer
Date: _____

_____
Signature of CDCR Facility Captain
or Designee
Date: _____

MODIFIED COMMUNITY CORRECTIONAL FACILITY
MONTHLY REIMBURSEMENT FOR EMERGENCY MEDICAL TRANSPORTATION

_____
(FACILITY'S NAME)

_____
(CONTRACT NUMBER)

_____
(MONTH & YEAR)

INMATES NAME & CDCR #	MEDICAL LOCATION	DATE OF TRANSPORT	EMPLOYEE'S NAME	DATE OF OVERTIME	OVERTIME STARTED	OVERTIME ENDED	REGULAR WORK HOURS	REGULAR DAYS OFF	HOURLY RATE OF PAY	HOURS TO BE REIMBURSED	AMOUNT TO BE REIMBURSED
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
TOTAL AMOUNT REQUESTED FOR REIMBURSEMENT											$

NAME OF CENTER/FACILITY	NAME OF HUB INSTITUTION	DATE ADVICE SOUGHT	TIME ADVICE SOUGHT
NAME OF CDCR HEALTH CARE STAFF CONTACTED		TITLE	TELEPHONE NUMBER
NAME AND ADDRESS OF HEALTH CARE PROVIDER			
TYPE OF AILMENT DISCUSSED			
ADVICE OBTAINED			
COURSE OF ACTION TAKEN			
MCCF OFFICIAL'S SIGNATURE	TITLE	CDC NUMBER , NAME (LAST, FIRST, M. I., AND DATE OF BIRTH)	
NAME (PRINT OR TYPE)	TELEPHONE NUMBER		

DISTRIBUTION
ORIGINAL- CENTRAL FILE
COPY- MCCF INMATE FILE
COPY-CARE PROVIDER, FOR ATTACHMENT TO INVOICE

MODIFIED COMMUNITY CORRECTIONAL FACILITIES

INMATE HEALTH CARE ADVICE REQUEST

NAME OF CENTER/FACILITY	NAME OF HUB INSTITUTION	DATE ADVICE RENDERED	TIME ADVICE RENDERED
NAME OF REQUESTING MCCF OFFICIAL		TITLE	TELEPHONE NUMBER
NAME AND ADDRESS OF HEALTH CARE PROVIDER			
TYPE OF AILMENT DISCUSSED			
ADVICE RENDERED			
COURSE OF ACTION TAKEN			
SICK CALL APPOINTMENT DATE	SICK CALL APPOINTMENT TIME	SICK CALL APPOINTMENT LOCATION	
CMO/DESIGNEE SIGNATURE	TITLE	CDC NUMBER , NAME (LAST, FIRST, M. I., AND DATE OF BIRTH)	
NAME (PRINT OR TYPE)	TELEPHONE NUMBER		
DISTRIBUTION ORIGINAL- CENTRAL FILE COPY- MCCF INMATE FILE COPY-CARE PROVIDER, FOR ATTACHMENT TO INVOICE			

MODIFIED COMMUNITY CORRECTIONAL FACILITIES

INMATE HEALTH CARE ADVICE RECORD

STATE OF CALIFORNIA

DEPARTMENT OF CORRECTIONS AND REHABILITATION

PRE-TRANSFER MEDICAL TRANSMITTAL

CDC 7317 (10/90)

TO: (PHYSICIAN'S NAME)	INSTITUTION	DATE
FROM: (PHYSICIAN'S NAME)	INSTITUTION	

TYPE OF TRANSFER: ☐ MEDICAL ☐ SURGICAL ☐ PSYCHIATRIC

CDC NUMBER:	INMATE'S NAME	RELEASE DATE

DIAGNOSIS

HISTORY & PRESENT MEDICATIONS

SPECIALTY CONSULTATION OBTAINED? ☐ YES (INCLUDE REPORT) ☐ NO

REASON FOR REFERRAL

TRANSFER CATEGORY ☐ EMERGENCY ☐ URGENT ☐ ROUTINE ☐ ELECTIVE

TYPE OF TRANSPORTATION REQUIRED: ☐ AIR AMBULANCE ☐ GROUND AMBULANCE ☐ CDC BUS ☐ AUTOMOBILE

SPECIAL MEDICAL/PSYCHIATRIC CONDITIONS			TRANSFER MEDICATION?
☐ INFECTIOUS	☐ WHEELCHAIR	☐ WALKER	☐ YES
☐ AMBULATORY	☐ CRUTCHES	☐ CANE	☐ NO

CUSTODY LEVEL	CURRENT HOUSING		
CIRCLE LEVEL I II III IV	☐ ADM. SEG.	☐ MAINLINE	☐ INFIRMARY

SPECIAL CUSTODIAL NEEDS

The Health Record, Central File, X-Ray Films, and all test results will be sent with the Patient.

SIGNATURE	TITLE

THE MEDICAL/PSYCHIATRIC INFORMATION ON THIS FORM IS CONFIDENTIAL

MEDICAL CARE COST REQUIREMENTS

In order for non-routine medical costs to be allowable and directly reimbursed to the provider, the following conditions must be met:

1 Prior authorization given by Health Care Services Division (HCSD) Officials

Excluding emergency care, prior authorization must be obtained in all cases of essential and non-essential/elective services. Proof of prior authorization (CDC Forms 7322 and 7323) must be documented in the inmate's field file and be attached to the invoice by the care provider (details in item two below).

MCCF officials will seek prior authorization from the hub institution CMO/designee before considering any non-emergent treatment.

Prior authorization for referral and consultation may be granted at any one of three following levels of authority.

- Hub institution's Chief Medical/Dental Officer;
- CDCR medical/dental peer review committee; or
- CDCR Assistant Deputy Director, HCSD.

2 Procedure for Obtaining Treatment

Medical/dental treatment for prior existing conditions shall be provided pursuant to consultation with designated CDC health care officials in the event the condition has become aggravated in such a manner that it poses a significant threat to the inmate's current health and, if not treated, would result in significant morbidity and/or mortality.

Once the inmate has been placed in the MCCF, designated MCCF officials will:

During orientation, inform all inmates of the policy listed above and appropriate sections of California Code of Regulations (CCR), Title 15, related to health care.

During the initial interview and periodically thereafter, assess and record any supplementary insurance the MCCF inmate may have/be entitled to (e.g., workers compensation, vehicle insurance, insurance from spouse, employer's group insurance, veteran's health care, etc.); verify if the inmate is eligible and entitled to insurance benefits.

Through examination of MCCF field file material, interview with the inmate, MCCF staff and personal observation, determine if inmate requires ongoing health care; if so, consult with the hub institution CMO/designee on the appropriate course of treatment. In a MCCF, only licensed medical staff will have access to the inmate's CDC outpatient health record.

