

# City of Delano, California

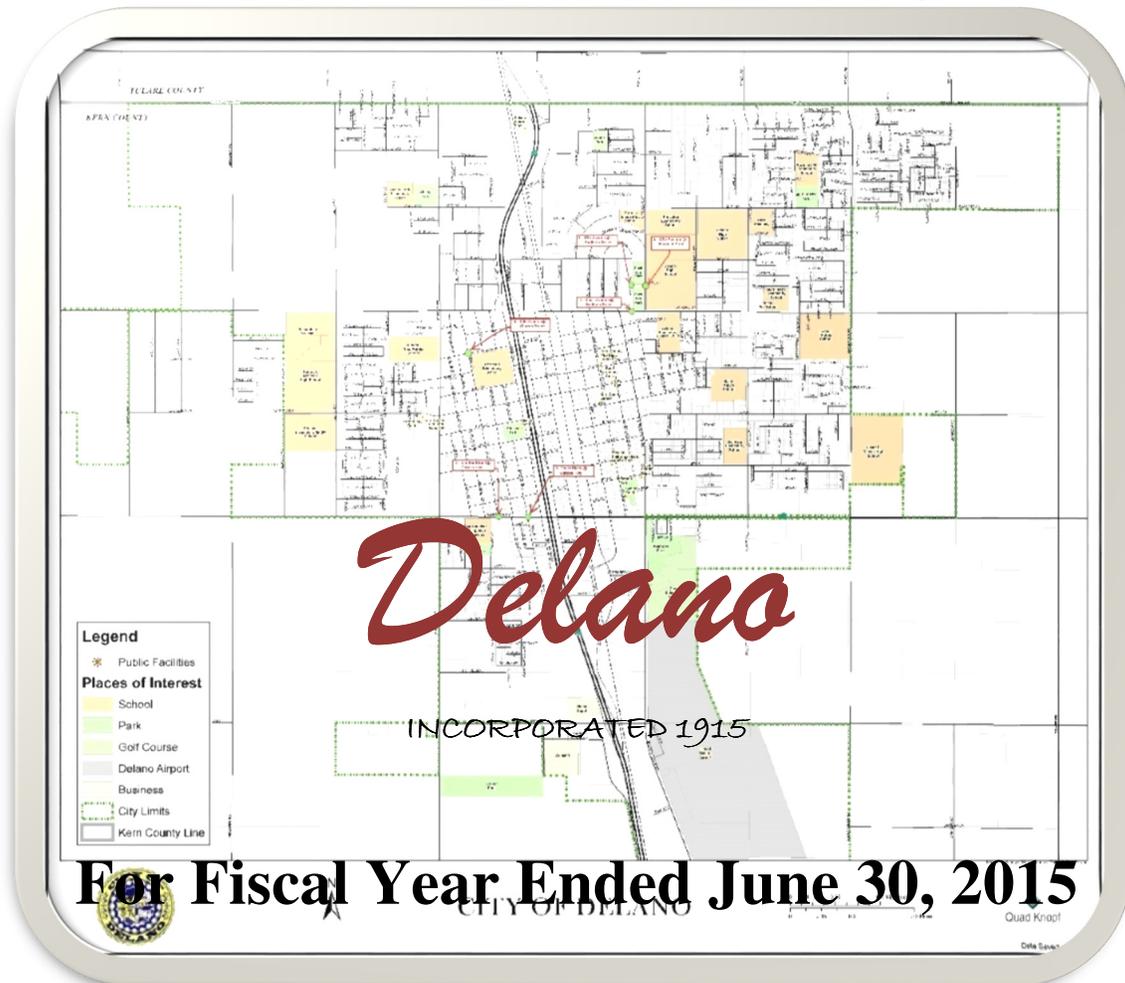
*Serving the community for the past 100 years...*



*Celebrating our past... Growing our future!*

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For Fiscal Year Ended June 30, 2015

# COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF DELANO, CA



Prepared By:  
Finance Department  
Under the Direction of  
Rosa I. Lara Rios, Finance Director

# CITY OF DELANO

## ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015

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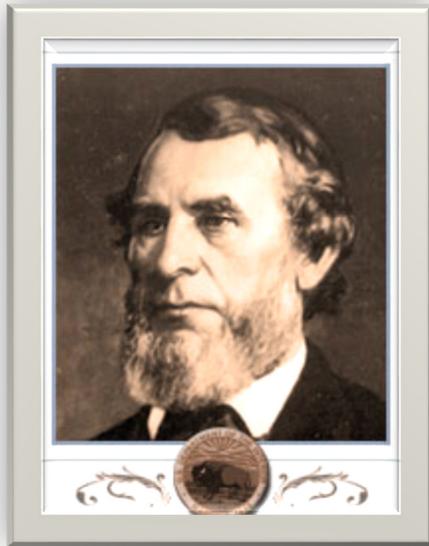
**CITY OF DELANO**

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## INTRODUCTION SECTION





**CITY HALL  
1015 ELEVENTH AVENUE  
POST OFFICE BOX 3010**

**COUNCIL MEMBERS**

**Ricardo Chavez  
MAYOR**

**Ruben "Ruby" Hill  
MAYOR PRO TEM**

**Liz Morris**

**Grace Vallejo**

**Rueben Pascual**

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**DELANO, CALIFORNIA 93216-3010**

**(661) 721-3300**

**(661) 721-3317 TDD**

**[www.cityofdelano.org](http://www.cityofdelano.org)**

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**CITY MANAGER**

**Maribel Reyna**

February 12, 2016

To the Honorable Mayor, Members of the City Council,  
and Residents of the City of Delano, California

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Delano, California (City) for the fiscal year ended June 30, 2015. State Law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Davis Farr., a firm of licensed certified public accountants, has issued an unmodified opinion on the City's financial statements for the year ended June 30, 2015. The independent auditor's report is located on page 13 in the financial section of this report. Davis Farr also performed the federally mandated "Single Audit", the results of which are presented under separate cover.

Following the independent auditor's report is management's discussion and analysis (MD&A), which provides an overview and analysis of the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

**Profile of the City of Delano**

The City of Delano was incorporated on April 13, 1915, as a general law city, after being recognized as a railroad terminus from the year 1873 to the date of incorporation. Located in the Southern San Joaquin Valley, Delano has a multi-cultural population and workforce, and is known as the "International Community". It has the distinction as the "Table Grape Capital of the World". The current population, 52,591, represents an increase of 25.1% over the past ten years and is the second largest city in Kern County.

The City operates under a Council/Manager form of government. The City Council, elected at large on a non-partisan basis for four year staggered terms, consist of the mayor, who is voted annually by the governing body for a one year term, and four council members. The City Manager

is appointed by the City Council for the administration of City affairs, including appointment of the heads of various departments, day-to-day operations, and implementation of the City Council policies. Additionally, the City Council members, in separate session, serve as the governing boards of the City of Delano Financing Authority, City of Delano Housing Authority and the Successor Agency to the former City of Delano Redevelopment Agency.

The City provides a full range of municipal services from a variety of funding sources. Services include: Police Services, Park and Community Services (Recreation); Public Works Functions including water, solid waste, sewer/wastewater treatment, street maintenance and street sweeping, and central garage; Community and Economic Activities; Administration services including personnel, finance, and general administration; Transit System; and Municipal Airport. Fire services are provided by a private contract. This report includes all funds of the City, as well as all governmental organizations and activities for which the City Council has financial accountability. These organizations include the City of Delano Financing Authority, the Delano Housing Authority, and the Successor Agency to the former City of Delano Redevelopment Agency.

The annual budget, adopted by resolution of the City Council, serves as the foundation for the City's financial planning and control. All departments within the City are required to submit requests for appropriations for the upcoming budget year to the City Manager. The City Manager and the Finance Director use these requests as a starting point for developing the proposed budget. The City makes sustainable budgeting a top priority and at several stages in the budgetary process computations are made to insure ongoing expenditures do not exceed conservatively estimated ongoing revenues. The City Manager then presents the proposed budget to the City Council for review on or before June 1st of each year. The City Council then adopts the annual budget by affirmative majority vote on or before June 30<sup>th</sup> of each year. The City Manager may transfer monies between departments, divisions, programs and accounts within funds and departments, but within limit set by the City Council annually. Transfers relating to capital outlays involving \$35,000 or more require approval of the City Council. Likewise, any new appropriations from the fund balance have to be approved by the City Council. The legal level of budgetary control (that is, the legal level of at which expenditures may not legally exceed appropriations) is by fund. Budget-to-actual comparisons are provided in this report for each individual governmental fund; this comparison is presented in the required supplementary information (RSI) section of this report.

## **Factors Affecting Financial Condition**

**State-wide and regional economy.** Overall unemployment in California continues to be lowering and improving. As of December 2015 the statewide unemployment rate was 5.8% which improved from 7.1% in the prior year. Comparatively, the national unemployment rate as of December 2015 was 5.0% compared to 5.7% in prior year. As of December 2015 in Kern County, the local job prospect continues to be a challenge with unemployment rate at 9.2% which has improved from 10.0% a year ago. (Source: California Employment Development Department.) In California, employment growth is forecast to be 2.6% in 2015, 2.1% in 2016, and 3.2% in 2017, while Anderson economists anticipate California's unemployment rate to be immaterially different from the U.S. rate at 4.9% by the end of the forecast. (Source: UCLA Anderson Forecast's outlook.)

California sales tax receipts increased by 2.4% over the same quarter from the previous year, receipts for the City of Delano changed by 10.6% over the same periods.

**Local Economy.** In conjunction with City leadership and planning, the City utilized tools to facilitate the development of a diverse local business/industry community.

Kern Valley State Prison (KVSP) is a Level IV facility consisting of four (4) semi-autonomous 180 designed facilities and two (2) stand-alone Administrative Segregation Units all surrounded by a Lethal Electrified Perimeter Fence. There is also a Level I Minimum Support Facility (MSF). Facility D (180) will house the Transitional Housing Unit. It sits on 600 acres completed construction in 2004, and continue to employ around 1,650 people, the City's largest employer.

Delano Regional Medical Center (DRMC) is a full-service community and regional teaching hospital. DRMC serves 10 rural central California towns and is committed to providing an exceptional patient experience. DRMC is a not-for-profit hospital with services including an Intensive Care Unit, a Sub-Acute Care Unit, a Medical Surgical Unit, a dedicated Surgical Pavilion and an Obstetrics/Gynecology Unit. DRMC opened its doors on January 17, 1974 as Delano Community Hospital. Over the past 35 years, DRMC has grown in both size and technological expertise. Expansions in key departments have been the norm for the hospital. A 20,000-square foot wing addition allowed DRMC to add 30 additional beds for acute care, including a 10-bed Intensive Care Unit as well as an enlarged inpatient laboratory and pharmacy department. Recent expansions have included adding a 64-slice CT and new MRI in the radiology department, and a Pediatric Unit. A hospitalist specializing in pediatrics is available 24-hours a day. DRMC continues to employ 800 people.

Railx is an innovative distribution platform designed to enhance logistics, distribution, consumer demands and inventory control. The Railx Delano Platform strategically located in Central California provides vast opportunity for growth and long term alliances. This region created vast growing, shipping and agricultural related opportunities dating back to the early 1900's and continues to employ 132 people.

Sears Logistics Services, Inc. (SLS) is a supplier of best-in-class supply chain solutions. SLS provides access to transportation providers worldwide, including contract motor carriers, rail carriers, air freight carriers, and ocean carriers. The Delano distribution center finalized construction in February 1993 and continues to employ 252 people.

Paramount Citrus is fully owned by Roll Global, which is the number one grower and marketer of pistachios, almonds, pomegranates and consumer-branded goods including POM Wonderful Pomegranate Juice, FIJI Water, Wonderful Almond Accents, Justin Vineyards and Wonderful Pistachios. Paramount Citrus, constructed its main headquarters and sales department in Delano in June of 2000. The Delano packing facility is a multipurpose orange and lemon packinghouse that sits on a 26-acre lot with 450,000 sq-ft under roof. The orange packing lines are the biggest fresh citrus packing lines in the United States, capable of processing over 100 tons of citrus per hour. Paramount Citrus continues to employ around 525 people. In November 2012 Paramount Citrus recently added a new citrus packinghouse, which will be home to the company's sweet, seedless, E-Z peel™ Halos California Mandarins. The facility measures in at more than 640,000 square feet – the equivalent of 11 football fields under roof – making it the world's largest citrus packinghouse. The Halos Plant will also generate increased economic development for the Delano area of California's Central Valley, bringing with it more than 500 new jobs to the area.

More recently, in fiscal year 2014/2015 businesses such as Big 5 Sporting Goods, Rue 21, and Wild Wings & Things expanded to the city. In fiscal year 2013/2014 Wal-Mart and Ross Dress for Less expanded into the City. These businesses help provide jobs for the community's youth and stimulate the local economy. The Delano Marketplace is slated as the largest development in the city. The center will meet the current retail demand in the surrounding region, which includes several cities located within a 15 mile radius. The Delano Marketplace will also add to the total local employment within the City of Delano in the northern Kern County region add approximately 800 new service jobs to the total local employment. With a total land area of 200 acres, the project boasts over 1.1 million SF of commercial retail.

Having these facilities build and expand in this nationally depressed economy demonstrates the City's business friendly environment. The City is striving to secure growing local revenue sources as well as promote added local and regional job base to provide to its community.

**Enterprise Funds.** All enterprise functions of the City are expected to pay their full share of direct and indirect costs. Water, Sewer and Refuse rate study was finalized and increase was implemented in fiscal year 2013 in order to continue the City's policy of maintaining rates that will adequately cover all operational and capital costs incurred to provide the applicable service. These rates increases included additional annual increases over the next five years to avoid inflationary purchase power erosion.

The most recent completion project in the enterprise funds pertained to the Delano Waste Water Treatment Plant (WWTP), which was finalized on July 5, 2011. The WWTP was originally constructed in 1979 and consisted of head works, trickling filter system, primary and secondary clarifiers, digesters, gravity thickener and sludge drying beds. When the North Kern State Prison was built in 1990, a 0.8 million gallons per day (mgd) expansion took place, increasing the plant capacity from 3.6 mgd to 4.4 mgd. The 2010 expansion increased the plant to 8.8 mgd. This included the addition of two oxidation ditches, three secondary clarifiers, three sludge holding tanks, a centrifuge facility, sludge beds and the new electrical service connection. With this upgrade, the City of Delano is able to provide services for a sustainable, clean and healthy environment for the local area. The total cost of the project was approximately \$31.4M. The City was able to obtain a low interest loan from the California Water Boards, Clean Water State Revolving Fund.

The current ongoing project in the enterprise funds pertains to the Water fund. On January 22, 2001 the Environmental Protection Agency (EPA) adopted a new standard for arsenic in drinking water at 10 parts per billion (ppb), replacing the old standard of 50 ppb. The rule became effective on February 22, 2002. The regulation revision was intended to provide additional protection for 13 million Americans against cancer and other health problems, including cardiovascular disease and diabetes, as well as neurological effects. The EPA offered financial assistance through the EPA's drinking water state revolving fund to assist communities meet the new standard. The City of Delano was able to obtain a \$20,709,156 loan eligible to be repaid back within 20 years at zero (0) percent interest rate. The purpose of the funding was to assist in the financing of the construction project which will enable the City to meet safe drinking water standards recently established. In March of 2013 the City was notified from the water state revolving fund that it was eligible an additional \$3,000,000 grant for the project. The project was completed December 2015.

### **Delano Modified Community Correction Facility**

The City of Delano owns and operated a Community Correction Facility (CCF) under contract with the California Department of Corrections and Rehabilitation (CDCR). The CDCR ended the use of the remaining CCF beds as a result of the 2011 Public Safety Realignment and other actions the department has taken to reduce its inmate population, as ordered by the Three-Judge Court and affirmed by the U.S. Supreme Court. The Delano Community Correctional Facility's contract with CDCR expired August 21, 2011. The result of this closure was layoffs of roughly 87 employees directly attributed to the CCF. The City's general fund incurred a loss of \$562,000 in annual service fees associated with this contract. Additionally the CCF was a large customer of the Water, Sewer and Refuse funds which will reflect a decline in revenue as a result of the closure.

In an effort to keep this asset productive for the City, staff made necessary improvements to the facility in order to comply with CCF Title 24, Minimum Standards for Adult Facilities to become a Type III jail facility. Staff obtained certification from the Corrections Standards Authority (CSA) on

June 2012. Staff recently signed a four year contract with CDCR, the City restarted operations with the capacity to house 578 State inmates in January 2014.

### **Successor Agency to the Delano Community Redevelopment Agency**

As a part of the State's 2011-2012 Budget Act, a pair of bills AB1X26 and AB1X27 were passed that impacted redevelopment agencies. The State of California Supreme Court ruled on a lawsuit challenging these bills and upheld AB1X26 and overturned AB1X27, effectively dissolving all redevelopment agencies in the State, including the Delano Community Development Agency, the closing of the agency on January 31, 2012, and the transfer of assets and obligations to the Successor Agency and Housing Successor on February 1, 2012.

After February 1, 2012, the Successor Agency, a private purpose trust fund, shall not be consolidated into the government wide financial statements. This trust fund is used to liquidate assets of former Agency, receive property tax distributions from the Kern County Auditor Controller, and make payments on enforceable obligations. The Housing Successor, a special revenue fund of the City, shall be used to account for the function and use of the low income housing assets of the former Agency.

### **Cash and investment policies and practice.**

The City continues to maintain an Investment Policy, which is submitted annually to the City Council, along with quarterly Treasurer's Reports reporting investment activity and portfolio balances during the fiscal year. The primary goal of the policy of the City of Delano is to invest public funds in a manner which will provide the highest investment return with maximum security, while meeting the City's safety, liquidity and daily cash flow requirements and conformity to all State statutes (California Government Code (GC) Section 53600, et seq.) and City ordinances governing the investment of public funds. On December 17, 2013, the City's Investment policy was certified by the California Municipal Treasurers Association (CMTA).

Cash temporarily idle during the year was invested in certificates of deposits, Local Agency Investment Fund of the State of California (LAIF), Investment Trust of California, (CalTRUST), Corporate Bonds, Mutual Funds and obligations of the U.S. Treasury. The annual yield on investments with the Local Agency Investment Fund was 0.28%, whereas, yield in other investments administered by staff was 2.68%. This additional investment income is an important part of the City's revenue diversification strategy.

At all times, there was compliance with the City's investment policy, and safety and liquidity objectives were placed above rates of return considerations in making deposits and investments. Accordingly deposits were either insured by federal depository insurance, collateralized or backed by the full faith of the federal government. For additional information see Notes 3 and 4 to the financial statements.

### **Pension and other post-employment benefits**

The City of Delano provides pension benefits for its safety employees in a plan managed by the California Public Employees Retirement System (CalPERS). Each year a CalPERS actuary calculates the amount of the annual contribution that the City of Delano must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. This payment is calculated as a percentage of payroll and remitted to CalPERS with each payroll cycle. As a matter of policy, the City of Delano fully funds each year's annual required contribution to the pension plan as determined by actuary.

The City of Delano offers pension benefits for its full-time non-safety and management employees through a single employer public employee retirement defined benefit plan called "The City of

Delano Employee Pension Plan (the Plan). The Plan is administered by the Pension Committee and the trustees. Each year the City hires an actuary to calculate the amount of annual contribution that the City of Delano must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. The Plan's funding policy under the City Ordinance 941 provides for periodic employer contributions at actuarially determined rates, that expressed as percentages of annual covered payroll together with certain fixed amounts, are sufficient to accumulate the required assets to pay benefits when due.

The City of Delano also provides post-retirement health and dental care benefits for employees that retire directly from the City with at least 20 years of service with the City up to the age 65. As of the end of the current fiscal year, there were 9 retired employees receiving this benefit, which is financed on a pay-as-you-go basis. In accordance with GAAP, the City is required to report a liability in the financial statements in connection with the employer's obligation to provide these benefits. The City hires an actuary to calculate this future liability of these benefits which have been properly recorded as a liability. For additional information see Notes 11 and 12 to the financial statements.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Service to the Community**

The City Manager is emphasizing the importance of service to the community by implementing "Celebrating our past...growing our future," this approach was developed in light of the City celebrating its 100<sup>th</sup> anniversary. The three principles behind this approach are the following:

- Transparency – Building relationships through community engagement
- Customer Service – Always do more than what is required of you.
- Respectable Governance – Embrace good leadership.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the city manager and finance departments. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. In addition, recognition is due to the Mayor and City Council for their professionalism, leadership and support for maintaining the highest standards of professionalism in the management of the City of Delano's finances.