If the ailment does not require emergency care, schedule a "sick call" appointment with the hub institution pursuant to obtaining advice on the appropriate course of treatment (or notify the CMO of the MCCF inmate's insurance, if any, and arrange to have the MCCF inmate sent to the health care provider approved by his/her insurance policy).

Record name/title of hub institution health care person contacted, name of prison/phone number, name of inmate/CDC number, type of ailment discussed, date/time advice was sought, type of advice obtained, name/title of MCCF official requesting advice, name of MCCF, course of action followed. This will be documented on a CDC Form 7322 (CCF Inmate Health Care Advice Request).

Make three copies of the record (CDC Form 7322). Include one copy in the CDC Health Record, one copy in the MCCF field file, and send one copy to the care provider with a request to amalgamate it with the invoice.

If the inmate is to be returned to the institution for treatment, the following documents will accompany him/her:

- CDC Form 135 (Transfer Record: Documenting Return of the Inmate);
- CDC Form 7317 (Pre-Transfer Medical Transmittal);
- Copy of CDC Form 7322 (CCC/F Inmate Health Care Advice Request);
- CDC Health Record (for CCF inmates only); and,
- Copies of CCF field file documents (ONLY if the inmate is being returned for long-term care).

Make appropriate transportation arrangements. Considering all security precautions, the MCCF transportation coordinator will make every effort toward maximum efficiency when scheduling trips to and from the prison.

The following prescriptions are considered routine medical costs and are paid through the per diem rate:

Prescription/Non-Prescription Items:

MCCFs are required by contract to maintain a supply of common, non-prescription items in addition to a first aid kit and commonly used dental/medical supplies.

The following medications are considered common “supply” items and will be included in the MCCF inventory of standard non-prescription drug items. These items may be purchased generically but should come packaged in commercially prepared packages that provide the inmate with written information on dosage, indications for use, contraindications, and precautions.

Aspirin tablets, 325 mg.
Acetaminophen (Tylenol) tables, 325 mg.
Antacid tablets formulation-aluminum/magnesium hydroxide with simethicone (i.e., Maalox, Mylanta, Gelusil)
Antacid liquid formulation-aluminum/magnesium hydroxide with simethicone (i.e., Maalox, Mylanta, Gelusil)
Kaolin/Pectin Suspension (i.e., Kaopectate)
Calamine lotion
Magnesium Hydroxide Suspension (i.e., Milk of Magnesia)
Saline eye irrigating solution (i.e., Eye Stream)
Ibuprofen tablets, 200 mg. (i.e., Motrin-IB, Advil)
Antihistamine tablets (i.e., Chlorpheniramine tablets, 4 mg.)
Decongestant tablets (i.e., Sudafed tablets, 30 mg.)
Analgesic burn spray (i.e., Americaine or Nupercainal)
Antitussive tablet/lozenges with dextromethorphan (i.e., Robitussin Cough Calmers)
Neosporin topical ointment or generic equivalent
Hydrogen peroxide solution, 3 percent

These common, over-the-counter non-prescription items will be stored in a locked cabinet (with the first-aid kit) in a controlled section of the housing unit. The housing unit monitor, upon the inmate's request, will issue one recommended dose of medication and record the inmate's name/CDC number , name of medication/dosage issued, name of the monitor and his/her signature. The MCCF manager or designee will review the log and supplies daily and ensure that no abuse is occurring.

The following prescriptions are considered non-routine and will be directly reimbursed to the provider if the following conditions are met:

CDC will only pay for doctor-prescribed legend medications (items which contain the statement on the original container "CAUTION: FEDERAL LAW PROHIBITS DISPENSING WITHOUT A PRESCRIPTION"). Items that are non-prescription by law will not be reimbursed by CDC when prescribed by physician without prior authorization.

Prescriptions should be filled with the lowed cost generic item available that meets the following Federal Food and Drug Therapeutically Equivalent Codes:

AA
AB
AN
AO
AP
AT

Multiple vitamins or therapeutic multiple vitamins should only be prescribed if there is documented evidence in the inmate's medical record that a metabolic deficiency exists that can only be corrected with supplemental vitamin therapy rather than diet.

The contracting pharmacy is required to provide an itemized billing that lists at least the following information:

- Inmate's name and CDC number
- Prescription number
- Name of medication dispensed (both generic and trade name)
- Strength of medication dispensed
- Quantity of medication dispensed
- Date prescription was filled and delivered
- Name of prescribing physician
- Billing cost of the prescription
- Tax ID number of the pharmacy

Note: Accounting clerks will establish a process to verify that "double billing/double payment" is not taking place.

The following conditions must be met before reimbursement will be made to a provider for the purchase of eyeglasses for inmates:

Health Care personnel determine if eyeglasses/artificial appliances are required.

If eyeglasses are required, the health care personnel recommend that the inmate go to a CDC or contracted optometrist for a prescription.

At this point, the MCCF's P&CSD official will determine if the inmate can afford to pay by examining Trust Account.

MODIFIED COMMUNITY CORRECTIONAL FACILITY
FINANCIAL MANGAGEMENT REQUIREMENTS
APPENDIX B
REPORTS
TABLE OF CONTENTS

	TITLE
Schedule 1	Monthly Position Vacancy Report
Schedule 2	Staff Roster

MODIFIED COMMUNITY CORRECTIONAL FACILITY
MONTHLY POSITION VACANCY REPORT

_____
(Month/Year)

FACILITY NAME							CONTRACT NUMBER
Name of Last Incumbent	Position Classification	Position Number	Rate of Pay	Date Vacant	Date Filled	Total Days Vacant	Action Taken

Describe actions taken to fill positions with permanent staff.

NOTE: The Contractor will provide this report to the CDCR Facility Captain on a weekly basis. At the end of the month the Contractor will send the entire report to MCCF Headquarters.