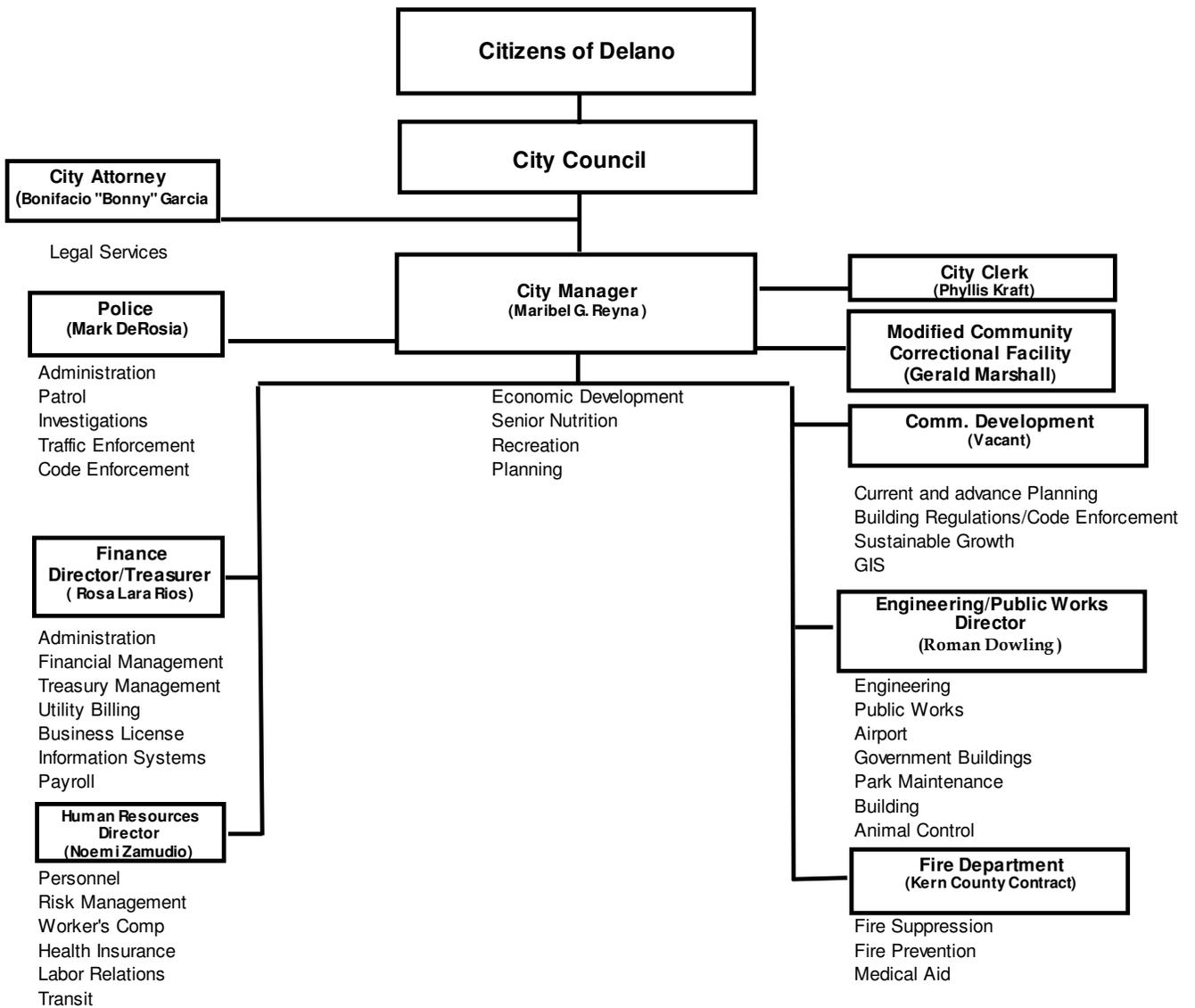
Respectfully submitted,



Maribel Reyna  
City Manager



Rosa L. Lara Rios  
Director of Finance/Treasurer



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**City of Delano  
Principal Officials  
June 30, 2015**

**ELECTED OFFICIALS**

MAYOR	RUEBEN PASCUAL
MAYOR PRO TEM	RICARDO CHAVEZ
COUNCIL MEMBER	LIZ MORRIS
COUNCIL MEMBER	GRACE VALLEJO
COUNCIL MEMBER	RUBEN “RUBY” HILL

**ADMINISTRATION**

CITY MANAGER	MARIBEL REYNA
CITY ATTORNEY	BONIFACIO GARCIA
CITY CLERK	PHYLLIS KRAFT
CITY ENGINEER/PUBLIC WORKS DIRECTOR	ROMAN DOWLING
CHIEF OF POLICE	MARK DEROSIA
CHIEF OF CORRECTIONS	GERALD MARSHALL
HUMAN RESOURCES/TRANSIT DIRECTOR	NOEMI ZAMUDIO
DIRECTOR OF FINANCE/IT/TREASURER	ROSA I. LARA RIOS



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

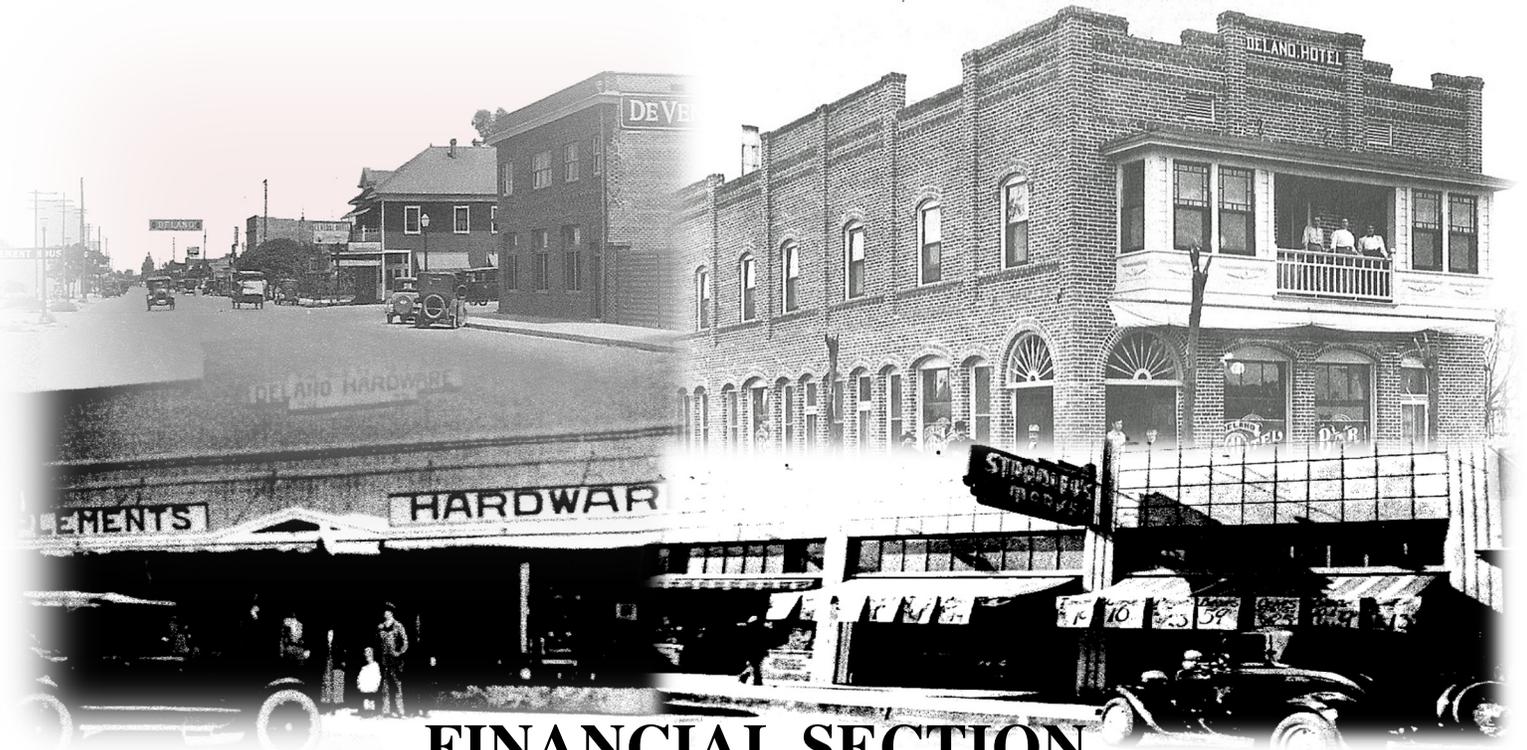
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**City of Delano**  
**California**

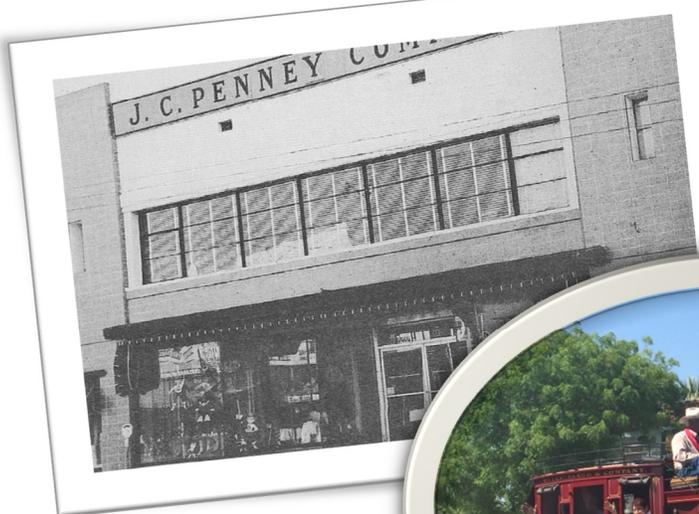
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



# FINANCIAL SECTION



City Council  
City of Delano  
Delano, California

## **INDEPENDENT AUDITORS' REPORT**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Delano, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Delano'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.

### **Auditors' 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.

## **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 Delano, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As described further in note 16 to the financial statements, during the year ended June 30, 2015 the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68. Our opinion is not modified with respect to this matter.

The financial statements for the year ended June 30, 2015 reflect certain prior period adjustments as described further in note 16 to the financial statements. 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 *management's discussion and analysis, budgetary comparison schedules, Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period (Single Employer Plan), Schedule of Plan Contributions (Single Employer Plan), Schedule of the Plan's Proportioned Share of the Net Pension Liability (Cost Sharing Plan), and Schedule of Plan Contributions (Cost Sharing Plan)* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Delano's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the introductory section, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated February 12, 2016 on our consideration of the City of Delano'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 the City of Delano's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Lan UP". The signature is written in a cursive style.

Irvine, California  
February 12, 2016

# CITY OF DELANO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion and analysis of the financial performance of the City of Delano provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

#### Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and the *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term and short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operation in *more detail* than the government-wide statements.
  - The *governmental funds* statements tell how *general government* uses services like public safety were financed in the *short-term* as well as what remains for future spending.
  - *Proprietary fund* statements offer *short-and long-term* financial information about the activities the government operates like businesses, such as the water and sewer system.
  - *Fiduciary fund* statements provide information about the fiduciary relationships-like the agency funds of the City-in which the City acts solely as *agent or trustee* for the benefit of others, to whom the resources in question belong.
  - *Budgetary comparison schedules* provide information about the extent to which revenue expectations were reached and the budgetary overruns and savings engendered by actual spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provided additional financial and budgetary information.

**CITY OF DELANO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Fiscal Year Ended June 30, 2015

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Figure A-1**  
**Major Features of the City's Government and Fund Financial Statements**

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City Government (except Fiduciary Funds) and the City's components	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for someone else's resources
Required Financial Statements	-Statement of net position -Statement of Activities	-Balance Sheet -Statement of revenues, expenditures and changes in fund balances	-Statement of net position -Statement of revenues, expenses and changes in net position -Statement of cash flows	-Statement of fiduciary net position -Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities both financial and capital and short-term and long-term
Type of Inflow/Outflow	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

# CITY OF DELANO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

### Reporting the City as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the City as a whole. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position – the difference between assets and liabilities—as one way to measure the City's financial health, or financial position. Over time, (*increases and decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported here. Sales taxes, property taxes, state subventions, and other revenue finance most of these activities.
- Business-type activities – The City charges a fee to customers to help it cover all or most of the cost of services accounted for in these funds.
- Component units – The City includes separate legal entities in its report – the City Housing Authority and the City Financing Authority Agency. Although legally separate, these "component units" are important because the City is financially accountable for them.

### Reporting the City's Most Significant Funds

The **fund financial statements** provide detailed information about the City's most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain taxes, grants, or other money (like grants received). The City's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows, into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting methods called *cash accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance

## CITY OF DELANO

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

the City's programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* in reconciliations after each of the fund financial statements.

- *Proprietary funds* – When the City charges customers for services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities.

#### Reporting the City's Fiduciary Responsibilities

The City is an agent for certain assets held for, and under the control of, other organizations and individuals. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and changes thereon. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The net position may serve as a useful indicator over time of the City's financial position. The City's combined net position at the close of fiscal year ended June 30, 2015 was \$177,712,780 as shown on Table 1 below. The largest portion of the City's net position (\$148 million, or 83% of total net position) reflects its investment in capital assets (land, building, machinery, and equipment) less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide the essential services to citizens; consequently the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. There is approximately \$103 million in debt outstanding related to the acquisition and construction of these capital assets.

**CITY OF DELANO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Fiscal Year Ended June 30, 2015

Table 1  
Net Position  
(In Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government		Percent Change
	2015	2014	2015	2014	2015	2014	
Current & other assets	\$ 47,432	\$ 37,223	\$ 14,739	\$ 3,797	\$ 62,171	\$ 41,020	51.56%
Capital assets	146,617	151,263	70,593	69,056	217,210	220,319	-1.41%
Total assets	194,049	188,486	85,332	72,853	279,381	261,339	
Deferred outflow of resources	2,092	-	404	-	2,496	-	
Long-term debt outstanding	40,041	26,296	58,388	44,667	98,429	70,963	38.70%
Other liabilities	3,223	2,054	1,595	1,560	4,818	3,614	33.31%
Total liabilities	43,264	28,350	59,983	46,227	103,247	74,577	
Deferred inflows of resources	917	-	-	-	917	-	
Net position							
Net investment							
in capital assets	124,516	128,117	23,101	24,750	147,617	152,867	-3.43%
Restricted	21,247	20,542	-	-	21,247	20,542	3.43%
Unrestricted	6,197	11,477	2,652	1,876	8,849	13,353	-33.73%
Total net position	<u>\$ 151,960</u>	<u>\$ 160,136</u>	<u>\$ 25,753</u>	<u>\$ 26,626</u>	<u>\$ 177,713</u>	<u>\$ 186,762</u>	-4.85%

**Analysis of net position**

At the end of the current fiscal year, the City is able to report positive net position balances as a whole for both the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. Total net position of the primary government decreased \$9 million this year primarily due to the implementation of GASB 68 the city had to restate their net position, see note 16 to the financial statements. The following analysis of governmental and business-type activities provides more detailed information for these changes.

**Governmental activities:**

Current and other assets increased by \$10.2 million primarily due major projects having been completed in prior year such as the new police department and the expansion to the Woollomes bridge.

Long-term liabilities increased by \$13.7 million primarily due to the implementation of GASB 68 and purchase of new police vehicles. More detailed information about long-term liabilities can be found in the long-term debt section of the MD&A and in Notes 8 and 9 to the financial statements.

## CITY OF DELANO

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

Restricted net position, representing amounts that must be in accordance with external restrictions, increased by a total of \$705 thousand primarily due to capital projects, public works, and community and economic development.

#### **Business-type activities:**

Current and other assets of business-type activities increased \$10.9 million increased is partially because of the utility rate increase in the Water, Sewer, Refuse funds to address operating costs, deteriorating infrastructure, state mandates, and debt obligations; partially offset with the spending of the ongoing Arsenic Mitigation project and a full year of operations of the Delano Modified Community Correctional Facility in fiscal year 2015.

Capital assets increased \$1.5 million due to capital asset additions. More detailed capital asset information is located in the Capital Asset section of this MD&A and in Note 8 to the financial statements.

Long-term liabilities increased by \$13.7 million due to the acquisition of financing various equipment and implementation of GASB 68, the city had to record a prior period adjustment on its beginning net position, see note 16 to the financial statements. More detailed information about long-term liabilities can be found in the Long-term Debt section of this MD&A and in Notes 9 to the financial statements.

Net investment in capital assets decreased by \$1.6 million due to the capital asset additions and retirement of capital-related debt, partially offset by depreciation expense of \$3.36 million.

Unrestricted net position increased by \$776 thousand during the year because of the user fee rate increases addressing the increasing operating costs, deteriorating infrastructure, complying with state mandates and meeting obligation requirements. In fiscal year 2014-2015, the City continued to implement the new utility rate increases that are scheduled to be for five years as approved on April 2013 by City Council. The City's proprietary funds require a significant investment in capital equipment and facilities to conduct operations, scheduled increases in rates as approved will help with meeting required obligations and state mandates. The City continues to make payment obligations on January 1<sup>st</sup> each year to the State Water Board for the loan expansion of the Wastewater Treatment Plant which will continue for the next 16 years. In addition, the City will have to commence making payments to the State Water Resources Control Board for the arsenic mitigation project on January 2016 and will continue to for the next 20 years.

**CITY OF DELANO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Fiscal Year Ended June 30, 2015

Table 2  
Statement of Activities  
(In Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government		Percent Change
	2015	2014	2015	2014	2015	2014	
<b>Revenues</b>							
Program Revenues							
Charges for services	4,589	9,306	29,069	20,573	33,658	29,879	12.65%
Capital grants and contributions	6,168	1,142	-	-	6,168	1,142	440.11%
Operating grants and contributions	2,848	2,610	2,697	862	5,545	3,472	59.71%
General revenues:							
Property taxes	2,135	1,944	-	-	2,135	1,944	9.83%
Sales & Other taxes	12,875	11,625	-	-	12,875	11,625	10.75%
Other general revenues	11,002	5,994	428	48	11,430	6,042	89.18%
Total revenues	<u>39,617</u>	<u>32,621</u>	<u>32,194</u>	<u>21,483</u>	<u>71,811</u>	<u>54,104</u>	
<b>Expenses</b>							
General government	6,446	5,419	-	-	6,446	5,419	18.95%
Public safety	12,744	13,262	-	-	12,744	13,262	-3.91%
Public works	9,894	10,990	-	-	9,894	10,990	-9.97%
Engineering services	529	748	-	-	529	748	-29.28%
Culture & recreation	1,706	2,340	-	-	1,706	2,340	-27.09%
Community development	482	105	-	-	482	105	359.05%
Long-term debt interest/charges	1,171	1,174	-	-	1,171	1,174	-0.26%
Water/sewer	-	-	10,786	10,413	10,786	10,413	3.58%
Non-major enterprise funds	-	-	2,564	2,380	2,564	2,380	7.73%
Refuse	-	-	2,677	2,705	2,677	2,705	-1.04%
MCCF	-	-	9,514	4,546	9,514	4,546	100.00%
Total expenses	<u>32,972</u>	<u>34,038</u>	<u>25,541</u>	<u>20,044</u>	<u>58,513</u>	<u>54,082</u>	
<b>(Decrease) in net position before transfers</b>	6,645	(1,417)	6,653	1,439	13,298	22	60345.45%
Transfers In and Out	<u>(2,219)</u>	<u>(340)</u>	<u>2,219</u>	<u>340</u>	<u>-</u>	<u>-</u>	
<b>change in net position</b>	4,426	(1,757)	8,872	1,779	13,298	22	60345.45%
Net position beginning of year	160,136	161,893	26,626	24,847	186,762	186,740	0.01%
prior period adjustment see note 16	<u>(12,602)</u>	<u>-</u>	<u>(9,745)</u>	<u>-</u>	<u>(22,347)</u>	<u>-</u>	
Net position end of year	<u>151,960</u>	<u>160,136</u>	<u>25,753</u>	<u>26,626</u>	<u>177,713</u>	<u>186,762</u>	-4.85%

**Analysis of the changes in net position:**

Total government-wide revenues of the primary government increased \$17.7 million, a 33% increase from prior year, and total expenses increased \$4.4 million, an 8% increase. The details of the changes in the City's Net Position are shown in Table 2 above. These changes are discussed in more detail below.

**Governmental activities:**

Total revenues for governmental activities increased \$6.9 million from the prior year. Total expenses decreased \$1.1 million, a 3% decrease, and net transfers from business-type activities increased by \$1.9 million. Transfers primarily consist of in lieu taxes paid by the business type

# CITY OF DELANO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

activities to the General Fund and capital assets transferred from governmental activities to business-type activities.

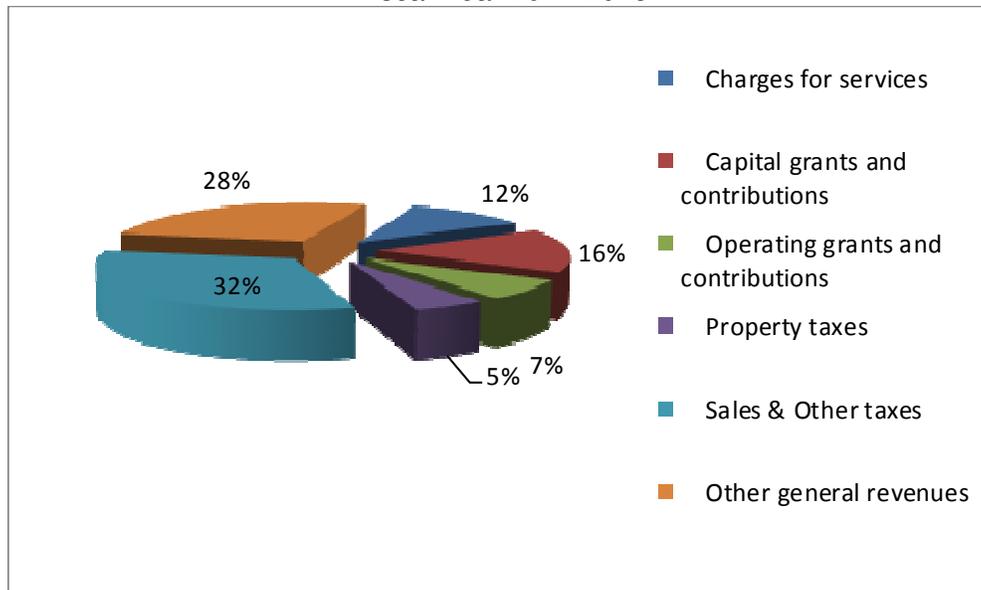
### Revenue

Capital grants and contributions revenue increased by \$5 million from the prior year largely due to an increase in grant revenues associated with capital projects. The Operating grants and contributions increased by \$238 thousand compared to prior year due to increased funding to assist with various streets and roads capital projects.

Property tax revenue was up \$191 thousand compared to 2014 due to receipt of residual property tax revenue from former redevelopment area in 2014, along with the time lag in reassessing property values from the slowly recovering Delano area housing market. Sales tax revenue increased by \$1.2 million from prior year, reflecting a slowly improving economy.

The revenue sources from governmental activities presented in the preceding table are illustrated in a pie chart shown below as Figure 1, which illustrates the percentage relationship of these revenues to each other, as well as their impact on the City's total resources.

*Revenues by Source – Governmental Activities Figure 1  
Fiscal Year 2014-2015*



As shown in the above pie chart, roughly 37% of the City's major revenue sources in the Governmental revenues comprise from taxes, comprised of property, sales and use, motor vehicle in lieu, franchise, and transient occupancy taxes. The following projects are underway to enable the City to increase tax revenues in the governmental activities:

## CITY OF DELANO

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

Block H – A commercial development site on 8 acres located just east of Highway 99 between 8th Avenue and 11th Avenue owned by the Successor Agency to the former City of Delano Community Redevelopment Agency. This site is the gateway to Downtown Delano and its ultimate development is of the highest strategic importance to the City of Delano. The Successor Agency plans to market Block H to viable commercial developers, investors and, commercial end-users.

Delano Industrial Expansions – Paramount Citrus, an existing employer underwent a 10-acre expansion in November 2012 and within a year created 500 new jobs. In 2014, Paramount Citrus continued their expansion efforts creating an additional 234 jobs. Rail Spur Project- The City of Delano received a \$1.8 Million award from the Economic Development Administration to construct an additional rail spur at Railex next to the existing two rail spurs. Railex has committed \$1.7 Million for this project expected to create 302 new jobs at an annual payroll of \$15 Million.

Delano Marketplace Center – A 45-acre commercial development on Woollomes Avenue, West of Highway 99. Delano Marketplace consists of shopping, retail, commercial, and eateries. The main anchor, Wal-Mart Supercenter, opened in August 2013 creating 300 jobs. Subway, McDonald's, Western Dental, Panda Express, Verizon Wireless, Taco Bell, Dollar Tree, Big 5 Sporting Goods, Ross Dress for Less, GNC, Premier Insurance, and Rue 21 have also opened their doors creating approximately 300 jobs.

#### **Expenses**

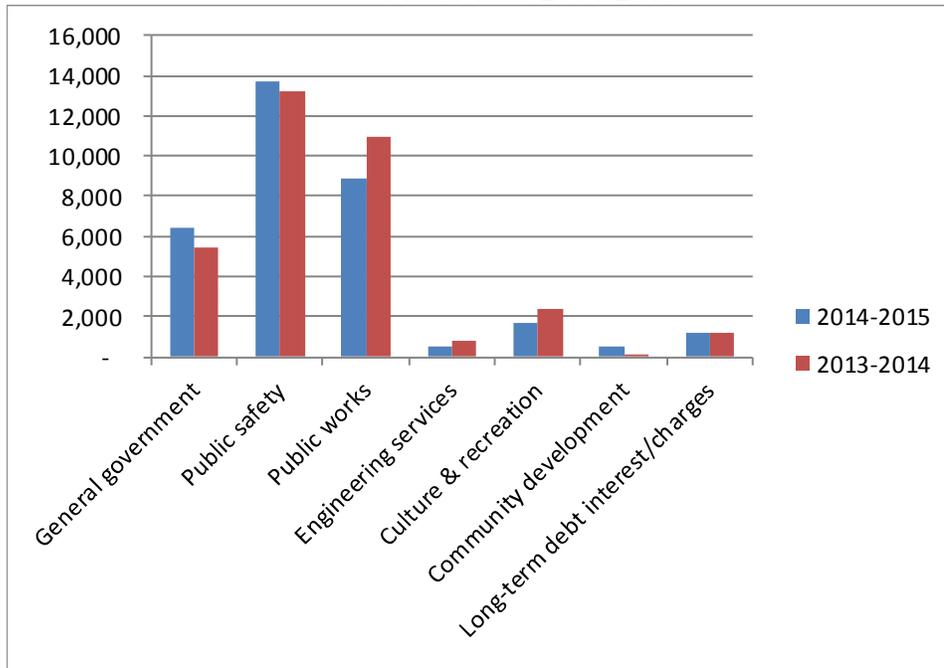
Most governmental functions experienced increases, except for culture & recreation, public works, engineering services and long-term debt interest charges which experienced decreases of \$634 thousand, \$2 million and \$219 thousand, respectively. The functions with the largest increases as noted in the below bar graph, were general government \$1 million, public safety with \$450 thousand, community development \$377 thousand, significant expenses associated with capital outlay costs for maintenance and other small projects.

# CITY OF DELANO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

*Program expenses – Governmental Activities Figure 1  
Fiscal Year 2014-2015*



### **Business-type activities:**

Total revenues for business-type activities increased \$10.7 million from prior year, a 49.8% increase. Total expenses increased \$5.5 million, a 27.4% increase, and net transfers to governmental activities increased by \$1.9 million.

# CITY OF DELANO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

### Revenue

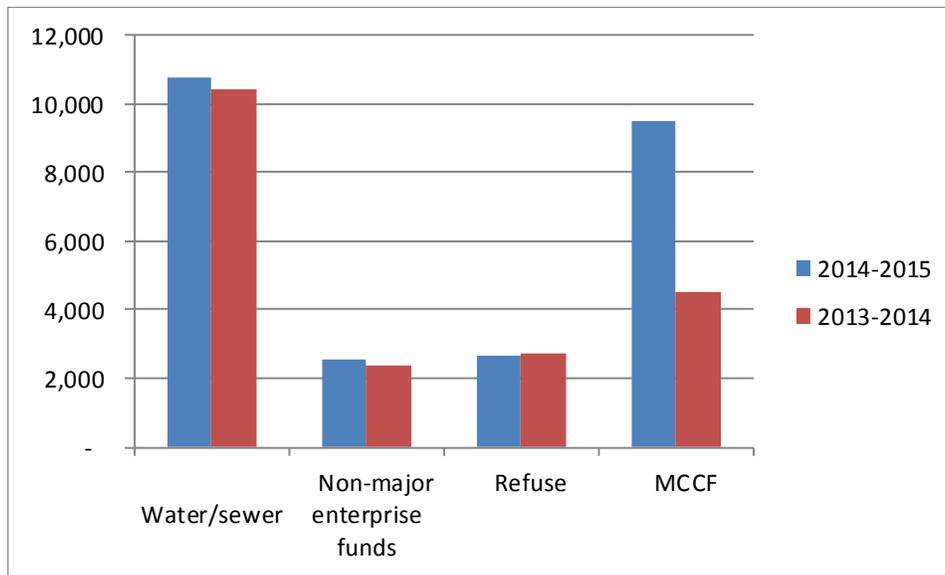
Charges for services increased \$8.5 million primarily due to full year of operations of the Delano Community Correctional Facility (DMCCF) as well as due to the utility rate increases in the current fiscal year.

Operating grants and contributions revenue increased \$1.8 million due to increase in TDA funding ¼ sales tax revenues being requested in fiscal year 2015 to assist with transit operations and capital outlay.

### Expenses

The DMCCF was the primary increase reflecting a full year operations of the facility totaled to approximately \$9.5 million in fiscal year 2015 as oppose to prior year reflecting only six months of operations. The California Department of Corrections Rehabilitation (CDCR) ended the use of the remaining CCF beds as a result of 2011 Public Safety Realignment and other actions the department has taken to reduce its inmate population, as ordered by the Three-Judge Court and affirmed by the U.S. Supreme Court. The Delano Community Correctional Facility contract with CDCR expired August 21, 2011. In order to meet the required orders, CDCR had to re-contract services with the Community Correctional Facilities. Delano was successful in entering into a new agreement with CDCR on December 16, 2013. The new agreement term is from December 16, 2013 through June 30, 2018.

The Water and Sewer Funds expenses increased \$373 thousand mostly due to increased charges in electricity costs reflecting a full year of operational costs of added wells from 2014, as well as higher employee service expenses related to positions filled during 2015. The Arsenic Mitigation Project was completed



## CITY OF DELANO

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

The City has been implementing expenditure reductions to enable them to operate in a fiscally responsible manner due to the uncertainty in economic conditions that continue to exist throughout the State. In fiscal year 2014 City Council adopted a Fund Balance Reserve Policy to help develop a guide for financial stabilization purposes. The policy will help maintain a prudent level of financial resources to protect against reducing service levels or raising rates of fees because of revenue shortfalls or unpredicted one-time expenditures. The Department Heads, City Manager, and the City Council are working diligently to assure that the reserve fund balance in the General Fund is being maintained.

#### **MAJOR FUNDS**

As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of City government, reporting City operations in more detail than the government-wide statements.

#### **Governmental Funds:**

The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. Total fund balance for governmental funds increased by \$5.9 million during fiscal year 2015. For fiscal year ended June 30, 2015, as compared with fiscal year ended June 30, 2014, total revenues for governmental funds increased by \$5.9 million, total expenditures for governmental funds decreased by \$1.9 million and net other financing sources decreased by \$401 thousand. Reasons for these changes are discussed in more detail below.

#### ***General Fund***

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance of the general fund was \$21.1 million as compared to last fiscal year's fund balance of \$13.9 million. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 104% of total fund expenditures.

During the current fiscal year, the City's general fund balance increased by \$7.2 million. Revenues increased by \$5.7 million. Property taxes increased by \$191 thousand, primarily due to aide from ABx126 excess revenue existing from RDA obligations received in fiscal year 2014, partially offset with the remaining difference being due to decrease in property values of approximately 2%. Sales tax increase of \$1.3 million and an increase of \$3.4 million in miscellaneous revenues due to a one-time settlement claim that settled in favor of the City in fiscal year 2014-2015. The changes in franchise taxes, other taxes, licenses and permits, charges for services, investment earnings were consistent with prior year.

Total General Fund expenditures increased by \$2 million this year. There were expenditure increases of \$342 thousand in public safety, the City provided equitable adjustments and 3% cost of living adjustments to its employees; this was partially offset with the city renegotiating its fire contract services agreement with Kern County which estimated a savings of \$1.1 million. General government experienced a \$1.4 million increase, which consisted of increase in litigation costs,

## CITY OF DELANO

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

council approving a 15% senior discount to senior resident property owners on their utility bills that would be funded by Measure I, repayment on obligations that were incurred for police vehicles and increase costs associated with contract labor.

General Fund net other financing sources and uses increased by \$200 thousand for fiscal year ended June 30, 2015, as compared with the fiscal year ended June 30, 2014, mainly due to proceeds received from sale of land and financing of police vehicles, partially offset with transfers in/out. Transfers in and out are primarily for funding of debt service obligations and General fund assistance or required matching requirements to necessary projects that may be accounted for in other funds.

General Fund Budgetary Highlights - The City Council revised the budget throughout the fiscal year with midyear revenue and appropriation adjustments, changes made to appropriations for the use of committed fund balance, and other revenue and appropriation adjustments after the original budget was adopted.

After taking into account these adjustments, actual expenditures were \$1.4 million lower than final budget amounts, primarily due to an ongoing lawsuit that settled in fiscal year 2015 which caused for litigation costs to be incurred. The City also continued to defend a Prop 218 lawsuit in fiscal year 2015. Capital outlay expenditures were less than budgeted amounts because of the multi-year nature of most capital projects. Unspent multi-year project budgets, as well as other unspent Council approved program budgets, are carried over to the subsequent fiscal year. Most of all General Fund departments reported positive operating expenditure budget variances primarily as a result of salary savings from vacant positions.

General Fund revenues were \$6 million higher than final budgeted amounts. Property tax was under by \$133 thousand, while sales and use tax was \$1.2 million higher and miscellaneous revenues was \$4 million thousand higher.

#### ***The Developer Impact Fees Fund***

The Developer Impact Fee fund balance increased by approximately \$179 thousand; ending balance at June 30, 2015 was \$10.9 million as compared to prior fiscal year's fund balance at \$10.8 million.

During the current fiscal year revenues from developer impact fees decreased by \$999 thousand, primarily due to not experiencing a significant growth in commercial development at the Delano Market Place (DMP) as in fiscal year 2014. The construction and growth of the DMP is slowly attracting other retail to this area. Ross Dress for Less opened doors in October 2014.

During the current fiscal year expenses from the developer impact fees decreased by \$376K, the projects that are earmarked for use of these funds did not commence in this fiscal year however there are certain projects that are in the pipeline.

Developer impact fees net other financing sources and uses increased by \$2.5 million for fiscal year ended June 30, 2015, as compared with fiscal year ended June 30, 2014, mainly due to

# CITY OF DELANO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

assistance with obligations for capital projects that were funded to substantiate growth and development within the City.

### **Enterprise Funds**

The City's enterprise funds provide the same type of information as the government-wide financial statements but in greater detail. Total operating revenues increased \$8.8 million, and operating expenses increased \$5.7 million. Net non-operating revenues increased \$2 million for the fiscal year ended June 30, 2015. Reasons for these changes are discussed in more detail below.

### ***Water/Sewer Funds***

Water and Sewer Funds operating revenue increased \$1.3 million compared to prior year because of an increase in the base of customers being serviced and continuing implementation of utility rate increases approved by council on April 2013. Operating expenses in the current year increased \$534 thousand, or 5%.

### ***Refuse***

Refuse Fund operating revenue and operating expenses in the current year did not change significantly as compared to prior year.

### ***Modified Community Correctional Facility Fund***

The Modified Community Correctional Facility Fund operating revenue increased \$7.2 million compared to prior year because in fiscal year June 30, 2015 it reflected a full year of operations of the facility. The City was able to contract with California Department of Corrections in December 2013 so in fiscal year 06/30/14 the period only reflected a six month operation period, therefore the operating expenses in the current year increased by \$4.9 million.

Below is a condensed statement of cash flows for the proprietary funds for June 30, 2015, with comparative amounts for 2014.

Business-Type Activities	2015	2014
Net Cash provided by operating activities:	10,290,618	3,951,115
Net Cash provided by (used for) non-capital financing activities:	(3,004,222)	5,428,393
Net Cash (used for) capital and relating financing activities:	(1,991,965)	(5,467,017)
Net Cash provided by investing activities:	50,899	47,441
Net increase in cash and cash equivalents:	5,345,330	3,959,932
Cash and cash equivalents, beginning of year	5,034,286	1,074,354
Cash and cash equivalents, end of year	10,379,616	5,034,286

### **CAPITAL ASSETS**

As of June 30, 2015, the City had invested \$217 million in a broad range of capital assets, including police equipment, buildings, parks and park improvements, roads, bridges, and water,

**CITY OF DELANO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Fiscal Year Ended June 30, 2015

sewer and storm drainage transmission and distribution systems. The current year capital asset additions of \$10.7 million were offset by current year depreciation expense of \$13.3 million and retirements of \$474 thousand for a net decrease in capital assets of \$3.1 million.

**City of Delano  
Capital Assets**

As of June 30, 2015 and 2014  
(net of depreciation)  
(In Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	5,415	5,616	3,184	3,184	8,599	8,800
Buildings	18,898	20,368	991	1,115	19,889	21,483
Improvements	23,023	22,372	38,275	40,199	61,298	62,571
Infrastructure	95,529	101,500	-	-	95,529	101,500
Equipment & Machinery	1,984	1,284	2,323	2,627	4,307	3,911
Construction in progress	1,768	123	25,820	21,931	27,588	22,054
<b>Total</b>	<b>146,617</b>	<b>151,263</b>	<b>70,593</b>	<b>69,056</b>	<b>217,210</b>	<b>220,319</b>

Major capital asset additions included:

- 20 New Police SUV's.
- Regenerative Air Sweeper
- 2000 Water Truck – 2014 International medium duty truck
- Construction in progress of the Domestic Violence Shelter
- Construction in progress of the Ellington Community Center Rehabilitation project
- Construction in progress of the New Centennial Community Center
- Other capital projects in progress include the Arsenic Mitigation Project, spending \$1.6 million on the project in fiscal year 2015. The Biotta Wellhead project \$1.375 million, the commencement of the rebuild of the senior center and many smaller capital projects associated with street improvements, waterline replacements, sewer improvements.

More detailed information about the City's capital assets is presented in Note 8 to the financial statements.

**LONG-TERM DEBT**

At the end of the current fiscal year, the City had bonded debt outstanding of \$23 million and loans payable of \$46 million; the remaining debt was compensated absences, net OPEB obligation, and net pension liability as shown below. The bonded debt is secured by pledged tax increment revenues. For fiscal year 2015 policies continued to be implemented throughout the city to reduce the liability for accrued compensated absences.

## CITY OF DELANO

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

#### City of Delano Outstanding Debt

As of June 30, 2015 and 2014  
(In Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Lease Revenue Bond 2010A	23,060	24,032	-	-	23,060	24,032
Compensated absences	677	571	432	361	1,109	932
Capital lease obligation	655	-	823	591	1,478	591
Net OPEB obligation	2,153	1,693	-	-	2,153	1,693
Net Pension liability	13,496	13,611	10,387	9,823	23,883	23,434
Water loans payable	-	-	21,284	16,791	21,284	16,791
Sewer loans payable	-	-	25,463	26,924	25,463	26,924
	<u>40,041</u>	<u>39,907</u>	<u>58,389</u>	<u>54,490</u>	<u>98,430</u>	<u>94,397</u>

Total primary government debt outstanding as of June 30, 2015 and 2014 was \$98,430 and \$94,397 million, respectively, an increase of \$4 million.

Total outstanding long-term debt for governmental activities increased \$134 thousand primarily due to principal payments on existing obligations offset slightly over an increase in OPEB obligation of \$460 thousand and capital lease obligations of \$655.

Total outstanding long-term debt for business-type activities increased by \$3.8 million primarily due to principal payments on existing obligations offset by slight increase in loans payable and pension liability.

Additional information on the City's long-term debt can be found in note 9 to the accompanying financial statements.

### **BUDGET AND ECONOMIC FACTORS**

#### **Economic Factors**

Delano has been earmarked as one of the cities with the highest unemployment rate in California. The new commercial development that is coming to Delano is helping stabilize the economy and move forward slowly. Unemployment in Delano was at 11.8% as of June 30, 2015 a decrease of 14.9% from the rate at June 30, 2014. Although revenues are stabilizing, prior commitments for labor contracts, increasing retirement contributions and rising costs for utilities continue to add significant costs to the City's General Fund budget.

## CITY OF DELANO

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

The City's most recent adopted biennial budget for fiscal years 2015/2016 – 2016/2017 shows that the City is working to live within its means. General Fund budget appropriations for fiscal year 2016 are \$22.5 million. The major goals and issues that dominated the budgeting process for this biennial budget are discussed in the adopted budget transmittal letter with the measures adopted to address prevailing issues.

#### Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office, at 661-721-3310 or at the City of Delano, 1015 – 11th Ave, Delano, CA 93215, or visit the City's web page at [www.cityofdelano.org](http://www.cityofdelano.org).