MODIFIED COMMUNITY CORRECTIONAL FACILITY
STAFFING ROSTER

FACILITY NAME			CONTRACT NUMBER	
	EMPLOYEE NAME	POSITION NUMBER	CLASSIFICATION	RATE OF PAY
1				
2				
3				
4				
5				
6				
7				
8				
9				
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12				
13				
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45				

MODIFIED COMMUNITY CORRECITONAL FACILITY
FINANCIAL MANGAGEMENT REQUIREMENTS
APPENDIX C
QUARTERLY COST REPORT
TABLE OF CONTENTS

	TITLE
Schedule 1	Quarterly Cost Report Coversheet
Schedule 2	Statement of Program Revenue and Expenses
Schedule 3.1	Salary & Wages for Facility Administration Staff
Schedule 3.2	Salary & Wages for Facility Program Staff
Schedule 3.3	Salary & Wages for Facility Security Staff
Schedule 4	Contracted/Consultant Services
Schedule 5	Administrative Cost Allocation Plan
Schedule 6	Equipment Changes
Schedule 7	Inmate Welfare Fund Quarterly Statement
Schedule 8	Certification

MODIFIED COMMUNITY CORRECTIONAL FACILITY

QUARTERLY COST REPORTS

FISCAL YEAR _____/_____

LEGAL NAME OF CONTRACTOR	*CONTRACT DATE*	*CONTRACT NO.*
BUSINESS OFFICE MAILING ADDRESS	*CITY*	*ZIP CODE*
CONTACT PERSON	*TITLE*	*PHONE NO.*
REPORT FOR THE: **_____1ST QUARTER _____2ND QUARTER** **_____3RD QUARTER _____ 4TH QUARTER**		
NAME OF FACILITY INCLUDED IN THIS REPORT		*BED SIZE*
BUSINESS OFFICE MAILING ADDRESS	*CITY*	*ZIP CODE*
CONTACT PERSON	*TITLE*	*PHONE NO.*

Quarterly Cost Report Coversheet ☐
Statement of Program Revenue and Expenses ☐
Salary & Wages for Facility Administration Staff ☐
Salary & Wages for Facility Program Staff ☐
Salary & Wages for Facility Security Staff ☐
Contracted/Consultant Services ☐
Statement of Changes in Equipment Replacement Fund ☐
Equipment Listing ☐
Certification ☐

MODIFIED COMMUNITY CORRECTIONAL FACILITY
STATEMENT OF PROGRAM REVENUES AND EXPENSES

CONTRACT NUMBER		*NAME OF FACILITY*					
Line #	*DESCRIPTION OF SERVICES*	*1st QUARTER*	*2nd QUARTER*	*3rd QUARTER*	*4th QUARTER*	*TOTAL TO DATE*	Line #
1	**Revenues**						1
2							2
3	CDCR Contract Revenue						3
4	Inmate Pay						4
5	Inmate Release						5
6	Emergency Medical Transport						6
7	Other (Specify)						7
8	Non-CDCR Revenue* (Specify)						8
9	**Total Revenue**						9
10							10
11	**Program Expenses**						11
12							12
13	Salaries and Wages						13
14	Administration						14
15	Program						15
16	Security						16
17	Total Salaries and Wages						17
18							18
19	Staff Benefits & Taxes						19
20	ETT						20
21	Social Security (FICA)						21
22	Federal Unemployment Tax						22
23	State Unemployment Insurance						23
24	Worker's Compensation						24
25	Dental Insurance						25
26	Disability Insurance						26
27	Life Insurance						27
28	Medical Insurance						28
29	Pension/Retirement						29
30	Total Staff Benefits & Taxes						30
31							31
32	Food Costs						32
33	Food Services						33
34	Food and Food related Costs						34
35	Food Materials and Supplies						35
36	Total Food Costs						36
37							37
38	Transportation Costs						38
39	Staff						39
40	Vehicle						40
41	Other						41
42	Total Transportation Costs						42
43							43
44							44

MODIFIED COMMUNITY CORRECTIONAL FACILITY
STATEMENT OF PROGRAM REVENUES AND EXPENSES

CONTRACT NUMBER		*NAME OF FACILITY*					
Line #	*DESCRIPTION OF SERVICES*	*1st QUARTER*	*2nd QUARTER*	*3rd QUARTER*	*4th QUARTER*	*TOTAL TO DATE*	Line #
45	Contracted/Consultant Services						45
46							46
47	Operating Expenses						47
48	Advertising						48
49	Communications						49
50	Computer Supplies						50
51	Education (Academic) Supplies						51
52	Education (Vocational) Supplies						52
53	Equipment Costs						53
54	Equipment Costs						54
55	Installation/Removal						55
56	Repair						56
57	Replacement						57
58	Equipment Costs Total						58
59	Governmental Fees						59
60	Housekeeping Supplies						60
61	Library Purchases						61
62	Linen Services						62
63	Maintenance and Repair						63
64	Medical						64
65	Memberships						65
66	Office Supplies						66
67	Personal Care Supplies						67
68	Postage						68
69	Printing						69
70	Professional Activities						70
71	Staff Training						71
72	Subscriptions						72
73	Taxes (excluding Property)						73
74	Utilities						74
75	Other (Specify)						75
76	Total Operating Expenses						76
77							77
78	Administrative Overhead						78
79							79
80	Facility Use Costs						80
81	Contractor Owned						81
82	Contractor Leased						82
83	Property Tax						83
84	Total Facility Use Costs						84
85							85
86							86
87							87
88							88

MODIFIED COMMUNITY CORRECTIONAL FACILITY
STATEMENT OF PROGRAM REVENUES AND EXPENSES

CONTRACT NUMBER		*NAME OF FACILITY*					
Line #	*DESCRIPTION OF SERVICES*	*1st QUARTER*	*2nd QUARTER*	*3rd QUARTER*	*4th QUARTER*	*TOTAL TO DATE*	Line #
89	Insurance Costs						89
90	General Liability						90
91	Property						91
92	Automobile						92
93	Worker's Compensation (for inmates)						93
94	ILOC						94
95	Performance Bond						95
96	Fiduciary Bond						96
97	Fidelity Bond						97
98	Surety Bond						98
99	Other (Specify)						99
100	Total Insurance Costs						100
101							101
102	Inmate Pay						102
103							103
104	Inmate Release						104
105							105
106	**TOTAL PROGRAM COSTS**						106
107							107
108	Profit/Loss						108
109							109
110	Service Fee Taken						110

* This line includes revenue from any and all sources such as and including ORWD crews. Insert additional lines as necessary. All non-CDCR revenue must be preapproved in writing by MCCF. Must attach copy of contract. Contract shall identify all contracting parties, beginning and end dates of service, all forms of and monetary amounts of reimbursement. Additional information/documents shall be furnished at CDCR's request.

MODIFIED COMMUNITY CORRECTIONAL FACILITY

SALARY & WAGES FOR FACILITY ADMINISTRATION STAFF

NAME OF FACILITY

CONTRACT NUMBER | *QUARTER ENDING*

LINE NO.	NAME a/	POSITION NO.	SALARY RATE	QUARTER			QUARTER STAFFING/VACANCY				LINE NO.
				TOTAL SALARIES	OVERTIME	REGULAR SALARIES	DATE HIRED	POSITION CHANGE	DATE TERMINATED	NO. DAYS VACANT	
1											1
2											2
3											3
4											4
5											5
6											6
7											7
8											8
9											9
10											10
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18											18
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21											21
22											22
23											23
24											24
25											25

a/ Identify with an asterisk (*) those persons employed on a temporary or intermittent basis.
b/ Total administration salary costs are to be forwarded to Schedule II line 11.

MODIFIED COMMUNITY CORRECTIONAL FACILITY

SALARY & WAGES FOR FACILITY PROGRAM STAFF

NAME OF FACILITY

CONTRACT NUMBER | *QUARTER ENDING*

LINE NO.	NAME a/	POSITION NO.	SALARY RATE	QUARTER			QUARTER STAFFING/VACANCY				LINE NO.
				TOTAL SALARIES	OVERTIME	REGULAR SALARIES	DATE HIRED	POSITION CHANGE	DATE TERMINATED	NO. DAYS VACANT	
1											1
2											2
3											3
4											4
5											5
6											6
7											7
8											8
9											9
10											10
11											11
12											12
13											13
14											14
15											15
16											16
17											17
18											18
19											19
20											20
21											21
22											22
23											23
24											24
25											25

a/ Identify with an asterisk (*) those persons employed on a temporary or intermittent basis.
b/ Total administration salary costs are to be forwarded to Schedule II line 11.

MODIFIED COMMUNITY CORRECTIONAL FACILITY

SALARY & WAGES FOR FACILITY SECURITY STAFF

NAME OF FACILITY

CONTRACT NUMBER | *QUARTER ENDING*

LINE NO.	NAME a/	POSITION NO.	SALARY RATE	QUARTER			QUARTER STAFFING/VACANCY				LINE NO.
				TOTAL SALARIES	OVERTIME	REGULAR SALARIES	DATE HIRED	POSITION CHANGE	DATE TERMINATED	NO. DAYS VACANT	
1											1
2											2
3											3
4											4
5											5
6											6
7											7
8											8
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23											23
24											24
25											25

a/ Identify with an asterisk (*) those persons employed on a temporary or intermittent basis.
b/ Total administration salary costs are to be forwarded to Schedule II line 11.

MODIFIED COMMUNITY CORRECTIONAL FACILITY

CONTRACTED/CONSULTANT SERVICES

NAME OF FACILITY

CONTRACT NUMBER *QUARTER ENDING*

	CONTRACTOR/ CONSULTANT	DESCRIPTION OF SERVICES	DATE SERVICE RECEIVED	MONTH 1 AMOUNT	MONTH 2 AMOUNT	MONTH 3 AMOUNT	QUARTER AMOUNT TOTALS
NAME							
STREET ADDRESS							
CITY,STATE, ZIP							
PHONE NUMBER							
NAME							
STREET ADDRESS							
CITY,STATE, ZIP							
PHONE NUMBER							
NAME							
STREET ADDRESS							
CITY,STATE, ZIP							
PHONE NUMBER							
NAME							
STREET ADDRESS							
CITY,STATE, ZIP							
PHONE NUMBER							
NAME							
STREET ADDRESS							
CITY,STATE, ZIP							
PHONE NUMBER							
NAME							
STREET ADDRESS							
CITY,STATE, ZIP							
PHONE NUMBER							

MODIFIED COMMUNITY CORRECTIONAL FACILITY ADMINISTRATIVE COST ALLOCATION PLAN

NAME OF FACILITY	
CONTRACT NUMBER	*CORPORATE COSTS*

I	**SALARIES & WAGES**	
	Professional Salaries	$_____
	Clerical Salaries	$_____
	Other Administrative Staff Salaries	$_____
	TOTAL SALARIES & WAGES	$_____
II	**FRINGE BENEFITS**	
	Professional Salaries	$_____
	Clerical Salaries	$_____
	Other Administrative Staff Salaries	$_____
	TOTAL SALARIES & WAGES	$_____

TOTAL SALARIES & WAGES		$_____					11
12	Security						12
13							13
14	TOTAL SALARIES & WAGES						14
15							15
16	STAFF BENEFITS/TAXES						16
17	Medical/Dental/Life						17
18	Disability Insurance						18
19	Retirement						19
20	FICA						20
21	FUTA						21
22	SUI						22
23	Workers' Compensation						23
24							24
25	TOTAL STAFF BENEFITS/TAXES						25
26							26
27	TRANSPORTATION COSTS						27
28	Staff						28
29	Other						29
30	Vehicle						30
31							31
32	TOTAL TRANSPORTATION COSTS						32
33							33
34	CONSULTANT SERVICES (List on Appendix C-4)						34
35							35
36	EQUIPMENT COSTS						36
37							37
38	FACILITY USE COSTS						38
39	Lease/Use						39
40	Program Development/Renovation						40
41	Property Tax						41
42							42
43	TOTAL FACILITY USE COSTS						43

STATE OF CALIFORNIA

MCCF - EQUIPMENT CHANGES

CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATIONS

FISCAL YEAR / QUARTER	*PAGE 1 OF _____*

NAME OF FACILITY	*CONTRACT NUMBER*

ADDRESS OF FACILITY	*CITY, STATE AND ZIP CODE*

SIGNATURE OF FACILITY REPRESENTATIVE	*TITLE*	*PHONE NUMBER*

	1	2	3	4	5	6	7	8	9	10
	DESCRIPTION OF ITEMS REPLACED	DATE ACQUIRED	QUANTITY	UNIT COST	TOTAL COST (COL.5 X COL. 6)	EXPECTED LIFE	DATE RETIRED	DATE REPLACED	LOCATION OF ITEM	WHY REPLACED
1										
2										
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MODIFIED COMMUNITY CORRECTIONAL FACILITY
INMATE WELFARE FUND QUARTERLY STATEMENT

Contract Number: Fiscal Year:	1st Quarter* 07/01-09/30	2nd Quarter* 10/01-12/31	3rd Quarter* 01/01-03/31	4th Quarter* 04/01-06/30	Fiscal Year Total
BEGINNING BALANCE:		**$ -**	**$ -**	**$ -**	**$ -**
IWF REVENUES:					
Post to this area a detailed itemization	$ -	$ -	$ -	$ -	$ -
of actual revenues, identified by line-item	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -
TOTAL IWF REVENUE:	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
IWF EXPENSES:					
Post to this area a detailed itemization	$ -	$ -	$ -	$ -	$ -
of actual expenditures, identified by line-item	$ -	$ -	$ -	$ -	$ -
consistent with the current	$ -	$ -	$ -	$ -	$ -
approved budget.	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -
TOTAL IWF EXPENDITURES:	**$ -**	**$ -**	**$ -**	**$ -**	$ -
NET INCOME (LOSS)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
ENDING BALANCE	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

*Attach all account statements within the quarter(s). Account statements must identify financial institution, beginning and end dates, beginning balances, revenues, expenditures, and ending balances, and other information as requested by CDCR.