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF DELANO  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and investments (note 3)	\$ 37,211,408	10,379,616	47,591,024
Cash with fiscal agents (note 3)	2,146,255	-	2,146,255
Receivables (net of allowance for uncollectibles)	3,321,836	2,071,437	5,393,273
Receivable from other governments	3,311,167	2,137,337	5,448,504
Internal balances	(34,217)	34,217	-
Inventories	92,061	112,353	204,414
Prepays and other assets	221,124	3,089	224,213
Notes and loans receivable, net	1,163,000	-	1,163,000
Capital assets (note 8):			
Non-depreciable	7,182,906	29,003,407	36,186,313
Depreciable, net of accumulated depreciation	139,434,269	41,590,108	181,024,377
<b>Total assets</b>	<u>194,049,809</u>	<u>85,331,564</u>	<u>279,381,373</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension contribution	1,218,228	-	1,218,228
Deferred outflows - actuarial	330,660	404,140	734,800
Deferred outflows - additional deferral	543,526	-	543,526
<b>Total deferred outflows of resources</b>	<u>2,092,414</u>	<u>404,140</u>	<u>2,496,554</u>
<b>LIABILITIES</b>			
Accounts payable	2,433,508	830,710	3,264,218
Other accrued expenses	562,005	423,163	985,168
Accrued interest payable	107,128	131,413	238,541
Deposits payable	120,397	125,833	246,230
Unearned revenue	-	82,760	82,760
Noncurrent liabilities (note 9):			
Due within one year	1,596,342	(222,213)	1,374,129
Due in more than one year	38,446,254	58,610,948	97,057,202
<b>Total liabilities</b>	<u>43,265,634</u>	<u>59,982,614</u>	<u>103,248,248</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - actuarial	916,899	-	916,899
<b>Total deferred inflows of resources</b>	<u>916,899</u>	<u>-</u>	<u>916,899</u>
<b>NET POSITION</b>			
Net investment in capital assets	124,515,926	23,101,458	147,617,384
Restricted for:			
Community and economic development	14,842,390	-	14,842,390
Public works	3,979,053	-	3,979,053
Capital projects	2,425,497	-	2,425,497
Unrestricted	6,196,824	2,651,632	8,848,456
<b>Total net position</b>	<u>\$ 151,959,690</u>	<u>25,753,090</u>	<u>177,712,780</u>

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

**CITY OF DELANO**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 6,446,473	3,316,966	60,000	26,649
Public safety	12,743,621	580,820	486,478	624
Public works	9,893,951	275,187	-	5,745,114
Engineering services	528,745	-	-	-
Culture and recreation	1,705,957	172,821	-	-
Community and economic development	482,462	242,836	2,301,834	395,885
Interest on long-term debt and fiscal charges	1,170,608	-	-	-
Total governmental activities	<u>32,971,817</u>	<u>4,588,630</u>	<u>2,848,312</u>	<u>6,168,272</u>
Business-type activities:				
Water & sewer	10,786,469	13,662,320	-	-
Refuse	2,676,873	2,803,595	-	-
MCCF	9,513,643	12,142,692	-	-
Non-major enterprise funds	2,564,432	460,495	2,696,571	-
Total business-type activities	<u>25,541,417</u>	<u>29,069,102</u>	<u>2,696,571</u>	<u>-</u>
Total primary government	<u>\$ 58,513,234</u>	<u>33,657,732</u>	<u>5,544,883</u>	<u>6,168,272</u>

General revenues

Taxes:

Property taxes

Sales taxes

Franchise taxes

Other taxes

Intergovernmental

Investment earnings

Miscellaneous

Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning, as restated (note 16)

Net position - ending

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(3,042,858)	-	(3,042,858)
(11,675,699)	-	(11,675,699)
(3,873,650)	-	(3,873,650)
(528,745)	-	(528,745)
(1,533,136)	-	(1,533,136)
2,458,093	-	2,458,093
(1,170,608)	-	(1,170,608)
<u>(19,366,603)</u>	<u>-</u>	<u>(19,366,603)</u>
-	2,875,851	2,875,851
-	126,722	126,722
-	2,629,049	2,629,049
-	592,634	592,634
<u>-</u>	<u>6,224,256</u>	<u>6,224,256</u>
<u>(19,366,603)</u>	<u>6,224,256</u>	<u>(13,142,347)</u>
2,134,523	-	2,134,523
12,875,003	-	12,875,003
649,984	-	649,984
1,059,500	-	1,059,500
3,625,791	-	3,625,791
1,386,174	50,899	1,437,073
4,206,947	362,927	4,569,874
73,425	13,780	87,205
<u>(2,219,005)</u>	<u>2,219,005</u>	<u>-</u>
23,792,342	2,646,611	26,438,953
4,425,739	8,870,867	13,296,606
<u>147,533,951</u>	<u>16,882,223</u>	<u>164,416,174</u>
<u>\$ 151,959,690</u>	<u>25,753,090</u>	<u>177,712,780</u>

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

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## **FUND FINANCIAL STATEMENTS**

**CITY OF DELANO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	General Fund	Developer Impact Fees Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 18,580,290	10,986,172	6,353,299	35,919,761
Cash with fiscal agents	-	-	2,146,255	2,146,255
Receivables:				
Accounts	325,185	8,462	1,054,528	1,388,175
Taxes	1,824,013	-	2,053	1,826,066
Intergovernmental	-	-	2,904,657	2,904,657
Other	29,537	-	21,000	50,537
Due from other funds	1,694,106	-	30,776	1,724,882
Inventories	27,754	-	15,239	42,993
Prepays and other assets	119,048	-	-	119,048
Notes and loans receivable, net	45,000	-	1,118,000	1,163,000
Advances to other funds	-	-	320,860	320,860
<b>Total assets</b>	<u>22,644,933</u>	<u>10,994,634</u>	<u>13,966,667</u>	<u>47,606,234</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	777,776	3,202	1,589,263	2,370,241
Other accrued expenses	469,618	-	61,728	531,346
Due to other funds (note 7)	37,139	-	1,225,605	1,262,744
Deposits payable	76,635	-	43,762	120,397
<b>Total liabilities</b>	<u>1,361,168</u>	<u>3,202</u>	<u>2,920,358</u>	<u>4,284,728</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	127,150	-	3,307,730	3,434,880
<b>Total deferred inflows of resources</b>	<u>127,150</u>	<u>-</u>	<u>3,307,730</u>	<u>3,434,880</u>
<b>Fund Balances:</b>				
Nonspendable	191,802	-	-	191,802
Restricted	-	10,991,432	8,434,042	19,425,474
Assigned	8,603,967	-	-	8,603,967
Unassigned	12,360,846	-	(695,463)	11,665,383
<b>Total fund balances</b>	<u>21,156,615</u>	<u>10,991,432</u>	<u>7,738,579</u>	<u>39,886,626</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 22,644,933</u>	<u>10,994,634</u>	<u>13,966,667</u>	<u>47,606,234</u>

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

**CITY OF DELANO**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

Total fund balances - governmental funds	\$ 39,886,626
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	146,020,953
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	3,434,880
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(23,030,000)
Bond premium	(30,085)
Capital leases	(654,578)
Other post employment benefit obligations	(2,154,650)
Compensated absences	(638,239)
Net pension liability and related deferred outflows and inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Deferred outflows - contributions	1,218,228
Deferred outflows - actuarial	301,268
Deferred outflows - additional deferral	543,526
Deferred inflows - actuarial	(916,899)
Net pension liability	(12,740,801)
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(107,128)
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position.	
Net position included in governmental activities	826,589
Net position of governmental activities	\$ 151,959,690

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

**CITY OF DELANO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the year ended JUNE 30, 2015**

	General Fund	Developer Impact Fees Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Property taxes	\$ 2,134,523	-	-	2,134,523
Sales taxes	11,332,274	-	1,542,729	12,875,003
Franchise taxes	649,984	-	-	649,984
Motor vehicle in lieu tax	-	-	-	-
Other taxes	778,989	1,128	279,383	1,059,500
Fees and fines	73,640	-	-	73,640
Licenses and permits	290,347	-	-	290,347
Intergovernmental	6,026,919	-	3,615,634	9,642,553
Program income	-	-	459,291	459,291
Charges for services	375,985	1,115,820	4,400	1,496,205
Investment earnings	109,331	80,111	1,189,504	1,378,946
Miscellaneous	4,176,850	-	30,097	4,206,947
Total revenues	<u>25,948,842</u>	<u>1,197,059</u>	<u>7,121,038</u>	<u>34,266,939</u>
<b>EXPENDITURES:</b>				
Current				
General government	5,461,843	9,302	1,184,115	6,655,260
Public safety	12,365,139	1,178	746,694	13,113,011
Public works	-	47,150	5,379,644	5,426,794
Engineering services	393,453	-	-	393,453
Culture and recreation	1,863,069	407	136,868	2,000,344
Community and economic development	-	-	459,430	459,430
Debt service				
Principal	226,958	-	970,000	1,196,958
Interest	19,267	-	1,140,137	1,159,404
Total expenditures	<u>20,329,729</u>	<u>58,037</u>	<u>10,016,888</u>	<u>30,404,654</u>
Excess (deficiency) of revenues over expenditures	<u>5,619,113</u>	<u>1,139,022</u>	<u>(2,895,850)</u>	<u>3,862,285</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of land	203,266	-	-	203,266
Proceeds from capital lease	881,536	-	-	881,536
Transfers in (note 7)	2,809,851	-	2,226,790	5,036,641
Transfers out (note 7)	<u>(2,269,390)</u>	<u>(959,899)</u>	<u>(883,170)</u>	<u>(4,112,459)</u>
Total other financing sources and uses	<u>1,625,263</u>	<u>(959,899)</u>	<u>1,343,620</u>	<u>2,008,984</u>
Net change in fund balances	7,244,376	179,123	(1,552,230)	5,871,269
Fund balances, beginning	<u>13,912,239</u>	<u>10,812,309</u>	<u>9,290,809</u>	<u>34,015,357</u>
<b>Fund balances, ending</b>	<u>\$ 21,156,615</u>	<u>10,991,432</u>	<u>7,738,579</u>	<u>39,886,626</u>

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

**CITY OF DELANO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the year ended JUNE 30, 2015**

Net changes in fund balances - total governmental funds	\$ 5,871,269
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	5,023,145
Depreciation expense on capital assets is reported in the government-wide statement and changes in net position, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure on the fund statements.	(9,669,233)
Repayment of long-term principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position.	1,196,958
Amortization expense on bond premium is reported in the government-wide statement and changes in net position but it does not require the use of current financial resources. Therefore, amortization expense is not reported as an expenditure on the fund statements.	2,006
Issuance of capital leases is a revenue in governmental funds, but increases long-term liabilities in the government-wide statements of net position	(881,536)
Compensated absences reported in the statement of activities that do not require the use of current financial resources are not reported on the fund statements, but are reported as an expense in the government-wide statements.	(101,265)
OPEB obligations reported in the statement of activities that do not require the use of current financial resources are not reported on the fund statements, but are reported as an expense in the government-wide statements.	(461,346)
Changes in net pension liability and related deferred outflows/inflows affect the current financial resources of governmental funds, but these changes effect long-term liabilities in the government-wide statement of net position.	293,950
Change in accrued interest payable is not reported in the governmental funds.	(13,210)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	3,434,880
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net expenditure of the internal service funds was reported with governmental activities.	<u>(269,879)</u>
Change in net position of governmental activities	<u>\$ 4,425,739</u>

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

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## **PROPRIETARY FUNDS**

**CITY OF DELANO  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015**

	Business-type Activities				Totals	Governmental Activities
	Water & Sewer Fund	Refuse Fund	MCCF Fund	Non-Major Enterprise Funds		Internal Service Funds
<b>ASSETS</b>						
Current Assets:						
Cash and investments	\$ 8,190,751	395,952	891,794	901,119	10,379,616	1,291,647
Receivables:						
Accounts	1,319,629	624,061	-	-	1,943,690	57,058
Intergovernmental	-	13,711	2,123,626	-	2,137,337	-
Other	63,964	927	-	62,856	127,747	-
Due from other funds	11,084	-	25,254	-	36,338	-
Inventories	109,810	-	-	2,543	112,353	49,068
Prepays and other assets	3,089	-	-	-	3,089	-
Deposits with insurance company	-	-	-	-	-	102,076
Total current assets	<u>9,698,327</u>	<u>1,034,651</u>	<u>3,040,674</u>	<u>966,518</u>	<u>14,740,170</u>	<u>1,499,849</u>
Noncurrent Assets:						
Capital assets:						
Non-depreciable	27,862,191	-	-	1,141,216	29,003,407	-
Depreciable, net of accumulated depreciation	<u>38,620,198</u>	<u>789,605</u>	<u>-</u>	<u>2,180,305</u>	<u>41,590,108</u>	<u>596,222</u>
Total noncurrent assets	<u>66,482,389</u>	<u>789,605</u>	<u>-</u>	<u>3,321,521</u>	<u>70,593,515</u>	<u>596,222</u>
<b>Total assets</b>	<u>76,180,716</u>	<u>1,824,256</u>	<u>3,040,674</u>	<u>4,288,039</u>	<u>85,333,685</u>	<u>2,096,071</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows - actuarial	<u>124,916</u>	<u>44,088</u>	<u>198,396</u>	<u>36,740</u>	<u>404,140</u>	<u>29,392</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	400,552	155,732	189,886	84,540	830,710	63,267
Other accrued expenses	117,744	40,507	222,141	42,771	423,163	30,659
Accrued interest payable	128,871	2,542	-	-	131,413	-
Due to other funds	-	-	1,574	547	2,121	410,705
Unearned revenue	-	77,480	-	5,280	82,760	-
Deposits payable	<u>86,366</u>	<u>29,467</u>	<u>-</u>	<u>10,000</u>	<u>125,833</u>	<u>-</u>
Total current liabilities	<u>733,533</u>	<u>305,728</u>	<u>413,601</u>	<u>143,138</u>	<u>1,596,000</u>	<u>504,631</u>
Noncurrent liabilities:						
Due within one year	(363,602)	42,333	77,572	21,484	(222,213)	22,770
Due in more than one year	<u>50,934,212</u>	<u>1,575,246</u>	<u>5,144,592</u>	<u>956,898</u>	<u>58,610,948</u>	<u>771,473</u>
Total noncurrent liabilities	<u>50,570,610</u>	<u>1,617,579</u>	<u>5,222,164</u>	<u>978,382</u>	<u>58,388,735</u>	<u>794,243</u>
<b>Total liabilities</b>	<u>51,304,143</u>	<u>1,923,307</u>	<u>5,635,765</u>	<u>1,121,520</u>	<u>59,984,735</u>	<u>1,298,874</u>
<b>NET POSITION</b>						
Net investment in capital assets	19,329,385	450,552	-	3,321,521	23,101,458	596,222
Unrestricted	<u>5,672,104</u>	<u>(505,515)</u>	<u>(2,396,695)</u>	<u>(118,262)</u>	<u>2,651,632</u>	<u>230,367</u>
<b>Total net position</b>	<u>\$ 25,001,489</u>	<u>(54,963)</u>	<u>(2,396,695)</u>	<u>3,203,259</u>	<u>25,753,090</u>	<u>826,589</u>

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

**CITY OF DELANO**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the year ended JUNE 30, 2015**

	Business-type Activities					Governmental
	Water & Sewer Fund	Refuse Fund	MCCF Fund	Non-Major Enterprise Funds	Totals	Internal Service Funds
Operating Revenues:						
Charges for services	\$ 13,662,320	2,803,595	12,142,692	460,495	29,069,102	4,510,722
Miscellaneous	3,689	2,248	334,120	22,870	362,927	395
Total operating revenue	<u>13,666,009</u>	<u>2,805,843</u>	<u>12,476,812</u>	<u>483,365</u>	<u>29,432,029</u>	<u>4,511,117</u>
Operating Expenses:						
Personnel	3,241,035	1,144,523	6,253,485	1,169,292	11,808,335	1,777,938
Maintenance and operations	4,414,449	1,332,032	3,260,158	816,951	9,823,590	1,829,837
Depreciation expense	2,772,209	181,654	-	403,593	3,357,456	82,657
Miscellaneous	12,585	-	-	169,829	182,414	64,744
Total operating expenses	<u>10,440,278</u>	<u>2,658,209</u>	<u>9,513,643</u>	<u>2,559,665</u>	<u>25,171,795</u>	<u>3,755,176</u>
Operating income (loss)	<u>3,225,731</u>	<u>147,634</u>	<u>2,963,169</u>	<u>(2,076,300)</u>	<u>4,260,234</u>	<u>755,941</u>
Nonoperating revenues (expenses):						
Intergovernmental	-	-	-	2,696,571	2,696,571	-
Investment earnings	45,976	2,618	-	2,305	50,899	7,228
Interest expense	(346,191)	(18,664)	-	(4,767)	(369,622)	-
Gain (loss) on sale of property	13,780	-	-	-	13,780	-
Total nonoperating revenues (expenses)	<u>(286,435)</u>	<u>(16,046)</u>	<u>-</u>	<u>2,694,109</u>	<u>2,391,628</u>	<u>7,228</u>
Transfers in	2,233,204	-	-	-	2,233,204	-
Transfers out	-	-	(10,535)	(3,664)	(14,199)	(1,033,048)
Total transfers	<u>2,233,204</u>	<u>-</u>	<u>(10,535)</u>	<u>(3,664)</u>	<u>2,219,005</u>	<u>(1,033,048)</u>
Change in net position	5,172,500	131,588	2,952,634	614,145	8,870,867	(269,879)
Net position, beginning, as restated	<u>19,828,989</u>	<u>(186,551)</u>	<u>(5,349,329)</u>	<u>2,589,114</u>	<u>16,882,223</u>	<u>1,096,468</u>
Net position, ending	<u>\$ 25,001,489</u>	<u>(54,963)</u>	<u>(2,396,695)</u>	<u>3,203,259</u>	<u>25,753,090</u>	<u>826,589</u>

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

**CITY OF DELANO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the year ended JUNE 30, 2015

	Business-type Activities - Enterprise Funds					Governmental
	Water & Sewer Fund	Refuse Fund	MCCF Fund	Non-Major Proprietary Funds	Total Proprietary Funds	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 13,517,906	2,859,283	12,343,814	422,391	29,143,394	4,457,159
Receipts from other governments	-	-	-	2,696,571	2,696,571	-
Payments to employees for salaries and benefits	(3,179,376)	(1,126,242)	(6,064,890)	(1,142,509)	(11,513,017)	(1,761,145)
Payments to suppliers and service providers	(4,498,050)	(1,330,250)	(3,295,068)	(912,962)	(10,036,330)	(1,861,092)
Net cash provided by (used for) operating activities	<u>5,840,480</u>	<u>402,791</u>	<u>2,983,856</u>	<u>1,063,491</u>	<u>10,290,618</u>	<u>834,922</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Cash received from other funds	2,232,881	-	-	16	2,232,897	518
Cash paid to other funds	(2,887,146)	-	(2,092,062)	(257,911)	(5,237,119)	(674,554)
Net cash provided by (used for) noncapital and related financing activities	<u>(654,265)</u>	<u>-</u>	<u>(2,092,062)</u>	<u>(257,895)</u>	<u>(3,004,222)</u>	<u>(674,036)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	(4,511,671)	-	-	-	(4,511,671)	-
Principal paid on capital-related debt	(1,919,581)	(75,684)	-	-	(1,995,265)	-
Proceeds from capital-related debt	4,876,054	-	-	-	4,876,054	-
Interest paid on capital-related debt	(353,974)	(16,122)	-	(4,767)	(374,863)	-
Proceeds from sale of assets	13,780	-	-	-	13,780	-
Net cash provided by (used for) capital and related financing activities	<u>(1,895,392)</u>	<u>(91,806)</u>	<u>-</u>	<u>(4,767)</u>	<u>(1,991,965)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	45,976	2,618	-	2,305	50,899	7,253
Net cash provided by investing activities	<u>45,976</u>	<u>2,618</u>	<u>-</u>	<u>2,305</u>	<u>50,899</u>	<u>7,253</u>
Net increase (decrease) in cash	3,336,799	313,603	891,794	803,134	5,345,330	168,139
Cash, beginning of year	4,853,952	82,349	-	97,985	5,034,286	1,123,508
Cash, end of year	<u>\$ 8,190,751</u>	<u>395,952</u>	<u>891,794</u>	<u>901,119</u>	<u>10,379,616</u>	<u>1,291,647</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 3,225,731	147,634	2,963,169	(2,076,300)	4,260,234	755,941
Depreciation	2,772,209	181,654	-	403,593	3,357,456	82,657
Nonoperating intergovernmental revenue	-	-	-	2,696,571	2,696,571	-
Adjustments:						
Change in receivables	(126,310)	20,301	(132,998)	(60,974)	(299,981)	(53,958)
Change in inventory	6,417	-	-	-	6,417	(11,834)
Change in prepaid expenses	(1,805)	-	-	2,671	866	600
Change in deferred outflows - pension	(124,916)	(44,088)	(198,396)	(36,740)	(404,140)	(29,392)
Change in accounts payable	(75,628)	1,782	(34,910)	71,147	(37,609)	44,723
Change in other accrued expenses	(194,893)	(66,419)	46,901	(21,877)	(236,288)	4,232
Change in unearned revenues	-	13,711	-	-	13,711	-
Change in compensated absences	207,206	67,283	63,320	34,146	371,955	950
Change in net pension liability	174,262	61,505	276,770	51,254	563,791	41,003
Change in deposits payable	(21,793)	19,428	-	-	(2,365)	-
Net cash provided by (used in) operating activities	<u>\$ 5,840,480</u>	<u>402,791</u>	<u>2,983,856</u>	<u>1,063,491</u>	<u>10,290,618</u>	<u>834,922</u>
<b>NONCASH CAPITAL, FINANCING AND INVESTING ACTIVITIES</b>						
Acquisition of machinery and equipment provided by issuance of debt	\$ 145,930	237,615	-	-	383,545	-

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

## **FIDUCIARY FUNDS**

**CITY OF DELANO  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015**

	Pension Trust	Private Purpose Trust Fund CRA Successor Agency	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,534,264	1,522,514	379,316
Investments, at fair value:			
Domestic stocks	14,422,370	-	-
International stocks	3,820,679	-	-
Guaranteed investment contract	4,382,430	-	-
Mutual funds	1,271,606	-	-
Annuities	1,349,506	-	-
Total investments	<u>25,246,591</u>	<u>-</u>	<u>-</u>
Cash with fiscal agent	-	357,535	17,392
Contributions receivable and other receivables	-	1,100	1,434
Prepaid assets and others	151,843	-	-
Notes receivable, net	-	251,552	-
Land held for resale	-	5,460,387	-
Capital assets:			
Depreciable, net of accumulated depreciation	-	29,999	-
<b>Total assets</b>	<u>26,932,698</u>	<u>7,623,087</u>	<u>398,142</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	442,137	-
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>442,137</u>	<u>-</u>
<b>LIABILITIES</b>			
Accounts payable	-	52,085	5,803
Other accrued expenses	-	6,794	-
Accrued interest payable	-	178,114	-
Due to other funds	85,650	-	-
Advances from other funds	-	320,860	-
CRA pass thru liability	-	-	277,743
Other liabilities	1,388	-	114,596
Noncurrent liabilities:			
Due within one year	759	664,141	-
Due in more than one year	1,858	13,156,492	-
<b>Total liabilities</b>	<u>89,655</u>	<u>14,378,486</u>	<u>398,142</u>
<b>NET POSITION (DEFICIT)</b>			
Held in trust for pension benefits and other purposes	<u>\$ 26,843,043</u>	<u>(6,313,262)</u>	

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

**CITY OF DELANO**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
For the year ended JUNE 30, 2015

	Pension Trust	Private Purpose Trust Fund CRA Successor Agency
<b>ADDITIONS:</b>		
Contributions:		
Property Taxes	\$ -	3,572,774
Employer	2,131,025	-
Participants	628,574	-
Total contributions	2,759,599	3,572,774
Miscellaneous	57	11,113
Investment earnings:		
Net increase in the fair value of investments	659,829	-
Interest and dividends	212,955	42,916
Total investment earnings	872,784	42,916
Less investment expense	-	-
Net investment earnings	872,784	42,916
Total additions	3,632,440	3,626,803
<b>DEDUCTIONS:</b>		
Depreciation expense	-	4,285
Benefits paid to participants, including refunds	1,894,612	-
General and administrative expenses	105,743	389,615
Interest expense	-	879,155
Transfers out	-	2,110,139
Total deductions	2,000,355	3,383,194
Change in net position	1,632,085	243,609
Net position (deficit), beginning	25,210,958	(6,556,871)
Net position (deficit), ending	\$ 26,843,043	(6,313,262)

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

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**NOTES TO THE FINANCIAL STATEMENTS**

# CITY OF DELANO

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

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

#### **A. Description of governmental-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

#### **B. Reporting entity**

The City of Delano (the City) is a municipal corporation governed by an elected mayor and five-member governing council (council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

**Blended Component Units.** The following component units are included in the accompanying financial statements using the blended method since the governing bodies are substantially the same as the governing body of the City. These component units provide services entirely to the City.

*Delano Financing Authority Agency* - The Delano Financing Authority Agency was established pursuant to the State of California Non-Profit Benefit Public Law. The Delano Financing Authority Agency's purpose is to issue certificates of participation to provide funding for the construction of a community correctional facility and tax allocation bonds for the former Delano Redevelopment Agency. Separate financial statements are not issued.

*Delano Housing Authority* (Housing Authority) - The Housing Authority was established in 2011 by the City and the primary purpose is to provide safe and sanitary housing accommodations for persons with low or moderate income. City Council members serve as the Housing Authority's commissioners and have full accountability for fiscal matters. Separate financial statements are not issued.

# CITY OF DELANO

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

### **(1) Summary of significant accounting policies, (continued)**

**Fiduciary Component Unit** - Successor Agency to the Redevelopment Agency of the City of Delano (Successor Agency) is a separate legal entity, which was formed to hold the assets and liabilities of the former Redevelopment Agency pursuant to City Council actions taken on January 17, 2012 and January 30, 2012. The activity of the Successor Agency is overseen by an Oversight Board comprised of individuals appointed by various government agencies and the City of Delano as Successor Agency of the former Redevelopment Agency. The nature and significance of the relationship between the City and the Successor Agency is such that it would be misleading to exclude the Successor Agency from the City's financial statements. The Successor Agency is presented herein in the City's fiduciary funds as a private-purpose trust fund.

For more information about the Successor Agency to the Redevelopment Agency of the City of Delano, contact the City's Finance Department, 1015 Eleventh Avenue, Delano, CA 93216 or online at [www.cityofdelano.org](http://www.cityofdelano.org).

### **C. Basis of presentation – government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

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

# CITY OF DELANO

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

### **(1) Summary of significant accounting policies, (continued)**

#### **D. Basis of presentation – fund financial statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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 general government, except those required to be accounted for in another fund.

*The Developer Impact Fees Special Revenue Fund* accounts for fees collected from individuals and developers building in the City, as required by AB 1600. Fees collected include streets, fire, police, traffic control, and street lights impact fees.

The City reports the following major proprietary funds:

*The Water and Sewer/Wastewater Treatment Fund* accounts for the operation of the sewage treatment plant, sewage pumping stations and collection systems, and the water pumping and distribution systems.

*The Solid Waste/Refuse Fund* accounts for the collection of residential, commercial, prison waste, greenwaste, and recycling within the city.

*The Modified Community Correctional Facility (MCCF) Fund* accounts for the care, treatment, and housing of up to 578 convicted felons, as specified in the California Code of Regulations, Title 15.

Additionally, the City reports the following fund types:

*Internal Service Funds* account for the City's information system, liability insurance and workers compensation, and fleet management services (garage) provided to other departments and agencies of the City on a cost reimbursement basis.

*The Pension Trust Fund* accounts for the activities of the City of Delano Employees' Retirement Plan, which accumulates resources for pension benefit payments to qualified City employees.

# CITY OF DELANO

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

### **(1) Summary of significant accounting policies, (continued)**

*The Private Purpose Trust Fund* accounts for the assets received from the City's former redevelopment agency in order to liquidate its enforceable obligations, pursuant to Assembly Bill X1 26 which dissolved redevelopment agencies in California.

*Agency Funds* are used to account for assets of others for which the City acts as an agent.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent those standards do not conflict with, or contradict, guidance of the Governmental Accounting Standards Board.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the internal service funds are charges to customers for sales and services. The water and sewer enterprise funds also recognize as operating revenue the portion of the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between

# CITY OF DELANO

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

### **(1) Summary of significant accounting policies, (continued)**

the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

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

#### **E. Measure focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the government.

# CITY OF DELANO

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

### **(1) Summary of significant accounting policies, (continued)**

The proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

#### **F. Assets, liabilities, and net position/fund balance**

##### Cash and cash equivalents

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

##### Cash and investments

Cash includes demand deposits. The California Government Code and the City of Delano's investment policy permit the City of Delano to invest in various instruments and pools. Investments are reported in the accompanying balance sheet at fair value, except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, any gains or losses realized upon the liquidation or sale of investments and rental income.

The City pools cash and investments of all funds, except for assets held by fiscal agents and the Pension Trust. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

##### Cash with fiscal agents

Certain proceeds of debt are classified as cash with fiscal agents in the balance sheet because they are maintained in separate reserve bank accounts as required by the bond covenants.

##### Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (that is, the current portion of the inter-fund loans), or "advances to and from other funds" (that is, the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

# CITY OF DELANO

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

### **(1) Summary of significant accounting policies, (continued)**

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

All trade receivables are shown as net of the allowance for uncollectible amounts. Property tax receivables are equivalent to the total levy, as the County of Kern, in which the City is located, makes the City whole for any tax delinquency. The delinquency rate for utility accounts receivable such as water, sewer and refuse is minimal. Property taxes are levied as of January 1 of each year. The tax levy is billed twice by the County, on November 1 and February 1 of each year, and is delinquent on December 10 at 5 pm and April 10 at 5 pm.

#### Interfund transactions

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentations.

#### Inventories and prepaid items

Inventories are valued at cost using the average cost method. Inventories of governmental funds are first charged to expenditures then the value of the inventory is offset against the expenditure at the end of the fiscal year.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

#### Capital assets

Capital assets, which include property, plant, equipment, improvements, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, include assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of 3 years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

CITY OF DELANO

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

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

The cost of normal maintenance and repairs that do not add value to the asset or materially extend lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, equipment, improvements, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Lives</u>
Buildings	25-29 years
Improvements	5-30 years
Infrastructure	25-29 years
Machinery & equipment	5-30 years

Land held for resale

Land held for resale is stated at the lower of historical cost or net realizable value, if estimable.

Deferred outflows/inflows of resources

When applicable, the statement of net position and balance sheet will report a separate section for deferred outflows of resources. *Deferred outflows of resources* represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, are not recognized as an expense or expenditure until that time. The government has four items that qualify for reporting in this category. Deferred outflows – pension contribution, deferred outflows - actuarial and deferred outflows – additional deferral relate to the net pension liability. Deferred charge on refunding is the difference between the reacquisition price and net carrying amount of refunded debt and is deferred and amortized over a period time.

When applicable, the statement of net position and the balance sheet will report a separate section for deferred inflows of resources. *Deferred inflows of resources* represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. One of these items arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue related to items received outside the City’s availability period of 60 days. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second and third items, deferred inflows – actuarial relates to the net pension liability.

## CITY OF DELANO

### NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

#### **(1) Summary of significant accounting policies, (continued)**

##### Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees earn 12 days of sick leave per year and can carry forward a maximum of 150 days of earned but unused days in total. Upon separation of employment, employees can be reimbursed for at least 50% of normal pay rate for days greater than 90 days balance. Employees earn 10 to 22 vacations days per year and can carry forward a maximum of 192 to 384 hours, depending on the level of employment. Upon separation of employment, the City is obligated to compensate all employees for all earned but unused vacation time. All vacation pay is accrued when incurred in the government wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured as a result of separation of employment.

##### Long-term obligations

In the government-wide financial statements, and also the proprietary and fiduciary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary and fiduciary fund type statements of net position. Bond premium and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expense when incurred.

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

##### Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

# CITY OF DELANO

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

### **(1) Summary of significant accounting policies, (continued)**

#### Fund balance flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### Fund balance polices

Fund balances are reported in the fund statements in the following classifications:

*Nonspendable fund balance* – this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

*Restricted fund balance* – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the Council action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

*Committed fund balance* – this includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

*Assigned fund balance* – this includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

*Unassigned fund balance* – this includes all amounts not included in other spendable classifications.

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

*Net investment in capital assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

# CITY OF DELANO

## NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

### **(1) Summary of significant accounting policies, (continued)**

*Restricted net position* – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* – This resulting category presents the remaining City net position and this measure of equity is unrestricted, legally or otherwise.

The City Council is the highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, through adoption of a resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal reporting period, however the amount can be determined subsequently.

Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Pursuant to the City's fund balance policy established by the City Council by resolution, it has delegated the authority to assign amounts to be used for specific purposes to the City Manager or Finance Director for the purpose of reporting these amounts on the annual financial statements.

The City will strive to maintain a reserve balance in the General Fund of 25% of budgeted appropriations. Balances in excess of 25% of budgeted appropriations will be transferred to Capital Outlay Project Reserves. If fund balance falls below policy level, the City Manager and Finance Director will adopt a plan to replenish the reserve fund balance to its minimum level over a period not to exceed three years.

#### Cash Flow Statements

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, demand deposits, short-term investments and certain cash and investments with fiscal agents. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash, and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less from the date of acquisition meet this definition.

#### Use of 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 affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount or revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF DELANO**

**NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2015

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

Deficit Fund Equity

The City has accumulated fund deficits in the following individual funds:

Governmental activities:

Nonmajor governmental funds:

Economic development block grant	\$	(215,175)
Senior citizens nutrition fund		(343)
Asset seizure fund		(9,951)
Special revenue grant fund		(285,959)
Capital project fund		(184,035)

Internal service funds:

Insurance fund		(307,150)
Central garage fund		(51,702)

Business-type activities:

MCCF Fund		(2,396,695)
Refuse Fund		(54,963)

Fiduciary-type activities:

Private purpose trust fund - CRA		
Successor Agency		(6,313,262)

The Nonmajor governmental fund deficits are expected to be reduced by future project and grant funding. For internal service funds, the City expects to transfer additional funds from the General Fund as needed. The Successor Agency deficit will be reduced by future RPTTF payments received from the State of California as the Agency is unwound. The MCCF fund deficit is attributed to the GASB 68 implementation, however, the City expects to reduce the deficit by future profitable operations and implementing a strategy to reduce the unfunded pension liability.

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

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

Excess of Expenditures over Appropriations in Individual Funds

The City incurred excess of expenditures over appropriations in the following individual funds:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Governmental activities:			
General Fund	\$ 18,888,005	20,329,729	(1,441,724)
Nonmajor governmental funds:			
SLESF Fund	-	81	(81)
Economic Development Block Grant Fund	96,714	96,867	(153)
Inmate Welfare Fund	-	178,653	(178,653)
Asset Seizure Fund	4,500	5,583	(1,083)
CCF Equipment Fund	-	179	(179)
RTC / COP Construction Fund	-	119	(119)
First Time Homebuyers Program Fund	-	190,535	(190,535)
Delano Financing Authority Fund	-	17	(17)
Capital Projects 2010A Fund	-	7,491	(7,491)

Classification of Fund Balances

A detail of the classification of fund balances is as follows:

	<u>General Fund</u>	<u>Developer Impact Fees Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Prepaid items	\$ 119,048	-	-	119,048
Notes/loans receivable	45,000	-	-	45,000
Inventory	27,754	-	-	27,754
Restricted for:				
Community and economic development	-	10,991,432	3,850,958	14,842,390
Public works	-	-	544,173	544,173
Capital projects	-	-	2,425,497	2,425,497
Debt service	-	-	1,613,414	1,613,414
Assigned for:				
Senior discount	300,000	-	-	300,000
Capital projects and community center	7,048,564	-	-	7,048,564
Reconstruction of senior center	1,255,403	-	-	1,255,403
Unassigned	12,360,846	-	(695,463)	11,665,383
Total fund balances	<u>\$ 21,156,615</u>	<u>10,991,432</u>	<u>7,738,579</u>	<u>39,886,626</u>

**CITY OF DELANO**

**NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2015

**(3) Cash deposits with financial institutions**

The City's cash and investments consist of the following as of June 30, 2015:

Deposits	\$ 8,130,419
Cash on hand	3,511
Investments	<u>68,139,779</u>
Cash and investments	76,273,709
Cash and Investments with Fiscal Agents	<u>2,521,182</u>
Total	<u>\$ 78,794,891</u>

The City's deposits and investments are reflected in the accompanying basic financial statements as of June 30, 2015:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Fiduciary Activities</u>	<u>Total</u>
Cash and investments	\$ 37,211,408	10,379,616	28,682,685	76,273,709
Cash and investments with fiscal agent	<u>2,146,255</u>	<u>-</u>	<u>374,927</u>	<u>2,521,182</u>
Total	<u>\$ 39,357,663</u>	<u>10,379,616</u>	<u>29,057,612</u>	<u>78,794,891</u>

**(4) Investments**

The City's cash and investments by investment manager are as follows:

City Treasurer	\$ 49,492,854
Fiscal Agents (Bond trustees for the City and its component units)	2,521,182
Pension fund investment committee	<u>26,780,855</u>
Total	<u>\$ 78,794,891</u>

**CITY OF DELANO**

**NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2015

**(4) Investments, (continued)**

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

<u>Investment Types Authorized by Section 53601</u>	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity (years)</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Minimum Ratings</u>
Demand Deposits/Passbook	Yes	N/A	None	None	N/A
Mutual Funds	Yes	N/A	None	None	None
State Investment Pools	Yes	N/A	None	None	None
Certificates of Deposits (CD's)	Yes	3	30%	None	None
U.S. Treasury and Agencies	Yes	None	None	None	None
Bankers Acceptances	Yes	0.5	40%	20%	None
Commercial Paper	Yes	0.75	25%	10%	AAA
Medium Term Corporate Notes	Yes	5	30%	None	A
Repurchase Agreements	Yes	0.25	10%	None	None

**Investment in the Local Agency Investment Fund (LAIF)**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code 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.

**Investment in the Investment Trust of California (CalTRUST)**

CalTRUST is a Joint Powers Agency Authority created by local public agencies to provide a convenient method for local public agencies to pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. CalTRUST maintains and administers four pooled accounts within the program: Money Market, Short-Term, Medium-Term and Long-Term. The Money Market account permits daily transactions, with same-day liquidity (provided redemption requests are received by 1:00 p.m. Pacific time), with no limit on the amount of funds that may be invested. The Short-Term account permits an unlimited number of transactions per month (with prior day notice), with no limit on the amount of funds that may be invested. The Medium- and Long-

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(4) Investments, (continued)**

Term accounts permit investments, withdrawals and transfers once per month, with five days advance notice. All CalTRUST accounts comply with the limits and restrictions placed on local agency investments by the California Government Code. CalTRUST imposes a \$250,000 minimum investment; however, there is no maximum limit. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the C's percentage interest of the fair value provided by CalTRUST for the CalTRUST accounts (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CalTRUST.

Investments with fiscal agents are investments held by the bond trustee on behalf of the City or its component units. The City and its investment advisor select the investment under the terms of the applicable trust agreement, direct the bond trustee to acquire the investment, and the bond trustee holds the investment on behalf of the City and/or its component units. Proceeds of bonds administered by bond trustees are also generally covered under the City Treasurer's investment policy; however, specific provisions of each issuance are usually used in managing such investments. Such differences relate to investment of required reserves to be maintained in guaranteed investment contracts that extend over five years.

Interest rate risk

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

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

	<u>Investment Maturities (in Years)</u>			<u>Total</u>
	<u>Less than 1</u>	<u>1-5</u>	<u>More than 5</u>	
U.S. agency securities	\$ -	17,950,880	-	17,950,880
Certificates of deposit - negotiable	-	999,098	-	999,098
Local agency investment fund	13,434,836	-	-	13,434,836
CalTRUST joint investment fund	8,004,551	-	-	8,004,551
Investments with fiscal agent:				
Money market funds	357,578	-	-	357,578
Guaranteed investment contract	2,146,245	-	-	2,146,245
Total city investments	<u>\$ 23,943,210</u>	<u>18,949,978</u>	<u>-</u>	<u>42,893,188</u>

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(4) Investments, (continued)**

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.

The City's investment policy generally complies with the State Government Code with respect to allowable investment instruments as a means of managing its risk of loss related to credit risk and concentration of credit risk. The City's investments subject to credit risk are as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Ratings as of Year End</u>	
			<u>AAA</u>	<u>Not Rated</u>
U.S. agency securities	\$ 17,950,880	None	17,950,880	-
Certificates of deposit - negotiable	999,098	None	-	999,098
Local agency investment fund	13,434,836	None	-	13,434,836
CalTrust joint investment fund	8,004,551	None	-	8,004,551
Investments with fiscal agent:				
Money market funds	357,578	Multiple*	357,578	-
Guaranteed investment contract	<u>2,146,245</u>	None	<u>-</u>	<u>2,146,245</u>
<b>Total city investments</b>	<b><u>\$ 42,893,188</u></b>		<b><u>18,308,458</u></b>	<b><u>24,584,730</u></b>

\* - Must receive highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500 million.

**Deposits 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 City's deposit policy requires deposits to be covered by federal deposit insurance and collateral having a market value of 110% of the uninsured deposit. As of June 30, 2015, the City's bank balance was covered by federal depository insurance or secured by collateral held by the City's agent in the City or agent's name.

**Investments custodial credit risk**

The custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To minimize custodial credit risk with respect to investments with fiscal agents, the City and its component units require that they meet certain credit ratings from either Standard & Poor's or Moody's Investors Service.

CITY OF DELANO

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(4) Investments, (continued)**

Concentration of credit risk

The City is required, to provide information about the concentration of credit risk associated with their investments in any one issuer that represent 5% or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

During the year there were 4 investments representing more than 5% of the City’s total investments as follows:

<u>Issuer</u>	<u>Type of Investment</u>	<u>Amount</u>
Federal Home Loan Banks	U.S. agency securities	\$ 6,988,180
U.S. Bank Corporate Trust Services		
GIC - Bayerische Landesbank	Guaranteed investment contract	2,146,245
Federal Farm Banks	U.S. agency securities	3,986,590
Freddie Mac	U.S. agency securities	4,985,240

Pension trust

The City of Delano reports the City of Delano Employee Pension Plan, the Pension Trust, as a Fiduciary Fund in the Fund Financial Statements. Deposits and investments of the Pension Trust are governed by the Pension Committee of the City of Delano Employee Pension Plan.

The City of Delano Pension Plan’s (the Plan) cash and investments consist of the following as of June 30, 2015:

Cash and cash equivalents	\$ 1,534,264
Investments	<u>25,246,591</u>
Total cash and investments	<u>\$ 26,780,855</u>

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The Plan’s deposit policy requires deposits to be covered by federal depository insurance and collateral having a market value of 110% of the uninsured deposit. As of June 30, 2015, the Plan’s bank balance was covered by federal depository insurance or collateral held by the Plan’s agent in the Plan or agent’s name.

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(4) Investments, (continued)**

Investments

As of June 30, 2015, the Plan had the following investments:

Domestic stocks	\$ 14,422,370
International stocks	3,820,679
Guaranteed investment contract	4,382,430
Mutual funds	1,271,606
Annuities	1,349,506
Total investments	\$ 25,246,591

Authorized investments

The investments listed above are managed by the trustee under the direction of the City of Delano Pension Committee. The Plan has not adopted a formal investment policy. The Plan's investments are held by various agents consisting of insurance companies, financial institutions, and brokerage firms. The investments may be held in direct form, pooled form, or both.

Custodial credit risk

For an investment held in the form of securities, custodial credit risk is the risk that, in the event of a failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Plan's investments, \$18,819,001 is subject to custodial credit risk. These securities are held by the Plan's agents or brokers and they are not held in the Plan's name.

Credit risk and interest rate risk

As of June 30, 2015, the Plan's investments subject to credit risk and interest rate risk consist of the following:

Investment Type	Ratings as of Year End	
	Not Rated	Total
Domestic stocks	\$ 14,422,370	14,422,370
International stocks	3,820,679	3,820,679
Guaranteed investment contract	4,382,430	4,382,430
Mutual funds	1,271,606	1,271,606
Annuities	1,349,506	1,349,506
Total investments	\$ 25,246,591	25,246,591

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(4) Investments, (continued)**

<u>Investment Types</u>	<u>Amount</u>	<u>Less than 1 Year</u>	<u>1 to 5 Years</u>	<u>More than 5 Years</u>
Domestic stocks	\$ 14,422,370	14,422,370	-	-
International stocks	3,820,679	3,820,679	-	-
Guaranteed investment contract	4,382,430	641,308	3,741,122	-
Mutual funds	1,271,606	1,271,606	-	-
Annuities	1,349,506	-	-	1,349,506
	<u>\$ 25,246,591</u>	<u>20,155,963</u>	<u>3,741,122</u>	<u>1,349,506</u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk can be measured by obtaining ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's or, Moody's Investors service. 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 will be the sensitivity of its fair value to changes in market interest rates.