MODIFIED COMMUNITY CORRECTIONAL FACILITY
QUARTERLY COST REPORT(S)
CERTIFICATION

I, _____ , certify as follows:
(Name of Individual)

That I am an official of _____
(Name of Contractor)

And am dully authorized to sign this certification; that to the best of my

knowledge, the financial information provided in the accompanying Cost Reports

under _____
(Contract Number)

are true and correct as prepared from the books and records of

_____
(Name and Address of Facility)

in accordance with applicable instructions.

_____
Print (Last Name) (First Name) (Initial)

_____
Title

_____
Signature Date

MODIFIED COMMUNITY CORRECITONAL FACILITY
FINANCIAL MANAGEMENT REQUIREMENTS
APPENDIX D
ANNUAL COST REPORT
TABLE OF CONTENTS

	TITLE
Schedule 1	Annual Cost Report Coversheet
Schedule 2	Annual Cost Report Attachments
Schedule 3.1	Administrative Overhead Cost Allocation Plan
Schedule 3.2	Administrative Overhead Cost Allocation Plan Narrative
Schedule 4	Equipment Listing
Schedule 5	Certification

CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION
MODIFIED COMMUNITY CORRECTIONAL FACILITY
ANNUAL COST REPORT
FISCAL YEAR _____/_____

LEGAL NAME OF CONTRACTOR	*CONTRACT DATE*	*CONTRACT NO.*
BUSINESS OFFICE MAILING ADDRESS	*CITY*	*ZIP CODE*
CONTACT PERSON	*TITLE*	*PHONE NO.*

NAME OF FACILITY INCLUDED IN THIS REPORT		*BED SIZE*
BUSINESS OFFICE MAILING ADDRESS	*CITY*	*ZIP CODE*
CONTACT PERSON	*TITLE*	*PHONE NO.*

☐ Annual Cost Report Coversheet

☐ Annual Cost Report Attachments

☐ Administrative Cost Allocation Plan

☐ Equipment Listing

☐ Certification

CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION
ANNUAL COST REPORT ATTACHMENTS

NAME OF FACILITY: _____

CONTRACT NUMBER: _____

DATE: _____

A. Provide a copy of the Corporate Financial Statements. This includes the following:

Income Statement

Balance Sheet

Change in Owners' Equity

B. Provide an annual Inmate Trust Account Statement. This includes the following:

Beginning Balance

Inmate Name

CDCR Number

Individual Inmate Amount

Complete listing of Unclaimed Funds submitted to CDCR.

Ending Balance

MODIFIED COMMUNITY CORRECTIONAL FACILITY
ADMINISTRATIVE OVERHEAD COST ALLOCATION PLAN

NAME OF FACILITY	*CONTRACT NUMBER*

	SALARIES & WAGES		
	Professional Salaries	$ -	
I	Clerical Salaries	$ -	
	Other Administrative Staff Salaries	$ -	
	TOTAL SALARIES & WAGES		$ -
	FRINGE BENEFITS		
	Medical Insurance	$ -	
	Dental Insurance	$ -	
II	Pension & Retirement Plan	$ -	
	Group Life Insurance	$ -	
	Other Benefits	$ -	
	TOTAL FRINGE BENEFITS		$ -
	PAYROLL TAXES		
	Social Security (FICA)	$ -	
	Federal Unemployment Tax (FUTA)	$ -	
III	State Unemployment Insurance (SUI)	$ -	
	Worker's Compensation Insurance	$ -	
	Other Payroll Taxes (Specify)	$ -	
	TOTAL PAYROLL TAXES		$ -
	TRAVEL COSTS		
	Meals	$ -	
IV	Lodging	$ -	
	Public Transportation	$ -	
	Other Travel Costs (Specify)	$ -	
	TOTAL TRAVEL COSTS		$ -
	CONSULTANT COSTS		
	Legal Services	$ -	
V	Accounting Services	$ -	
	Audit	$ -	
	Other (Specify):	$ -	
	TOTAL CONSULTANT COSTS		$ -
	EQUIPMENT EXPENSES (Specify)		
VI		$ -	
	TOTAL EQUIPMENT EXPENSES		$ -
	OPERATING EXPENSES		
	Rent	$ -	
	Office Supplies	$ -	
	Telephones	$ -	
	Utilities	$ -	
	Printing	$ -	
VII	Repair and Maintenance	$ -	
	Insurance	$ -	
	Membership Dues	$ -	
	Postage	$ -	
	Miscellaneous	$ -	
	TOTAL OPERATING EXPENSE		$ -
TOTAL ADMINISTRATIVE COSTS			$ -

MODIFIED COMMUNITY CORRECTIONAL FACILITY
ADMINISTRATIVE OVERHEAD COST ALLOCATION PLAN NARRATIVE

CONTRACT NUMBER	*FISCAL YEAR*
NAME OF FACILITY	

Please provide a brief description and the detail showing the allocation of Administrative Overhead costs over all affected programs. This includes the Department of Corrections and Rehabilitation contract and all other projects and/or programs that support your organization's administration.

The allocation of costs should be based on federal allocation standards. This can include allocation based on salaries and wages or based on total program costs.

MODIFIED COMMUNITY CORRECTIONAL FACILITY

CONTRACT NUMBER

EQUIPMENT INVENTORY

DESCRIPTION	QUANTITY	UNIT COST	SUBTOTAL
			$ -
			$ -
			$ -
			$ -
			$ -
			$ -
			$ -
			$ -
			$ -
			$ -
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			$ -
			$ -
			$ -
			$ -
			$ -
GRAND TOTAL	0	$ -	$ -

MODIFIED COMMUNITY CORRECTIONAL FACILITY
ANNUAL COST REPORT
CERTIFICATION

I, _____ , certify as follows:
(Name of Individual)

That I am an official of _____
(Name of Contractor)

And am dully authorized to sign this certification; that to the best of my

knowledge, the financial information provided in the accompanying Cost Reports

under _____
(Contract Number)

are true and correct as prepared from the books and records of

_____
(Name and Address of Facility)

in accordance with applicable instructions.