**Concentration of Credit Risk**

The Plan is required to provide information about the concentration of credit risk associated with their investments in any one issuer that represent 5% or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

The Plan places no limit on the amount the Plan may invest in any one issuer. The following investment represents more than 5% of the Plan's total investments as of June 30, 2015:

<u>Issuer</u>	<u>Type of Investment</u>	<u>Amount</u>
Great West Life and Annuity Insurance Company	Guaranteed investment contract	\$4,382,430

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(5) Receivables**

Receivables net of applicable allowances for uncollectible accounts as of June 30, 2015 are as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Intergovernmental</u>	<u>Other</u>	<u>Total</u>
Governmental funds:					
General Fund	\$ 1,824,013	325,185	-	29,537	2,178,735
Developer Impact Fees Fund	-	8,462	-	-	8,462
Other Governmental Funds	<u>2,053</u>	<u>1,054,528</u>	<u>2,904,657</u>	<u>21,000</u>	<u>3,982,238</u>
Total governmental funds	<u>1,826,066</u>	<u>1,388,175</u>	<u>2,904,657</u>	<u>50,537</u>	<u>6,169,435</u>
Business-type Activities:					
Water & Sewer Fund	-	1,319,629	-	63,964	1,383,593
Refuse Fund	-	624,061	13,711	927	638,699
MCCF Fund	-	-	2,123,626	-	2,123,626
Non-Major Enterprise Funds	-	-	-	<u>62,856</u>	<u>62,856</u>
Total business-type activities	<u>-</u>	<u>1,943,690</u>	<u>2,137,337</u>	<u>127,747</u>	<u>4,208,774</u>
Governmental Activities:					
Internal Service Fund	-	57,058	-	-	57,058
Fiduciary Funds	-	<u>1,190</u>	-	-	<u>1,190</u>
Total	<u>\$ 1,826,066</u>	<u>3,390,113</u>	<u>5,041,994</u>	<u>178,284</u>	<u>10,436,457</u>

**CITY OF DELANO**

**NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2015

**(6) Notes/Loans receivable**

Notes and loans receivable consist of the following at June 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Allowance for Uncollectible</u>	<u>Net</u>
Notes Receivable:						
General fund:						
Monterey Golf Management	\$ 60,000	-	15,000	45,000	-	45,000
Other governmental funds:						
Jasmine Heights L.P.	630,000	900,000	630,000	900,000	-	900,000
Casitas-80 L.P.	218,000	-	-	218,000	-	218,000
	<u>908,000</u>	<u>900,000</u>	<u>645,000</u>	<u>1,163,000</u>	<u>-</u>	<u>1,163,000</u>
Loans Receivable:						
Other governmental funds:						
CDBG Fund	2,050,698	-	38,300	2,012,398	2,012,398	-
First Time Homebuyers						
Housing Fund	3,896,713	171,194	111,203	3,956,704	3,956,704	-
Other Miscellaneous Fund	1,320,186	98,000	38,525	1,379,661	1,379,661	-
	<u>7,267,597</u>	<u>269,194</u>	<u>188,028</u>	<u>7,348,763</u>	<u>7,348,763</u>	<u>-</u>
Advance:						
Other governmental funds:						
Delano Housing Authority	320,860	-	-	320,860	-	320,860
Total Notes/Loans Receivable	<u>\$ 8,496,457</u>	<u>1,169,194</u>	<u>833,028</u>	<u>8,832,623</u>	<u>7,348,763</u>	<u>1,483,860</u>
Note Receivable						
Fiduciary Fund:						
CRA Successor Agency						
Automobile dealership	<u>\$ 317,174</u>	<u>-</u>	<u>65,622</u>	<u>251,552</u>	<u>-</u>	<u>251,552</u>

The borrowing between the CRA Successor Agency and the Delano Housing Authority Fund (a nonmajor fund of the City of Delano) is presented as an advance in the fund financial statements and as a note receivable in the government wide financial Statements.

## CITY OF DELANO

### NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

#### **(6) Notes/Loans receivable, (continued)**

##### Notes Receivable

##### General Fund – Monterey Golf Management Group, LLC

On September 9, 2013 the City amended its lease agreement with Monterey Golf Management Group, LLC (“Monterey Golf Management”). This lease amendment created a note receivable in the amount of \$75,000 from Monterey Golf Management. The note is due in full on or before June 17, 2018. Portions of the note payments will be waived in the following amounts on the following dates: \$15,000 on June 17, 2014; \$15,000 on June 17, 2015; \$15,000 on June 17, 2016; \$15,000 on June 17, 2017; and \$15,000 on June 17, 2018. If the City terminates the agreement for justifiable causes prior to any of the waiver periods, Monterey Golf Management Group shall repay the remaining balance outstanding based upon the termination date. The outstanding balance of the loan as of June 30, 2015 was \$45,000.

##### Other Governmental funds - Jasmine Heights Limited Partnership

A note receivable in the amount of \$900,000 represents advances to the limited partnership under an agreement dated November 1, 2014 between the limited partnership and the City. Under the agreement, the note, which matures on June 30, 2072, will bear an annual rate of interest of 4%, will be secured by a subordinated deed of trust on low and moderate residential rental property, and will be repaid solely from the residual receipts of such property. However the full amount of the loan is due in full at its maturity date or an event occurs requiring the acceleration of payment.

##### Other Governmental funds - Casitas-80 Limited Partnership

A note receivable in the amount of \$218,000 represents advances to Casitas-80 L.P., for a senior citizen residential housing project. The note was dated May 27, 1998 and will mature on May 27, 2028, will bear zero interest, will be secured by a second deed of trust on the site of the project, and will be repaid solely from the residual receipts of the project.

##### CRA Successor Agency - Automobile dealership

The agency had a loan receivable from a local automobile dealership in the amount of \$800,000, which was payable monthly beginning June 1, 2004 with interest at 5% per annum, and was expected to mature ten-years after the date of the note. On April 20, 2009, the Agency executed another agreement with the dealership which consolidated the old debt with new debt. As a result of the new agreement; the Agency was required to pay the automobile dealership \$200,000 for the purpose of obtaining working capital to retain the dealership in the City. In addition, the Agency was obligated to loan the automobile dealership up to \$656,223, which includes the existing loan balance already provided. The terms of the loan require the entire balance to be repaid no later than 10 years from the date of final disbursement of new funds to the automobile dealership together with interest at the rate of 5% per year. Principal payments commenced on May 1, 2010 in 120 monthly installments of \$5,468. The loan is subject to the condition that if the automobile dealership generates sales tax in excess of \$192,000 in a 12 month period, the principal will be reduced dollar-for-dollar for the excess amount and for the year ended June 30, 2015, the principal has been reduced \$65,623. In addition all interest due in any one year will not be required to be paid if the borrower exceeds the required \$192,000. The outstanding balance of the loan as of June 30, 2015 was \$251,551.

## CITY OF DELANO

### NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

#### **(6) Notes/Loans receivable, (continued)**

##### Loans receivable

##### Other governmental funds - Community Development Block Grant

Loans receivable in the amount of \$2,012,398 represents various housing rehabilitation program loans. Under most agreements, loans are free of interest and principal payments are deferred for 30 years from the date of each agreement so long as the borrower, or an approved member of the borrower's immediate family maintains continuous residence on the property. Deferred payment of principal shall become immediately due and payable at such time as either (1) the borrower, or upon the death of the borrower, an approved family member who would then be considered the borrower, ceases to maintain continuous residence on the property or (2) title to the property is transferred. Loans are secured by lien over property and legally binding documentation approved by the City requiring borrowers to maintain the property in a good state of repair, to insure the property, and to pay all taxes levied on the property. An allowance for uncollectible accounts has been provided for the full amount as the City does not expect to collect such loans.

##### Other governmental funds - First Time Homebuyer's Housing

Loans receivable in the amount of \$3,956,704 represents various home buyer assistance program loans. Under most agreements, loans are free of interest and principal payments are deferred for 30 years from the date of each agreement so long as the borrower, or an approved member of the borrower's immediate family maintains continuous residence on the property. Deferred payment of principal shall become immediately due and payable at such time as either (1) the borrower, or upon the death of the borrower, an approved family member who would then be considered the borrower, ceases to maintain continuous residence on the property or (2) title to the property is transferred. Loans are secured by lien over property and legally binding documentation approved by the City requiring borrowers to maintain the property in a good state of repair, to insure the property, and to pay all taxes levied on the property. An allowance for uncollectible accounts has been provided for the full amount as the City does not expect to collect such loans.

##### Other governmental funds – Other Miscellaneous

Loans receivable in the amount of \$1,379,661 represents various home buyer assistance and rehabilitation loans under the CALHOME program. Under most agreements, loans are free of interest and principal payments are deferred for 30 years from the date of each agreement so long as the borrower or an approved member of the borrower's immediate family maintains continuous residence on the property. Deferred payment of principal shall become immediately due and payable at such time as either (1) the borrower, or upon the death of the borrower, an approved family member who would then be considered the borrower, ceases to maintain continuous residence on the property or (2) title to the property is transferred. Loans are secured by lien over property and legally binding documentation approved by the City requiring borrowers to maintain the property in a good state of repair, to insure the property, and to pay all taxes levied on the property. An allowance for uncollectible accounts has been provided for the full amount as the City does not expect to collect such loans.

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(7) Interfund transactions**

Inter-fund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as inter-fund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Transfers among governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Due To / Due From

Inter-fund due from/to other funds at June 30, 2015, were as follows:

Receivable Fund	Payable Fund	Amount
General	Pension Trust Fund	\$ 85,650
	Internal Service Funds	408,105
	Nonmajor Governmental Funds	1,200,351
		1,694,106
Nonmajor Governmental Funds	General Fund	30,776
Water & Sewer Fund	General Fund	6,363
	MCCF	1,574
	Nonmajor Enterprise Funds	547
	Internal Service Funds	2,600
		11,084
MCCF	Nonmajor Governmental Funds	25,254
	Total	\$ 1,761,220

The outstanding balances between funds are a result of several factors. First, the lag time between the dates that the interfund goods and services are provided or reimbursable expenditures occur. Secondly, outstanding transactions between funds result from lag time between the dates that transactions are recorded in the accounting system. Finally, outstanding balances between funds result from lag between the dates that payments between funds are made. These balances include the amount of working capital loans made to internal service funds that the general fund expects to collect in the subsequent year.

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(7) Interfund transactions, (continued)**

Transfers in / out

Transfers in/out consist of the following at June 30, 2015:

	Transfers In:			
Transfers Out:	General Fund	Nonmajor Governmental Funds	Water & Sewer Fund	Total
General Fund	\$ -	2,226,790	42,600	2,269,390
Developer Impact Fees Fund	-	-	959,899	959,899
Nonmajor Governmental Funds	106,230	-	776,940	883,170
MCCF Fund	-	-	10,535	10,535
Nonmajor Enterprise Funds	-	-	3,664	3,664
Internal Service Fund	593,482	-	439,566	1,033,048
CRA Successor Agency	2,110,139	-	-	2,110,139
	\$ 2,809,851	2,226,790	2,233,204	7,269,845

Transfers occur because of the following reasons: First, transfers are used to move revenues from the fund with collection authorization to the debt service fund, as debt service principal and interest payments become due. Secondly, transfers are used to move restricted amounts to funds incurring the expenditures. Finally, transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various programs.

**CITY OF DELANO**

**NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2015

**(8) Capital assets**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

Governmental Activities:	<u>Beginning Balance</u>	<u>Transfers In/(Out)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, non-depreciable					
Land	\$ 5,616,589	-	-	(201,403)	5,415,186
Construction in progress	<u>122,954</u>	<u>100,498</u>	<u>1,544,268</u>	<u>-</u>	<u>1,767,720</u>
Total Capital Assets, non-depreciable	<u>5,739,543</u>	<u>100,498</u>	<u>1,544,268</u>	<u>(201,403)</u>	<u>7,182,906</u>
Capital Assets, depreciated					
Buildings	33,734,853	(100,498)	4,315	-	33,638,670
Improvements	39,317,173	-	2,889,372	-	42,206,545
Equipment and Machinery	6,095,133	(19,535)	1,170,289	(364,161)	6,881,726
Infrastructure	<u>149,264,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,264,000</u>
Total Capital Assets, depreciated	<u>228,411,159</u>	<u>(120,033)</u>	<u>4,063,976</u>	<u>(364,161)</u>	<u>231,990,941</u>
Less Accumulated Depreciation for:					
Buildings	(13,366,919)	-	(1,372,522)	-	(14,739,441)
Improvements	(16,945,013)	-	(2,239,326)	-	(19,184,339)
Equipment and machinery	(4,811,025)	19,535	(414,935)	308,573	(4,897,852)
Infrastructure	<u>(47,764,482)</u>	<u>-</u>	<u>(5,970,558)</u>	<u>-</u>	<u>(53,735,040)</u>
Total Accumulated Depreciation	<u>(82,887,439)</u>	<u>19,535</u>	<u>(9,997,341)</u>	<u>308,573</u>	<u>(92,556,672)</u>
 Total Capital Assets, depreciated, net	 <u>145,523,720</u>	 <u>(100,498)</u>	 <u>(5,933,365)</u>	 <u>(55,588)</u>	 <u>139,434,269</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 151,263,263</u>	 <u>-</u>	 <u>(4,389,097)</u>	 <u>(256,991)</u>	 <u>146,617,175</u>

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(8) Capital assets, (continued)**

Business-Type Activities:	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, non-depreciable					
Land	\$ 3,183,749	-	-	-	3,183,749
Construction in progress	<u>21,931,245</u>	<u>-</u>	<u>4,105,383</u>	<u>(216,970)</u>	<u>25,819,658</u>
Total Capital Assets, non-depreciable	<u>25,114,994</u>	<u>-</u>	<u>4,105,383</u>	<u>(216,970)</u>	<u>29,003,407</u>
Capital Assets, depreciable					
Buildings	5,443,150	-	-	-	5,443,150
Improvements	61,370,454	-	623,127	-	61,993,581
Equipment and machinery	<u>14,965,585</u>	<u>19,535</u>	<u>383,676</u>	<u>(149,464)</u>	<u>15,219,332</u>
Total Capital Assets, depreciable	<u>81,779,189</u>	<u>19,535</u>	<u>1,006,803</u>	<u>(149,464)</u>	<u>82,656,063</u>
Less Accumulated Depreciation for:					
Buildings	(4,328,493)	-	(123,440)	-	(4,451,933)
Improvements	(21,170,618)	-	(2,547,572)	-	(23,718,190)
Equipment and machinery	<u>(12,339,317)</u>	<u>(19,535)</u>	<u>(686,444)</u>	<u>149,464</u>	<u>(12,895,832)</u>
Total Accumulated Depreciation	<u>(37,838,428)</u>	<u>(19,535)</u>	<u>(3,357,456)</u>	<u>149,464</u>	<u>(41,065,955)</u>
Total Capital Assets, Being Depreciated, Net	<u>43,940,761</u>	<u>-</u>	<u>(2,350,653)</u>	<u>-</u>	<u>41,590,108</u>
Business-Type Activities Capital Assets, Net	<u>\$ 69,055,755</u>	<u>-</u>	<u>1,754,730</u>	<u>(216,970)</u>	<u>70,593,515</u>

Fiduciary Activities - CRA Successor Agency:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Being Depreciated				
Improvements	<u>\$ 159,427</u>	<u>-</u>	<u>-</u>	<u>159,427</u>
Total Capital Assets, Being Depreciated	<u>159,427</u>	<u>-</u>	<u>-</u>	<u>159,427</u>
Less Accumulated Depreciation for:				
Improvements	<u>(125,143)</u>	<u>(4,285)</u>	<u>-</u>	<u>(129,428)</u>
Total Accumulated Depreciation	<u>(125,143)</u>	<u>(4,285)</u>	<u>-</u>	<u>(129,428)</u>
Total Capital Assets, Being Depreciated, Net	<u>34,284</u>	<u>(4,285)</u>	<u>-</u>	<u>29,999</u>
Fiduciary Activities Capital Assets, Net	<u>\$ 34,284</u>	<u>(4,285)</u>	<u>-</u>	<u>29,999</u>

**CITY OF DELANO**

**NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2015

**(8) Capital assets, (continued)**

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

Governmental Activities:	
General government	\$ 159,120
Public safety	1,503,108
Public works	7,503,898
Engineering services	428,902
Culture, recreation, and social services	399,191
Community and economic development	<u>3,122</u>
Total	<u>\$ 9,997,341</u>
Business-Type Activities:	
Water & Sewer	\$ 2,772,209
Refuse	181,654
Airport	90,145
Transit	<u>313,448</u>
Total	<u>\$ 3,357,456</u>
Fiduciary Activities - CRA Successor Agency	
Community and economic development	<u>\$ 4,285</u>

**(9) Long-term debt**

A recap of the long-term debt and their outstanding balances by activity as of June 30, 2015, follows:

	<u>Beginning Balance*</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due Within More Than One Year</u>
Governmental Activities:						
Bonds payable:						
Lease revenue bonds series 2010A	\$ 24,000,000	-	970,000	23,030,000	1,000,000	22,030,000
Bond premium	<u>32,091</u>	-	<u>2,006</u>	<u>30,085</u>	<u>2,006</u>	<u>28,079</u>
Total bonds payable	24,032,091	-	972,006	23,060,085	1,002,006	22,058,079
Capital lease obligation	-	881,536	226,958	654,578	212,416	442,162
Net OPEB obligation	1,693,304	537,458	76,111	2,154,651	-	2,154,651
Net pension liability	13,611,035	1,390,854	1,505,700	13,496,189	-	13,496,189
Compensated absences payable	<u>570,684</u>	<u>428,615</u>	<u>322,206</u>	<u>677,093</u>	<u>381,920</u>	<u>295,173</u>
Total governmental activities	<u>\$ 39,907,114</u>	<u>3,238,463</u>	<u>3,102,981</u>	<u>40,042,596</u>	<u>1,596,342</u>	<u>38,446,254</u>

\* - See footnote 16 for additional information regarding a prior period adjustment to adjust beginning net pension liability.

**CITY OF DELANO**

**NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2015

**(9) Long-term debt, (continued)**

	<u>Beginning Balance as restated*</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due Within More Than One Year</u>
<b>Business-type Activities:</b>						
Notes payable						
Chevron Energy Solutions - Water & Sewer	\$ 1,908,054	-	382,956	1,525,098	413,483	1,111,615
Public Health - Water & Sewer	14,882,788	4,876,054	-	19,758,842	-	19,758,842
State of California - Water & Sewer	<u>26,924,343</u>	<u>-</u>	<u>1,460,862</u>	<u>25,463,481</u>	<u>1,475,471</u>	<u>23,988,010</u>
Total notes payable	43,715,185	4,876,054	1,843,818	46,747,421	1,888,954	44,858,467
Capital lease obligations	590,697	383,545	151,449	822,793	166,763	656,030
Compensated absences payable	361,201	297,986	227,259	431,928	271,758	160,170
Net pension liability	<u>9,822,803</u>	<u>1,172,064</u>	<u>608,274</u>	<u>10,386,593</u>	<u>-</u>	<u>10,386,593</u>
Total business-type activities	<u>\$ 54,489,886</u>	<u>6,729,649</u>	<u>2,830,800</u>	<u>58,388,735</u>	<u>2,327,475</u>	<u>56,061,260</u>

\* - See footnote 16 for additional information regarding a prior period adjustment to adjust beginning net pension liability.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>More Than One Year</u>
<b>Fiduciary Activities:</b>						
CRA Successor Agency:						
Bonds payable:						
Tax allocation refunding bonds series 2003A	\$ 12,485,000	-	12,485,000	-	-	-
Tax allocation refunding bonds series 2003B	1,620,000	-	1,620,000	-	-	-
Tax allocation refunding bonds series 2015A	-	11,505,000	-	11,505,000	285,000	11,220,000
Tax allocation refunding bonds series 2015B	-	1,185,000	-	1,185,000	325,000	860,000
Bond premium	<u>-</u>	<u>1,110,419</u>	<u>-</u>	<u>1,110,419</u>	<u>48,279</u>	<u>1,062,140</u>
Total bonds payable	14,105,000	13,800,419	14,105,000	13,800,419	658,279	13,142,140
Compensated absences	<u>19,455</u>	<u>8,982</u>	<u>5,606</u>	<u>22,831</u>	<u>6,621</u>	<u>16,210</u>
Total fiduciary activities	<u>\$ 14,124,455</u>	<u>13,809,401</u>	<u>14,110,606</u>	<u>13,823,250</u>	<u>664,900</u>	<u>13,158,350</u>

**Tax Allocation Refunding Bonds**

Tax Allocation Refunding Bonds Series 2015A & 2015B – On February 1, 2015 the former Delano Community Redevelopment Agency (“the Agency”) issued \$12.7 million Tax Allocation Refunding Series Bonds to advance refund \$14.1 million of outstanding 2003 Tax Allocation Refunding Series Bonds. The net proceeds of \$13.7 million plus an additional \$1.4 million of debt services reserve funds and additional funds on hand were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2003 Series bonds. As a result, the 2003 Series bonds are considered to be defeased and the liability for those bonds have been removed from the fiduciary fund statement of net position.

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(9) Long-term debt, (continued)**

The advance refunding resulted in a difference between the reacquisition price and the new carrying amount of the old debt of \$442,137. This difference is being charged to operations through the life of the new issue using the straight line method. The City completed the advance refunding to reduce its total debt service payments over the next 24 years by \$4.4 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2.2 million.

Debt service requirements to maturity are as follows:

Year Ending June 30,	2015 Series A			2015 Series B		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 285,000	251,289	536,289	325,000	6,848	331,848
2017	-	448,894	448,894	285,000	10,763	295,763
2018	-	448,894	448,894	285,000	7,913	292,913
2019	-	448,894	448,894	290,000	4,350	294,350
2020	380,000	448,894	828,894	-	-	-
2021-2025	2,100,000	2,052,520	4,152,520	-	-	-
2026-2030	2,635,000	1,508,570	4,143,570	-	-	-
2031-2035	3,150,000	999,701	4,149,701	-	-	-
2036-2039	2,955,000	365,088	3,320,088	-	-	-
	<u>\$ 11,505,000</u>	<u>6,972,744</u>	<u>18,477,744</u>	<u>1,185,000</u>	<u>29,874</u>	<u>1,214,874</u>

Lease revenue bonds

Lease Revenue Bonds Series 2010A - On November 12, 2010 the Delano Financing Authority, a component unit of the City of Delano, issued bonds in the amount of \$26,715,000, to provide funding of certain capital improvements within the City of Delano, California, including the Woollomes Avenue Bridge Project and a Police station. The principal and interest are payable exclusively from the revenues and other funds as is provided in the indenture. Interest is 5.0% for \$9,225,000 and 5.25% for \$17,460,000 and payable semi-annually of the first of June and December of each year, payments commenced June 1, 2012. Principal payments are due on December first of each year. The outstanding balance as of June 30, 2015 was \$23,030,000.

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(9) Long-term debt, (continued)**

Debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,000,000	1,103,163	2,103,163
2017	1,040,000	1,062,363	2,102,363
2018	1,085,000	1,014,438	2,099,438
2019	1,135,000	958,938	2,093,938
2020	1,195,000	900,688	2,095,688
2021-2025	6,850,000	3,619,294	10,469,294
2026-2030	8,705,000	1,698,650	10,403,650
2031	2,020,000	53,025	2,073,025
	<u>\$ 23,030,000</u>	<u>10,410,559</u>	<u>33,440,559</u>

Notes payable

*Chevron Energy Solutions* - On December 17, 2007, the City signed a lease-purchase agreement with Chevron Energy Solutions to install energy saving facilities within the City. In connection with this project, the City signed a 20-year lease/purchase agreement with City Capital Municipal Finance, now PNC Bank, whereby the payments to the lessor are based on a 10 year term with an interest rate of 4.25%. Principal payments began May 2009. As of June 30, 2015 the outstanding obligation was \$1,525,098.

Debt service amounts to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 413,483	58,351	471,834
2017	445,750	40,270	486,020
2018	433,295	20,972	454,267
2019	232,570	4,352	236,922
	<u>\$ 1,525,098</u>	<u>123,945</u>	<u>1,649,043</u>

*State of California Department of Public Health* - The City entered into a finance agreement with the State of California Department of Public Health to finance the construction of a safe drinking water project for the amount of \$20,709,156. The agreement calls for no interest with principal payments starting December 1, 2014 and maturing December 2034. At June 30, 2015, outstanding draw downs on the agreement were \$19,758,942. During March 2013 the State amended the agreement with the City to increase the project cost by \$3,000,000 which will be funded through grant revenues, the loan amount will remain the same. As of June 30, 2015 the timing of future principal and interest payments could not be determined because the project is not complete.

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(9) Long-term debt, (continued)**

*California State Water Resource Control Board* - On October 1, 2008, the City entered a project finance agreement with the State Water Resources Control Board for the expansion of the Wastewater Treatment Plant. In connection with this project, the City agreed to pay all project funds at an interest rate of 1% per annum, amortized over 20 years. The construction project was completed during July, 2012. At the completion of project, the City accumulated \$31,804,431 of notes payable to the State Water Board. Upon completion of the project \$2,000,000 of the principal due under the agreement was forgiven resulting in \$29,804,431 of notes payable to the State Water Board. Principal payments started January 01, 2013. As of June 30, 2015, the outstanding is \$25,463,481.

Debt service amounts to maturity for the final amount of the obligation are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,475,471	254,635	1,730,106
2017	1,490,226	239,880	1,730,106
2018	1,505,128	224,978	1,730,106
2019	1,520,179	209,927	1,730,106
2020	1,535,381	194,725	1,730,106
2021-2025	7,910,307	740,223	8,650,530
2026-2030	8,313,812	336,718	8,650,530
2031	1,712,977	17,130	1,730,107
	<u>\$ 25,463,481</u>	<u>2,218,216</u>	<u>27,681,697</u>

**Capital lease obligations**

On April 15, 2014 the City entered into a lease agreement for financing the acquisition of a refuse packer truck valued at \$255,282. Payments are due on the fifteenth of April each year with the final payment scheduled for April 15, 2020.

On March 15, 2014 the City entered into a lease agreement for financing the acquisition of a vacuum truck valued at \$335,415. Payments are due on the fifteenth of March each year with the final payment scheduled for March 15, 2020.

On May 1, 2014 the City entered into a lease agreement for financing the acquisition of a street sweeper valued at \$237,615. Payments are due on the first of May each year with the final payment scheduled for May 1, 2020.

On July 1, 2014 the City entered into a lease agreement for financing the acquisition of police vehicles valued at \$881,537. Payments are due on the first of July each year with the final payment scheduled for July 1, 2017.

CITY OF DELANO

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(9) Long-term debt, (continued)**

On October 31, 2014 the City entered into a lease agreement for financing the acquisition of a truck valued at \$37,387. Payments are due on the thirty-first of October each year with the final payment scheduled for October, 2017.

On December 2, 2014 the City entered into a lease agreement for financing the acquisition of a water truck valued at \$108,543. Payments are due semi-annually on the second of June and December with the final payment scheduled for December 2, 2018.

On June 15, 2015 the City entered into a lease agreement for financing the acquisition of a flat bed truck valued at \$34,037. Payments are due on the fifteenth of June each year with the final payment scheduled for June 15, 2018.

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the value of these minimum lease payments as of June 30, 2015 were as follows:

Year ending June 30,	
2016	\$ 431,378
2017	431,378
2018	431,378
2019	166,953
2020	<u>152,151</u>
Total minimum lease payments	1,613,238
Less: amount representing interest	<u>(135,867)</u>
Value of minimum lease payments	<u><u>\$ 1,477,371</u></u>

## CITY OF DELANO

### NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

#### **(10) Risk management**

The City participates with other public entities in a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority ("CSJVRMA"). The relationship between the City and CSJVRMA is such that the CSJVRMA is not a component unit of the City for financial reporting purposes. The City carries a self-insured retention of \$50,000 for general liability claims and \$100,000 for workers' compensation claims. The City is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each workers' compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula, which among other expenses, charges the City's account for liability losses under \$50,000 and workers' compensation losses under \$100,000. The CSJVRMA participates in two excess pools which provide general liability coverage from \$1,000,001 to \$15,000,000 and workers' compensation coverage from \$500,001 to the Statutory limits workers' compensation per occurrence in excess of \$5,000,000.

The CSJVRMA is a consortium of fifty-four (54) cities in the San Joaquin Valley, California. It was created and operates under the provisions of section 6500-6515 of the California Government Code. A Board of Directors governs the CSJVRMA, which meets 3 times per year, consisting of one member appointed by each member City. A management group employed by the CSJVRMA handles day-to-day business.

The financial position and results of operations for the CSJVRMA (unaudited) as of June 30, 2015 (most recent information available), are presented below:

The City's share of year-end assets, liabilities, or equities has not been calculated by CSJVRMA. Detailed financial information may be obtained from the CSJVRMA. 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. The following summarizes the changes in the funds held by the CSJVRMA for claims or liabilities for the City of Delano for the last three fiscal years:

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(10) Risk management, (continued)**

<u>Fiscal Year Ended June 30,</u>	<u>Contributed by the City</u>	<u>Assessed (Refunded) to the City</u>	<u>Current Year Provision for Claims</u>	<u>Claim Payments</u>	<u>City's Fund Balance</u>
Workers compensation:					
2015	908,520	400,432	(781,080)	(549,553)	(1,186,250)
2014	661,446	29,473	341,210	(652,499)	(1,164,569)
2013	613,006	85,289	(461,938)	(585,239)	(1,544,199)
Liability and property damage:					
2015	495,813	139,091	(616,788)	(320,186)	(188,709)
2014	399,075	(81,246)	(355,832)	(73,033)	113,361
2013	332,493	(128,376)	146,605	(457,157)	224,397

**(11) Pension Plans**

**City of Delano Employees' Pension Plan**

General Information about the Pension Plan

*Plan Description* - All qualified permanent and probationary employees are eligible to participate in the City's defined benefit pension plan, the City of Delano Employee Pension Plan ("the Plan"). The Plan was established on June 1, 1967, and is governed by City Ordinance 2011-1221 of the City of Delano's Municipal Code. The ordinance assigns authority to establish and amend the benefit provisions of the Plan to the City Council. The Plan is administered by the Pension Committee and the trustees. The Plan is a single employer public employee retirement defined benefit plan. All full-time management and general employees of the City are eligible to participate in the Plan (prior to July 1, 2005, safety employees were also eligible to participate).

The Plan membership as of June 30, 2015 was comprised as follows:

Active members	214
Retirees currently receiving benefits	82
Terminated members entitled to but not yet receiving benefits	<u>92</u>
Total	<u><u>388</u></u>

*Pension Benefits* - The annual normal retirement allowance of an employee who retires on a normal retirement date and expressed as a single-life annuity shall be determined by

CITY OF DELANO

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(11) Pension Plans, (continued)**

multiplying the employee's years of credited service by a factor which considers the employee's monthly average compensation during the three consecutive years that yield the highest average pay. Employees are entitled to monthly retirement benefits beginning at the normal retirement age of 60. City employees who retire at the normal retirement age receive benefits that are partially integrated with social security and are computed by multiplying the first \$833.33 average monthly compensation by 2% plus the average monthly compensation times 2.4% for the amounts in excess of \$833.33 by the number of years of credited service.

The Plan permits early retirement with reduced retirement benefits at any time within five years preceding the participant's normal retirement date of age 60 (age 62 before July 1, 2007) for general employees; and age 55 for safety employees including management of safety employees. For new employees hired after January 1, 2013, the earliest retirement age is 52 with at least 5 years of credited service. An early retiree would have fewer years of contributions to the Plan and would be drawing a monthly check for a longer period of time, so that the retiree would receive lower benefits per month than an employee who retires at normal retirement age. At retirement, a participant may elect to receive a lump-sum amount equal to the value of the participant's interest in his/her account after termination of active service, which will reduce the actuarially determined pension payments as previously described.

*Death and disability benefits* - The spouse of a participant will receive a 50%, 66 2/3%, or 100% survivor annuity, as defined in the Plan, upon the death of the participant. The surviving spouse annuity is equal to 50%, 66 2/3%, or 100% of the participant's monthly benefit. This benefit is immediately payable to the spouse if the participant was already receiving benefits. If the participant was not already receiving benefits, payments to the spouse may commence as of the earliest date the participant would have received benefits. On termination due to death, benefits to the surviving spouse, lump-sum or otherwise, will depend upon whether the retiree has reached the early retirement age at the time of death which is 55 for general members. Active employees who become totally disabled receive annual disability benefits that are equal to the normal retirement benefits they have accumulated as of the time they become disabled. Disability benefits are paid until normal retirement age at which time disabled participants begin receiving normal retirement benefits computed as though they had been employed to normal retirement age with their annual compensation remaining the same as at the time they became disabled.

*Vesting* - Pension benefit distributions are based upon a combination of age, years or service, monthly salary, and the retirement option selected by the participant. Vesting is 100 percent upon death. Members' contributions, including interest, are 100 percent vested at all times. Employer contributions are subject to the following vesting schedule:

<u>Years of Service</u>	<u>Vested %</u>
3	20%
4	40%
5	60%
6	80%
7 or more	100%

CITY OF DELANO

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(11) Pension Plans, (continued)**

Vested amounts are not payable until the member attains the age of 60 for general and management members and 55 for safety members.

*Contributions* – Contributions are made by the members and the employer at rates recommended by the Plan's independent actuary and adopted by the City Council. Participant contributions are mandatory as long as the employee is an eligible participant of the Plan. The City makes employer contributions after the 5<sup>th</sup> year of covered employment for all participants except management employees, the employer contributions are made immediately after being admitted to the Plan. The participant's accumulated contribution cannot be withdrawn by the participant (except for active police officers, their respective account balances were transferred to CalPERS, effective June 30, 2005) while employed by the City.

The participant's contribution rates, which are a percentage of the participant's base monthly salary (excluding overtime, educational, incentive and/or longevity), are as follows:

Management (including police management)	9.0%
Safety/Police (prior to July 1, 2005)	7.4%
General	6.2%

The City makes the above contribution on behalf of its employees based on the participants' basic earnings, years of service, and job classification, except educational, incentive or longevity pay, which is excluded from the participant's basic earnings. Participant accounts are credited with interest at 6% per year.

Effective June 1, 2013 for management employees, and December 29, 2012 for general employees, all members not contributing shall be required to pay 3% of their base pay towards retirement. All existing General unit members currently paying 6.2% of their base pay towards retirement will continue to pay 6.2% until their 5th year of service. The first pay period 5 years after their hire date, General unit members shall be required to pay 3% of their base pay towards retirement. Newly hired General unit members on or after January 1, 2013 shall be required to pay 6.2% or 50% of normal cost, whichever is greater. Newly hired Management unit members on or after January 1, 2013 shall be required to pay 9% or 50% of normal cost, whichever is greater.

In addition the City contributes a percentage of employee base monthly salary for an actuarially sound pension program based on the actuarial valuation report. Administrative costs of the Plan are financed through investment earnings.

*Termination* - For termination of service due to other reasons, a participant may receive the value of the vested interest in his/her account as a lump-sum distribution. In the instances where the terminated participant is not eligible to receive a lump-sum distribution, the participant is only eligible to receive the account balance of his/her accumulated contributions. In some cases, a deferred annuity remains.

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(11) Pension Plans, (continued)**

Net Pension Liability

The City's net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial assumptions* – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Asset Valuation Method	Investment gains and losses spread over a 5-year fixed period Not less than 80% nor more than 120% of market value
Actuarial Assumptions	
Discount Rate	7.00%
Inflation	3.00%
Payroll Growth	3.25%
Investment Rate of Return	7.00% net of investment expenses

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the CalPERS actuarial experience study from 1997-2011.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Expected Real Rate of Return
Equities	67.9%	5.35%
Fixed Income	14.4%	1.55%
Cash	17.7%	0.45%

*Discount rate* – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(11) Pension Plans, (continued)**

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (c) = (a) - (b)</u>
Balance at: 6/30/2014	\$43,070,599	25,210,958	17,859,641
Changes for the year:			
Service cost	1,498,262	-	1,498,262
Interest	3,053,509	-	3,053,509
Contributions - employer	-	2,131,025	(2,131,025)
Contributions - employee	-	628,574	(628,574)
Net investment income	-	872,842	(872,842)
Benefit payments including refunds	(1,894,612)	(1,894,612)	-
Administrative expenses	-	(105,743)	105,743
Net Changes during 2014-15	<u>2,657,159</u>	<u>1,632,086</u>	<u>1,025,073</u>
Balance at: 6/30/2015	<u>\$45,727,758</u>	<u>26,843,044</u>	<u>18,884,714</u>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* - The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.00 percent) or 1 percentage-point higher (8.00 percent) than the current rate:

	<u>Discount Rate - 1% (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>Discount Rate + 1% (8.0%)</u>
City's net pension liability	<u>\$ 25,191,808</u>	<u>18,884,714</u>	<u>13,679,837</u>

*Pension plan fiduciary net position* – Detailed information about the pension plan's fiduciary net position is available in the separately issued City of Delano Employee Pension Plan financial report.

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(11) Pension Plans, (continued)**

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$2,421,299. At June 30, 2015 the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>\$ 734,800</u>	<u>-</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Measurement period Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2016	183,700
2017	183,700
2018	183,700
2019	183,700
2020	-
Thereafter	-

**CalPERS – Cost Sharing Plan**

*Plan Description* – All qualified permanent and probationary police officers (safety employees) are eligible to participate in the City’s Safety Employee Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(11) Pension Plans, (continued)**

*Benefits Provided* – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. The Plan’s provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	54	54
Required employee contribution rates	9.00%	11.50%
Required employer contribution rates	33.56%	11.50%

**Contribution Description**

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate is 7.761 percent of annual pay, and the average employer’s contribution rate is 17.620 percent of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

**Actuarial Methods and Assumptions used to determine Total Pension Liability**

For the measurement period ending June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liability were based on the following actuarial methods and assumptions:

CITY OF DELANO

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(11) Pension Plans, (continued)**

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses: includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all funds

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes. CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

CITY OF DELANO

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(11) Pension Plans, (continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10<sup>1</sup></u>	<u>Real Return Years 11+<sup>2</sup></u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

<sup>1</sup>An expected inflation of 2.5% used for this period

<sup>2</sup>An expected inflation of 3.0% used for this period

**Allocation of Net Pension Liability and Pension Expense to Individual Employers**

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they

## CITY OF DELANO

### NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

#### **(11) Pension Plans, (continued)**

sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations of individual plan amounts as of the valuation date are used where not available.

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the Miscellaneous Risk Pool (risk pool) as a whole on the valuation date (June 30, 2013). The risk pool's fiduciary net position (FNP) subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2014). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date.

*Note:* for purposes of FNP in this step (2) and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2014 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2013-14).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4).

The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

The plan's proportion of aggregate employer contributions is equal to the plan's proportion of FNP calculated in (4). The plan's proportionate share of risk pool pension expense is developed as the sum of the related proportionate shares of the components of the aggregate pension expense.

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(11) Pension Plans, (continued)**

The following table shows the plan's proportionate share of the net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Safety Plan:			
Balance at: 6/30/2013 (VD)	\$ 13,875,178	8,300,982	5,574,196
Balance at: 6/30/2014 (MD)	14,548,323	9,550,255	4,998,068
Net Changes during 2013-14	\$ 673,145	1,249,273	(576,128)

The Entity's proportionate share of the net pension liability for the Safety plan as of June 30, 2013 and 2014 was as follows:

	Safety
Proportion - June 30, 2013	0.117%
Proportion - June 30, 2014	0.133%
Change - Increase (Decrease)	0.016%

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate 1% (6.5%)	Current Discount Rate (7.5%)	Discount Rate + 1% (8.5%)
Safety Plan's Net Pension Liability	\$ 6,946,781	4,998,068	3,392,414

**Subsequent Events**

There were no subsequent events that would materially affect the results presented in this disclosure.

**Recognition of Gains and Losses**

Under GASB 68, deferred inflows and deferred outflows of resources related to pensions are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future pension expense.

**CITY OF DELANO**

**NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2015

**(11) Pension Plans, (continued)**

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings      5 year straight-line amortization

All other amounts      Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0.

**Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

As of the start of the measurement period (June 30, 2013), the NPL for the Safety Plan is \$5,574,196.

For the measurement period ending June 30, 2014 (the measurement date), the City of Delano recognized a pension expense of \$805,266 for the Safety Plan (the pension expense for the risk pool for the measurement period is \$591,468,560).

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(11) Pension Plans, (continued)**

As of June 30, 2014, the City of Delano reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Safety Plan:		
Pension Contributions	\$ 1,218,228	-
Change in proportion and differences between employer contributions and proportionate share of contribution	543,526	-
Net Difference between Projected and Actual Earnings on Pension Plan		
Investments	-	(658,081)
Adjustment due to Differences in Proportions	-	(258,818)
Total Safety Plan	\$ 1,761,754	(916,899)

\$1,218,228 reported as deferred outflows of resources, within the table, above is related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Included in the table above is an employer-specific type of deferred outflow of \$543,526. This is derived from the difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contributions. This deferral and the corresponding amortization amount are calculated separately by each employer. The employer's pension expense is adjusted for the amortization of this additional deferral. This item is required to be amortized over the plan's Expected Average Remaining Service Lives (EARSL).

Amounts reported as deferred outflows and deferred inflows of resources in the previous chart, excluding pension contributions, will be recognized in future pension expense as follows:

Measurement period Ended June 30,	Deferred Outflows/(Inflows) of Resources
Safety Plan:	
2015	\$ (35,109)
2016	(35,109)
2017	(73,931)
2018	(229,224)
2019	-
Thereafter	-

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(12) Other Post Employment Benefits**

Plan Description

On March 17, 1997, the City Council of Delano adopted to continue paying monthly premiums for any City Employee for health and medical coverage offered to other employees provided that the retired employee has been employed by the City of Delano for at least 20 years at his or her normal retirement age as established by the City.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For fiscal year 2014-15 the City's annual OPEB cost was \$537,457. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB, and the net OPEB obligation for the year ended June 30, 2015, were as follows:

Annual required contribution	\$	485,667
Interest on net OPEB obligation		126,999
Amortization of the ARC		(75,208)
Annual OPEB cost		537,458
Contributions made		(76,111)
Increase in net OPEB obligation		461,347
Net OPEB obligation - beginning of year		1,693,304
Net OPEB obligation - end of year		\$ 2,154,651

Year Ended	Annual OPEB Cost	Actual Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net Ending OPEB Obligation
<u>June 30,</u>				
2013	\$ 388,063	83,287	21.5%	1,310,023
2014	478,338	95,057	19.9%	1,693,304
2015	537,458	76,111	14.2%	2,154,651

Funding policy, funded status, funding progress

The City's required contribution is based on pay-as-you-go financing requirements. For fiscal year 2014-15, the City contributed \$76,111 to the OPEB. As of June 30, 2015, the actuarial accrued liability for benefits was \$1,585,129 all of which was unfunded.

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(12) Other Post Employment Benefits, (continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and probabilities about the occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

*Schedule of Funding Progress*

The funding progress of the plan as of the date of the most recent actuarial valuation is as follows:

<u>Actuarial Date</u>	<u>Actuarial Assets</u>	<u>Actuarial Liability Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/2011	\$ -	1,809,122	1,809,122	0%	10,543,158	17.16%
6/30/2013	-	1,318,247	1,318,247	0%	9,166,044	14.38%
6/30/2014	-	1,464,758	1,464,758	0%	12,548,268	11.67%

**Actuarial methods and assumptions**

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

The actuarial assumptions used in the valuation were an interest assumption of annually compounded 7.5% to reflect the estimated net investment return of a trust fund and an assumed 3% future increase in basic salary levels of active employees. The mortality assumption reflects the 1994 Group Annuity Mortality Tables for male and female lives with Scale AA for mortality improvement from 1994 to 1999.

Future increases in basic salary levels of active employees are assumed to be 3% per year. Among general employees, the average annual increases in fiscal years 2010 to 2014 has been 3.3%. For valuation purposes, a future medical trend rate of 6% per year was used in the valuation.

## CITY OF DELANO

### NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

#### **(13) Contingent liabilities and commitments**

##### State and federal awards and grants

The City participates in several federal and state grant programs. These programs are subject to further examination by grantors, and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

##### Other contingent liabilities

The City is a defendant in a number of other lawsuits which have arisen in the normal course of business. While damages are alleged in some of these actions, their outcomes cannot be predicted with certainty. In the opinion of the City Attorney, these actions when finally adjudicated will not have a material effect on the financial position of the City.