_____
(Last Name) (First Name) (Initial)

_____
Title

_____
Signature Date

MODIFIED COMMUNITY CORRECITONAL FACILITY
FINANCIAL MANAGEMENT REQUIREMENTS
APPENDIX E
CHANGE IN BUDGET AUTHORIZATION
AND POSITION CLASSIFICATION
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	TITLE
Schedule 1.1	Budget Revision Form
Schedule 1.2	Budget Revision Form Instructions
Schedule 2	Change in Established Positions

MODIFIED COMMUNITY CORRECTIONAL FACILITY BUDGET REVISION FORM

☐ ***On Going*** ☐ ***Current Fiscal Year***

FACILITY NAME	*CONTRACT No.*
MONTH & YEAR	*PAGE* _____ OF _____

[1]	[2]	[3]	[4]
DESCRIPTION OF LINE ITEMS	**BUDGETED AUTHORITY**	**AMOUNT OF REQUESTED BUDGET REVISION**	**REVISED BUDGETED AUTHORITY**
PERSONNEL SERVICES:			
ADMINISTRATIVE			
PROGRAM			
SECURITY			
OVERTIME			
TOTAL ADJUSTMENT TO PERSONNEL SERVICES	**$**	**$**	**$**
STAFF BENEFITS/PAYROLL TAXES			
TRANSPORTATION & TRAVEL COSTS			
CONTRACTED/CONSULTANT SERVICES COST			
EQUIPMENT COST			
FACILITY LEASE AND PROGRAM DEVELOPMENT			
INSURANCE			
OPERATING EXPENSE			
FOOD SERVICES			
ADMINISTRATIVE OVERHEAD COSTS			
TOTAL ADJUSTMENT TO OPERATING EXPENSE AND EQUIPMENT	$	$	$
NET CHANGE TO BUDGET	$	$	$

REASON FOR REQUEST: *(if additional space is needed attach separate page)*

JUSTIFICATION: *(if additional space is needed attach separate page)*

CONSEQUENCES OF NOT APPROVING REQUEST:

APPROVED / DISAPPROVED

SIGNATURE OF REQUESTOR	*SIGNATURE OF CBU*
DATE	*DATE*

COMMUNITY CORRECTIONAL FACILITY
BUDGET REVISION FORM INSTRUCTIONS

Any change(s) to the budgeted line item funding that exceeds $10,000 or 10 percent requires prior approval from the Contract Beds Unit (CBU) Administrator. This form is to be used when the Contractor wishes to adjust funding based on actual spending patterns by increasing or decreasing the budgeted funding from one line item to another.

Any request for additional funding to any line item should include supporting documentation identifying the amount of increase.

1 Identify the budget category requiring the change.
Additional forms (including but not limited to PASs, and MRSs) may be required for clarification, and must be submitted upon request.

2 Note the current budgeted authority for the line items requiring the change under Column 2, Budgeted Authority.

3 Indicate the amount of increase or decrease requested for each of those line items under Column 3, Amount of Requested Budget Revision. Any decrease should be indicated by parentheses.

4 The Revised Budgeted Authority, Column 4, is the net result of the change requested. It will either increase or decrease specific line items.

5 Identify the reason for the request.

6 Identify the factors relevant to initiating the request.

7 Explain the consequences of what will happen if the request is not approved.

8 The Corporate Office, Facility Director or Fiscal Officer is authorized to request the change.

9 The Budget Revision Form is to be mailed to the designated CBU Contract Analyst for the facility. Once a decision has been made, a signed copy will be returned to the Contractor.

COMMUNITY CORRECTIONAL FACILITY
CHANGE IN ESTABLISHED POSITIONS

1. **CONTRACT NO.**	**2.TYPE OF TRANSACTION:** Proposed Reclassification Abolishment ___New Position ___Of Position ___Of Position	3(a). **FISCAL YEAR** 3(b). **DOCUMENT NO.**

ADDITION TO ROSTER		**DELETION FROM ROSTER**	
4(a). Effective Date	4(b). Effective Date	7(a). Effective Date	7(b). Effective Date
5(a). Department or Organizational Unit		8(a). Department or Organizational Unit	
5(b). Reporting Unit or Function		8(b). Reporting Unit or Function	
5(c). Classification Title		8(c). Classification Title	
5(d). Number of Positions	5(e). Position No.	8(d). Number of Positions	8(e). Position No.
6(a) Time: FULL-TIME PART-TIME INTERMITTENT Basis _____ Fraction_____		9(a) Time: FULL-TIME PART-TIME INTERMITTENT Basis _____ Fraction_____	
6(b) Salary Rate: MONTH DAY HOUR $ per _____ _____ _____		9(b) Salary Rate: MONTH DAY HOUR $ per _____ _____ _____	
		9(c) Present Status of Position _____vacant _____Filled	

10. Reason for request. (Duty Statement for added and/or deleted position(s) should be attached. Post assignment summary and detail schedules are to be attached for all post assignment requested changes).

11. REQUESTOR (Facility Director)	12. Approved (CDCR Facility Captain)
_____ (Signature of Facility Director) _____ (Date)	_____ (Signature of CDCR Facility Captain) (Date) 13. Approved (CCFA Administrator) _____ (Signature of CCFA Administrator) (Date)

NOTE: A copy of this form is to be submitted to the CCFA Contract Analyst. Final approval requires amendment to the contract.

City of Taft Agenda Report

DATE: **AUGUST 19, 2014**

TO: **MAYOR LINDER AND COUNCIL MEMBERS**

AGENDA MATTER:

KERN EDC ANNUAL MEMBERSHIP

SUMMARY STATEMENT:

Over the last several years, the City of Taft has budgeted its Kern EDC financial membership funds through the Enterprise Zone account. Due to the elimination of the program, funds were not budgeted for our commitment to Kern EDC. Staff feels that it is important to continue our partnership with Kern EDC to promote local business recruitment, retention and expansion and is therefore requesting to continue with our same annual investment in the amount of $5,000.

RECOMMENDED ACTION:

Motion to approve allocation of $5,000 to Kern Economic Development Corporation for annual membership investment.

SOURCE OF FUNDING: General Fund

ATTACHMENT (Y/N): Yes; Letter

PREPARED BY: Office of the City Manager

REVIEWED BY:

CITY CLERK	FINANCE DIRECTOR	CITY MANAGER

KERNEDC
KERN ECONOMIC DEVELOPMENT CORPORATION

RECEIVED
AUG 06 2014
CITY OF TAFT

August 1, 2014

Mr. Craig Jones
City of Taft
209 E. Kern Street
Taft, CA 93268

Dear Mr. Jones, Craig

As we enter another successful year of partnering together, I would like to thank you for your past support and also give you an update on our activities at the Kern Economic Development Corporation (Kern EDC).

Kern EDC has had quite a busy year. The quantity, and more importantly, the quality of inquiries from businesses considering Kern County for expansion or relocation have increased significantly during the past year. *Your investment dollars are used to market and promote our region in a professional and strategic manner, while we continue to work with local businesses to help them grow.* Below is a list of just a few of our successes during the past year:

Business Recruitment and Attraction

- Worked with over 70 companies considering Kern County for expansion or relocation. Clients included Bolthouse Farms, MidAmerican Solar, SunEdison, Pioneer Green Energy, SunSelect, 8minutenergy, EDP Renewables, SCS Energy, Caterpillar, Ross Dress for Less, and Railex.
- Marketed Kern County to national and regional site selection consultants
- Continued to promote and advance regional economic development collaboration throughout the Central Valley and LA Basin counties
- Redesigned and enhanced Kern EDC's marketing collaterals, including the website and Market Overview/Investor Directory
- Continued to foster a strong partnership with the County of Kern to stimulate a diversified and strong economic climate

Local Business Retention & Expansion Efforts

- Focused on company visitation program that is the cornerstone of Kern EDC's business development activities
- Continued to promote and develop the *Kern Business Journal*
- Produced timely and relevant information that will help to support existing businesses growth strategies
- Created additional networks of local business leaders in industry-specific clusters
- Presented the Kern County Economic Summit and the Energy Summit to help local businesses gain the knowledge necessary to help them thrive

I hope you will agree that our partnership is working! I am enclosing an invoice for your next billing cycle, along with a schedule of our board meetings for the next year. Please join us, or feel free to call if we can be of any assistance!

Sincerely,

Trish Reed
Investor Relations Specialist

TAFT PUBLIC IMPROVEMENT CORPORATION
ANNUAL MEETING AGENDA
AUGUST 19, 2014 - 6:00 P.M.
(IMMEDIATELY FOLLOWING THE CITY COUNCIL MEETING)

Roll Call - Board of Directors

President:	Paul Linder
Members of the Board:	Orchel Krier
	Randy Miller
	Dave Noerr
	Ron Waldrop

1. CITIZEN REQUESTS/PUBLIC COMMENTS

THIS IS THE TIME AND PLACE FOR THE GENERAL PUBLIC TO ADDRESS THE CORPORATION ON MATTERS WITHIN THEIR JURISDICTION. STATE LAW PROHIBITS THE CORPORATION FROM ADDRESSING ANY ISSUE NOT PREVIOUSLY INCLUDED ON THE AGENDA. CORPORATION MAY RECEIVE COMMENT AND SET THE MATTER FOR A SUBSEQUENT MEETING. PLEASE LIMIT COMMENTS TO FIVE MINUTES.

****

CONSENT CALENDAR ITEMS 2 - 5

All items listed on the Consent Calendar shall be considered routine and will be enacted by one roll call vote. There will be no separate discussion of these items unless a board member of the Corporation requests specific items to be removed from the Consent Calendar for separate action. Any item removed from the Consent Calendar will be considered after the regular business items.

2. APPROVAL OF MINUTES
August 20, 2013 Annual Meeting.

Recommendation - Approve as submitted.

3. RATIFICATION OF ACTIONS TAKEN BY OFFICERS OF TAFT PUBLIC IMPROVEMENT CORPORATION DURING FISCAL YEAR 2013-2014 (*No staff report attached)*

Recommendation - Motion to ratify any and all actions taken on behalf of the corporation by Directors and Officers of Taft Public Improvement Corporation during Fiscal Year 2013-2014.

4. AUTHORIZATION OF CERTAIN ACTIONS BY OFFICERS OF TAFT PUBLIC IMPROVEMENT CORPORATION ON BEHALF OF THE CORPORATION (*No staff report attached)*

Recommendation - Motion to authorize Directors and Officers to act on behalf of the Corporation during Fiscal Year 2014-2015.

5. COMPARATIVE ANALYSIS OF CHANGES IN FUND BALANCES

Recommendation - Motion to receive and file the Taft Public Improvement Corporation Comparative Analysis of Changes in Fund Balances.

****

ADJOURNMENT

AFFIDAVIT OF POSTING

I, Yvette Mayfield, declare as follows:

That I am the Records Administrator of the City of Taft; that an agenda was posted on a public information bulletin board located near the door of the Civic Center Council Chamber on August 15, 2014, pursuant to 1987 Brown Act Requirements.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 15, 2014, at Taft, California.

_____

Signed Time

TAFT PUBLIC IMPROVEMENT CORPORATION
AGENDA REPORT

DATE: **AUGUST 19, 2014**

TO: **MAYOR LINDER AND COUNCIL MEMBERS**

AGENDA MATTER:

COMPARATIVE ANALYSIS OF CHANGES IN FUND BALANCES

SUMMARY STATEMENT:

For review is the 2013-2014 Taft Public Improvement Corporation Comparative Analysis of Changes in Fund Balances for the years ending June 30, 2013 and June 30, 2014.

As of February 28, 2006 the City of Taft refinanced the 1994 Sewer Facilities Improvement Project Certificates of Participation Bond to a private placement loan agreement. This new loan agreement was financed by Citizens Business Bank and currently has no reserve requirements.

As of January 4, 2013 the City of Taft prepaid the loan, in anticipation of obtaining funding for the large maintenance project at the Wastewater Treatment Facility.

RECOMMENDED ACTION:

Motion to receive and file the Taft Public Improvement Corporation Comparative Analysis of Changes in Fund Balances.

IMPACT ON BUDGET (Y/N): NO

ATTACHMENT (Y/N): YES, Comparative Analysis of Changes in Fund Balances

PREPARED BY: *Teresa Binkley, Finance Director*

REVIEWED BY:

CITY CLERK	FINANCE DIRECTOR *Teresa Binkley*	CITY MANAGER

CITY OF TAFT
TAFT PUBLIC IMPROVEMENT CORPORATION
COMPARATIVE ANALYSIS OF CHANGES IN FUND BALANCES
For Fiscal Years Ended June 30, 2014 & June 30, 2013

	06/30/14	06/30/13
Fund Balance at beginning of the year	**$0**	**$0**
Add: Audit Adjustment	**$0**	**$0**
Adusted Fund Bal beginning of the year	**0**	**0**
Revenues		
Interest & Dividends	0	0
City of Taft	0	471,148
Total Revenues	0	471,148
Expenditures		
Installment Payments - Principal	0	447,000
Installment Payments - Interest	0	18,048
Prepayment penalty	0	6,100
BNY Transaction Charges	0	0
Total Expenditures	0	471,148
Excess of Revenues over(under) Expenditures	0	0
Fund Balance *	**$0**	**$0**

* Fund Balance Detailed List

Project Reserve Account	0	0
Project Payment Account	0	0
Total Fund Balance	**$0**	**$0**
Accrued Interest Payable	0.00	0.00
Total Fund Balance to Accrual Basis	**$0**	**$0**

TAFT PUBLIC FINANCING AUTHORITY
ANNUAL MEETING AGENDA
AUGUST 19, 2014 – 6:00 P.M.
(IMMEDIATELY FOLLOWING THE CITY COUNCIL MEETING)

Roll Call - Board of Directors

Chairman:	Orchel Krier
Members of the Board:	Paul Linder
	Randy Miller
	Dave Noerr
	Ron Waldrop

1. CITIZEN REQUESTS/PUBLIC COMMENTS

THIS IS THE TIME AND PLACE FOR THE GENERAL PUBLIC TO ADDRESS THE AUTHORITY ON MATTERS WITHIN THEIR CONTROL. STATE LAW PROHIBITS THE AUTHORITY FROM ADDRESSING ANY ISSUE NOT PREVIOUSLY INCLUDED ON THE AGENDA. AUTHORITY MAY RECEIVE COMMENT AND SET THE MATTER FOR A LATER MEETING. PLEASE LIMIT COMMENTS TO FIVE MINUTES.

****

CONSENT CALENDAR ITEMS 2 - 5

All items listed on the Consent Calendar shall be considered routine and will be enacted by one roll call vote. There will be no separate discussion of these items unless a board member of the Authority requests specific items to be removed from the Consent Calendar for separate action. Any item removed from the Consent Calendar will be considered after the regular business items.

2. APPROVAL OF MINUTES
August 20, 2013 Annual Meeting

Recommendation - Approved as submitted.

3. RATIFICATION OF ACTIONS TAKEN BY OFFICERS OF TAFT PUBLIC FINANCING AUTHORITY DURING FISCAL YEAR 2013-2014 *(No staff report attached)*

Recommendation - Motion to ratify any and all actions taken on behalf of the Authority by Directors and Officers of Taft Public Financing Authority during Fiscal Year 2013-2014.

4. AUTHORIZATION OF CERTAIN ACTIONS BY OFFICERS OF TAFT PUBLIC FINANCING AUTHORITY ON BEHALF OF THE AUTHORITY *(No staff report attached)*

Recommendation - Motion to authorize Directors and Officers to act on behalf of the Authority during Fiscal Year 2014-2015.

5. COMPARATIVE ANALYSIS OF CHANGES IN FUND BALANCES (REVENUE BONDS OF 1998 - POLICE STATION AND REDEVELOPMENT PROJECTS) (LEASE REVENUE BONDS OF 1997 - CCF ACQUISITION PROJECT)

Recommendation - Motion to receive and file the Taft Public Financing Authority Comparative Analysis of Changes in Fund Balances (Revenue Bonds of 1998 - Police Station and Redevelopment Projects) (Lease Revenue Bonds of 1997 - CCF Acquisition Project).

****

ADJOURNMENT

AFFIDAVIT OF POSTING

I, Yvette Mayfield, declare as follows:

That I am the Records Administrator of the City of Taft; that an agenda was posted on a public information bulletin board located near the door of the Civic Center Council Chamber on August 15, 2014, at _____ a.m./p.m., pursuant to 1987 Brown Act Requirements.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 15, 2014, at Taft, California.

_____

TAFT PUBLIC FINANCING AUTHORITY
AGENDA REPORT

DATE: **AUGUST 19, 2014**

TO: **BOARD OF DIRECTORS**

AGENDA MATTER:

COMPARATIVE ANALYSIS OF CHANGES IN FUND BALANCES (REVENUE BONDS OF 1998 – POLICE STATION AND REDEVELOPMENT PROJECTS) (LEASE REVENUE BONDS OF 1997 – CCF ACQUISITION PROJECT)

SUMMARY STATEMENT:

Attached for review is the 2013-2014 Taft Public Financing Authority Comparative Analysis of Changes in Fund Balances for the years ending June 30, 2013 and June 30, 2014.

As shown on the statements of June 30, 2013 and 2014, the fund balances met the required reserve amounts.

RECOMMENDED ACTION:

Motion to receive and file the Taft Public Financing Authority Comparative Analysis of Changes in Fund Balances (Revenue Bonds of 1998 – Police Station and Redevelopment Projects) (Lease Revenue Bonds of 1997 – CCF Acquisition Project).

IMPACT ON BUDGET (Y/N): NO

ATTACHMENT (Y/N): YES, Comparative Analysis of Changes in Fund Balances

PREPARED BY: *Teresa Binkley, Finance Director*

REVIEWED BY:

CITY CLERK	FINANCE DIRECTOR	CITY MANAGER

CITY OF TAFT
TAFT PUBLIC FINANCING AUTHORITY
COMPARATIVE ANALYSIS OF CHANGES IN FUND BALANCES
For Fiscal Years Ended June 30, 2014 & June 30, 2013

	06/30/14	06/30/13
Fund Balance at beginning of the year	**$3,720,925**	**$3,742,011**
Add: Audit Adjustment	**$881**	**$0**
Adusted Fund Bal beginning of the year	**3,721,806**	**3,742,011**
Revenues		
State of Cal CCF Lease Pymts	1,878,618	1,881,471
Interest & Dividends - 97 CCF Bond	0	0
Interest & Dividends - 98 Rev Bond	5,241	(5,201)
City of Taft	361,974	355,249
Total Revenues	2,245,833	2,231,519
Expenditures		
Trustee Fees - 97 CCF Bond	4,850	4,850
Principal Pymt - 97 CCF Bond	1,485,000	1,405,000
Interest Pymts - 97 CCF Bond	393,552	478,555
Principal Pymt - 98 Rev. Bond	160,000	145,000
Interest Pymts - 98 Rev. Bond	206,190	214,600
Trustee Fees - 98 Rev. Bond	4,600	4,600
Total Expenditures	2,254,192	2,252,605
Excess of Revenues over(under) Expenditures	(8,359)	(21,086)
Fund Balance *	**$3,713,447**	**$3,720,925**

* See Fund Balance Detailed List on next page.

CITY OF TAFT
TAFT PUBLIC FINANCING AUTHORITY
COMPARATIVE ANALYSIS OF CHANGES IN FUND BALANCES
For Fiscal Years Ended June 30, 2014 & June 30, 2013
CONTINUED

Fund Balance Detailed List:

	06/30/14	06/30/13
98 Rev Rfndng Bnd Trust Acct Bal.		
Lease Payment Account	$0	$2,269
Interest Payment Account	98,456	103,096
Principal Payment Account	1	0
Reserve Account	364,060	359,846
Police Station & Redevelopment Project	36	36
Deposit in Transit	0	0
Total Fund Balance	**$462,553**	**$465,247**
97 CCF Bond Trust Account Balances		
Interest Fund Account	$159,278	$196,776
Principal Fund Account	0	0
Revenue Fund Account	1,833,631	1,841,054
Debt Service Fund	1,257,985	1,217,848
Total Fund Balance	**$3,250,894**	**$3,255,678**
GRAND TOTAL	**$3,713,447**	**$3,720,925**