##### Construction commitments

Construction activity at year end includes the Arsenic Mitigation Project, Domestic Violence Shelter, Ellington Rehab Center, Biotta Wellhead Project, New Community Centennial Center, and several smaller projects associated with street and sewer improvements as well as waterline replacements. Open contracts on these projects could not be reasonably estimated as of yearend.

#### **(14) Conduit debt obligations**

In 1998, the City of Delano issued \$43,440,000 of Certificates of Participation to provide financial assistance to the Central California Foundation for Health, a California non-profit public benefit corporation doing business as Delano Regional Medical Center. The proceeds of the sale of the Series 1998 Certificates, together with other funds, were used (i) to advance refund the City's Certificates of Participation (Central California Foundation for Health, Delano Regional Medical Center). Series 1992A Certificates, delivered in the original principal amount of \$27,820,000, was used (ii) to advance refund the City's Certificates of Participation (Central California Foundation for Health, Delano Regional Medical Center). Series 1992B Certificates, delivered in the original principal amount of \$7,000,000, was used (iii) to purchase the Facilities pursuant to the terms of the Lease, (iv) to fund a debt service reserve fund, and (v) to pay certain costs related to the delivery of the Series 1998 Certificates.

In March 8, 2006, City of Delano issued \$15,375,000 of Certificates of Participation to provide financial assistance to the Central California Foundation for Health, a California non-profit public benefit corporation doing business as Delano Regional Medical Center. The proceeds of the sale of the Series 2006 Certificates, together with other funds, were used to finance the acquisition, construction, improvement and equipping of certain health facilities owned and operated by the health facility. The Certificates are due to mature on January 1, 2020.

**CITY OF DELANO**

**NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2015

**(14) Conduit debt obligations, (continued)**

On December 11, 2012, the City of Delano issued Certificates of Participation, Series 2012, in the amount of \$27,695,000. Interest rate ranges from 2.0% to 5% and the Certificates mature on January 1, 2025. The Certificates were issued to provide financing assistance to the Delano Regional Medical Center.

The amounts currently outstanding as of June 30, 2015 are as follows:

	<u>Outstanding Balance</u>
Certificates of Participation:	
Series 1998	\$ 26,515,000
Series 2006	15,375,000
Series 2012	<u>25,215,000</u>
Total Certificates of Participation	<u>\$ 67,105,000</u>

Neither the City, nor any political subdivision thereof is obligated in any manner for installment payments of the Series 1998, 2006, and 2012 Certificates. Accordingly, the Certificates are not reported as liabilities in the accompanying financial statements. Further information can be obtained from the Central California Foundation for Health, Delano Regional Medical Center at 1401 Garces Highway, Delano, California 93215.

**(15) CRA Successor 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 Victorville that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

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.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another 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 City resolution number 12-005.

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 at the date of dissolution (including the

**CITY OF DELANO**

**NOTES TO THE FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2015

**(15) CRA Successor Agency, (continued)**

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 the 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 to 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.

After February 1, 2012 the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (CRA Successor Agency) in the financial statements of the City, pending the liquidation and distribution of the assets and liabilities of the former Redevelopment Agency to other taxing entities in accordance with state law.

On June 18, 2014 the State Controller's Office issued its report regarding the City's Long Range Property Management Plan (LRPMP). The report approved the City's use or disposition of all properties listed in the LRPMP. All assets authorized by the approved plan for transfer to the City or other entities will be transferred in accordance with the directives of the plan and Assembly Bill No. 1484.

On May 12, 2015 the California State Controller's Office (SCO) issued its report regarding its review of asset transfers made by the Delano Community Redevelopment Agency (RDA) after January 1, 2011 to other public agencies, including the City. The report indicated that there were some unallowable transfers that occurred during the review period between the RDA, the City, and/or any other public agency. The City is currently in communication with the SCO and the issue has not yet been resolved

**(16) Prior Period Adjustments**

The accompanying financial statements reflect certain other prior period adjustments, as set for below. It is not practical to restate the 2014 partial comparative financial information due to the unavailability of information.

Below is a summary of prior period adjustments affecting net position of Governmental Activities:

	<u>Governmental Activities</u>
As previously reported	\$ 160,136,743
a) GASB 68	<u>(12,602,792)</u>
As restated	<u>\$ 147,533,951</u>

**CITY OF DELANO**

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2015

**(16) Prior Period Adjustments, (continued)**

- a) During the fiscal year ended June 30, 2015 the City implemented GASB No. 68 recognizing liabilities, deferred outflows of resources, and expenses related to the City's pension plans. As part of the implementation of this accounting standard, net position as of June 30, 2014 was restated.

Below is a summary of prior period adjustments affecting net position of proprietary funds:

	Water & Sewer Fund	Refuse Fund	MCCF Fund	Non-Major Enterprise Funds	Business Type Activities	Governmental Activities Internal Service Fund
As previously reported	\$ 22,865,128	885,027	(527,226)	3,482,096	26,705,025	1,810,854
a) GASB 68	<u>(3,036,139)</u>	<u>(1,071,578)</u>	<u>(4,822,103)</u>	<u>(892,982)</u>	<u>(9,822,802)</u>	<u>(714,386)</u>
As restated	<u>\$ 19,828,989</u>	<u>(186,551)</u>	<u>(5,349,329)</u>	<u>2,589,114</u>	<u>16,882,223</u>	<u>1,096,468</u>

- a) During the fiscal year ended June 30, 2015 the City implemented GASB No. 68 recognizing liabilities, deferred outflows of resources, and expenses related to the City's pension plans. As part of the implementation of this accounting standard, net position as of June 30, 2014 was restated.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DELANO**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**Last Ten Years\***

	2015
<b>TOTAL PENSION LIABILITY</b>	
Service cost	\$ 1,498,262
Interest	3,053,509
Changes of benefit terms	-
Difference between expected and actual experience	-
Change in assumptions	-
Benefit payments, including refunds	(1,894,612)
Net change in total pension liability	2,657,159
Total pension liability - beginning	43,070,599
Total pension liability - ending (a)	\$ 45,727,758
 <b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - employer	\$ 2,131,025
Contributions - employee	628,574
Net investment income	872,841
Benefit payments, including refunds	(1,894,612)
Administrative expense	(105,743)
Other	-
Net change in plan fiduciary net position	1,632,085
 Plan fiduciary net position - beginning	25,210,958
Plan fiduciary net position - ending (b)	\$ 26,843,043
 Net pension liability - ending (a) - (b)	\$ 18,884,715
 Plan fiduciary net position as a % of total pension liability	58.70%
 Covered employee payroll	\$ 11,210,748
 Net pension liability as a % of covered-employee payroll	168.45%

**Notes to schedule:**

Benefit Changes - None.

Changes in assumptions - None.

\* - The City adopted GASB 68 in the year ended June 30, 2015. Until a full 10-year trend is available, the City will present information for the years that are available. As of June 30, 2015, information for one year was available.

**CITY OF DELANO**  
**SCHEDULE OF CONTRIBUTIONS**  
**Last Ten Years\***

	2015
Actuarially determined contribution	\$ 1,847,426
Contributions in relation to the actuarially determined contribution	2,131,025
Contribution deficiency (excess)	\$ (283,599)
Covered-employee payroll	\$ 11,210,748
Contributions as a percentage of covered employee payroll	19.01%

**Notes to schedule:**

Valuation date:	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method:	Entry age normal cost
Amortization method:	Level dollar
Amortization period:	9/30/14 UAAL: fixed 15-year period
Asset valuation method:	Investment gains and losses spread over a 5-year fixed period. Not less than 80% nor more than 120% of market value
Actuarial assumptions:	
Inflation	2%
Projected salary increases	3%, average, including inflation
Investment rate of return	7.5%, net pension plan investment expense including inflation
Retirement age	Assumed average retirement age is 62; normal retirement age is 60
Mortality table	1994 Group Annuity Mortality Tables with Scale AA for mortality improvement from 1994 to 1999.

\* - The City adopted GASB 68 in the year ended June 30, 2015. Until a full 10-year trend is available, the City will present information for the years that are available. As of June 30, 2015, information for one year was available.

**CITY OF DELANO**  
**SCHEDULE OF THE PLAN'S PROPORTIONED SHARE OF THE NET PENSION LIABILITY**  
**YEAR ENDED JUNE 30, 2015**  
**Last Ten Years\***

<b>Measurement Date</b>	<b>Safety</b>
	<b>6/30/2014</b>
Plan's Proportion of the Net Pension Liability (Asset)	0.803%
Plan's Proportionate Share of the Net Pension Liability (Asset)	4,998,068
Plan's Covered-Employee Payroll	2,948,827
Plan's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	169.49%
Plan's Proportion of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	65.64%
Plan's Proportionate Share of Aggregate Employer Contributions	270,379

**Notes to Schedule:**

Change in Benefit Terms: The figures in the preceding schedules do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Change in Assumptions: None

*\*The fiscal year ended June 30, 2015 was the first year of implementation. Information for the last 10 years is not available.*

**CITY OF DELANO**  
**SCHEDULE OF PENSION PLAN CONTRIBUTIONS**  
**YEAR ENDED JUNE 30, 2015**  
**Last Ten Years\***

<b>Fiscal Year</b>	<u>Safety</u> <b>2014-2015</b>
Actuarially Determined Contribution	\$ 1,218,228
Contributions in relation to the Actuarially Determined Contribution	<u>(1,218,228)</u>
Contribution Deficiency (Excess)	<u>-</u>
Covered-Employee Payroll	\$ 3,655,695
Contributions as a Percentage of Covered-Employee Payroll	33.32%

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were from the June 30, 2012 public agency

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2012 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses, including Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society

*\*The fiscal year ended June 30, 2015 was the first year of implementation. Information for the last 10 years is not available.*

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**Fiscal year ended JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 2,267,756	2,267,756	2,134,523	(133,233)
Sales taxes	10,056,078	10,056,078	11,332,274	1,276,196
Franchise taxes	575,259	575,259	649,984	74,725
Other taxes	652,629	652,629	778,989	126,360
Fees and fines	106,200	106,200	73,640	(32,560)
Licenses and permits	154,100	154,100	290,347	136,247
Intergovernmental	5,352,900	5,762,900	6,026,919	264,019
Charges for services	49,701	49,701	375,985	326,284
Investment earnings	110,000	110,000	109,331	(669)
Miscellaneous	36,000	161,000	4,176,850	4,015,850
Total revenues	<u>19,360,623</u>	<u>19,895,623</u>	<u>25,948,842</u>	<u>6,053,219</u>
<b>EXPENDITURES:</b>				
Current				
General government	3,608,348	4,317,295	5,461,843	(1,144,548)
Public safety	12,656,577	11,798,202	12,365,139	(566,937)
Engineering services	313,329	363,329	393,453	(30,124)
Culture and recreation	2,020,152	2,169,795	1,863,069	306,726
Debt service				
Principal	-	236,281	226,958	9,323
Interest	-	3,103	19,267	(16,164)
Total expenditures	<u>18,598,406</u>	<u>18,888,005</u>	<u>20,329,729</u>	<u>(1,441,724)</u>
Excess (deficiency) of revenues over expenditures	<u>762,217</u>	<u>1,007,618</u>	<u>5,619,113</u>	<u>4,611,495</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of land	-	-	203,266	203,266
Proceeds from capital lease	-	-	881,536	881,536
Transfers in	1,408,888	3,680,060	2,809,851	(870,209)
Transfers out	<u>(2,152,738)</u>	<u>(2,395,385)</u>	<u>(2,269,390)</u>	<u>125,995</u>
Total other financing sources and uses	<u>(743,850)</u>	<u>1,284,675</u>	<u>1,625,263</u>	<u>340,588</u>
Net change in fund balances	18,367	2,292,293	7,244,376	4,952,083
Fund balances, beginning	<u>13,912,239</u>	<u>13,912,239</u>	<u>13,912,239</u>	<u>-</u>
Fund balances, ending	<u>\$ 13,930,606</u>	<u>16,204,532</u>	<u>21,156,615</u>	<u>4,952,083</u>

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**DEVELOPER IMPACT FEES FUND**  
**Fiscal year ended JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Other taxes	\$ -	-	1,128	1,128
Charges for services	465,000	465,000	1,115,820	650,820
Investment earnings	25,500	25,500	80,111	54,611
Total revenue	<u>490,500</u>	<u>490,500</u>	<u>1,197,059</u>	<u>706,559</u>
<b>EXPENDITURES:</b>				
Current				
General government	-	-	9,302	(9,302)
Public safety	600	600	1,178	(578)
Public works	106,000	806,000	47,150	758,850
Culture and recreation	-	-	407	(407)
Total expenditures	<u>106,600</u>	<u>806,600</u>	<u>58,037</u>	<u>748,563</u>
Excess of revenues over expenditures	<u>383,900</u>	<u>(316,100)</u>	<u>1,139,022</u>	<u>1,455,122</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(959,899)	(1,179,899)	(959,899)	220,000
Total other financing sources and uses	<u>(959,899)</u>	<u>(1,179,899)</u>	<u>(959,899)</u>	<u>220,000</u>
Net change in fund balances	(575,999)	(1,495,999)	179,123	1,675,122
Fund balances, beginning	<u>10,812,309</u>	<u>10,812,309</u>	<u>10,812,309</u>	<u>-</u>
Fund balances, ending	<u>\$ 10,236,310</u>	<u>9,316,310</u>	<u>10,991,432</u>	<u>1,675,122</u>

## CITY OF DELANO

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2015

#### **(1) Budgets and budgetary accounting**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

On or before June 1st of each year, the City Manager shall submit to the City Council an annual budget for the ensuing fiscal year. The City Council holds public hearings, and a final budget must be adopted as originally proposed or as amended prior to July 1st.

The appropriated budget is prepared by fund, function, department, division, program, and account. The City Manager may make transfers of appropriations between departments, divisions, programs, and accounts within funds and departments, but within limits set by the City Council annually. Transfers relating to capital outlays involving \$5,000 or more require approval of the City Council. Likewise, any new appropriations from the fund balance have to be approved by the City Council. The legal level of budgetary control (that is, the level at which expenditures may not legally exceed appropriations) is by fund.

**SUPPLEMENTARY INFORMATION**

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## CITY OF DELANO

### EXPLANATION OF NON-MAJOR GOVERNMENTAL FUNDS

#### Non-Major Special Revenue Funds

The Special Revenue Funds are used by the City to account for the accumulation and disbursement of restricted resources. The following is a description of the City's Non-Major Special Revenue Funds:

- The *Gas Tax Fund* - Accounts for revenues and expenditures apportioned to the City under the Streets and Highway Code, Sections 2103, 2105, 2106, 2107, and 2107.5 of the State of California. Expenditures for administration, maintenance and construction must be for operation of public streets and highways and improvements of exclusive public mass transit guide ways.
- The *TDA Streets Fund* - Revenues for this fund are derived from two major sources the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STA). Revenues for the LTF fund are derived from ¼ cent of the 7.25 cent retail sales tax collected statewide. The ¼ cent is returned by the State Board of Equalization to each county according to the amount of tax collected in that county. Revenues for the STA fund are derived from statewide sales tax on gasoline and diesel fuel. Revenues are apportioned by population and are administered by Kern Council of Governments, the use of these funds are restricted for the purpose of financing transportation activities and transportation planning.
- The *Supplemental Law Enforcement Services Fund (SLESF)* - Accounts for grant revenues received from Kern County under the Funding for the Citizens' Option for Public Safety (COPS) program. These revenues are restricted to fund a variety of law enforcement programs.
- The *Housing/HODAG Fund* - Accounts for Home Grants coming from the U.S. Department of Housing & Urban Development that provides assistance to first time home buyers.
- The *Economic Development Block Grant* - Accounts for expenditures restricted for approved projects that have been funded by Federal Economic Development Block Grant Funds received through county funding.
- The *Senior Citizens Nutrition Fund* - Accounts for expenditures restricted for approved senior citizen nutrition programs that have been funded by USDA Foods.
- The *Landscape Maintenance Districts* - Accounts for special assessments levies against certain properties to defray the cost of landscape maintenance districts.
- The *CDBG Fund* - Accounts for expenditures restricted for approved projects that have been funded by Federal Community Development Block Grant Funds received through county funding.

## CITY OF DELANO

### EXPLANATION OF NON-MAJOR GOVERNMENTAL FUNDS

- The *Inmate Welfare Fund* - Revenues are generated from inmate use of public telephones commissions, profits from inmate purchases from the canteen sales, revenue generated from contracts with educational agencies, and interest earned on unused funds. Mandated per California Penal Code Section 4025 the uses of these funds are to provide services essential to the benefit, welfare and educational needs of the inmates, any funds that are not needed for the welfare of the inmates may be expended for the maintenance of the detention facility. Maintenance of detention facility may include the salary and benefits of personnel used in the programs to benefit the inmates, including, but not limited to, education, drug and alcohol treatment, welfare, library, accounting, and other programs deemed appropriate.
- The *Asset Seizure Fund* - Accounts for proceeds of asset forfeitures seized by law enforcement officials from illicit narcotic activities and the restricted use of such proceeds by the City to help fund its law enforcement activities.
- The *CCF Equipment Replacement Fund* - Separates and accounts for funds restricted for replacement of equipment at the Community Correctional Facility.
- The *Miscellaneous Fund* - Represents various home buyer assistance and rehabilitation loans under the CALHOME program, CDBG-R, and Workforce Housing.
- The *Standard Emergency Management Systems Fund (SEMS)* - Funded by transfers of various funds. Accounts for expenditures needed to operate a communications network that will provide an effective response to emergencies.
- The *Traffic Safety Fund* - Separates and accounts for fees charged to release a vehicle that has been impounded by law enforcement officials and the restricted use of such proceeds by the City to help fund its law enforcement activities.
- The *RTC/COP Construction Fund* - was established to account for the construction of the 1989 Delano Return to Custody Facility (RTC).
- The *Special Revenue Grant Fund* - Accounts for various grants the City applies to and is awarded but funds are restricted for specific purposes.
- The *Community Correctional Facility Fund (CCF)* - Accounts for the operations of the Delano Community Correctional Facility. The principal source of funding is from the State of California Department of Corrections.
- The *First Time Homebuyers Fund* - Accounts for operations in providing and expanding safe and affordable housing opportunities for persons and families of low and moderate income. The principal source of funding is from the Federal HOME program.
- *Delano Housing Authority* (Housing Authority) - Established in 2011 by the City. The Housing Authority's primary purpose is to provide safe and sanitary housing accommodations for persons with very low, low or moderate income. City Council members serve as the Housing Authority's commissioners and have full accountability for fiscal matters.

## CITY OF DELANO

### EXPLANATION OF NON-MAJOR GOVERNMENTAL FUNDS

#### Non-Major Debt Service Funds

The Debt Service Funds account for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest. The governmental debt serviced by the Debt Service Fund consists of tax allocation refunding bonds and lease revenue bonds. The following is a description of the City's Non-Major Debt Service Funds:

- The *Delano Financing Authority Fund* - Accounts for the debt service of the Delano Financing Authority Lease Revenue Refunding Bonds Series 2002A, that were issued to assist the City in the prepayment of its lease obligations under the RTC Facility lease under the original COP agreement and refinance the same.
- The *Debt Service Fund* - Accounts for the issuance of the Delano Financing Authority Lease Revenue Bonds, Series 2010A to provide funding for a new Police Station and capital improvement projects, including the Woollomes Avenue Bridge Project and payment of the cost of issuance.

#### Non-Major Capital Projects Funds

The Capital Projects Funds account for all resources used for the acquisitions and/or construction of major capital facilities by the City, except those financed by the Enterprise Fund. The City reports two Non-Major Capital Projects Funds, the *City Capital Projects Fund* and the *Capital Projects 2010A Fund*.

**CITY OF DELANO  
COMBINING BALANCE SHEET  
NON-MAJOR FUNDS  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Totals
<b>ASSETS</b>				
Cash and investments	\$ 3,492,150	12,215	2,848,934	6,353,299
Cash with fiscal agents	-	2,146,255	-	2,146,255
Receivables:				
Accounts	1,054,528	-	-	1,054,528
Taxes	2,053	-	-	2,053
Intergovernmental	761,125	-	2,143,532	2,904,657
Other	21,000	-	-	21,000
Due from other funds	30,776	-	-	30,776
Inventories	15,239	-	-	15,239
Notes and loans receivable, net	1,118,000	-	-	1,118,000
Advances to other funds	320,860	-	-	320,860
<b>Total assets</b>	<u>6,815,731</u>	<u>2,158,470</u>	<u>4,992,466</u>	<u>13,966,667</u>
<b>LIABILITIES, DEFFERED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	871,348	-	717,915	1,589,263
Other accrued expenses	61,728	-	-	61,728
Due to other funds	370,612	545,056	309,937	1,225,605
Deposits payable	43,762	-	-	43,762
<b>Total liabilities</b>	<u>1,347,450</u>	<u>545,056</u>	<u>1,027,852</u>	<u>2,920,358</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	1,584,578	-	1,723,152	3,307,730
<b>Total deferred inflows of resources</b>	<u>1,584,578</u>	<u>-</u>	<u>1,723,152</u>	<u>3,307,730</u>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	4,395,131	1,613,414	2,425,497	8,434,042
Assigned	-	-	-	-
Unassigned	(511,428)	-	(184,035)	(695,463)
<b>Total fund balances</b>	<u>3,883,703</u>	<u>1,613,414</u>	<u>2,241,462</u>	<u>7,738,579</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 6,815,731</u>	<u>2,158,470</u>	<u>4,992,466</u>	<u>13,966,667</u>

**CITY OF DELANO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NON-MAJOR FUNDS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals
<b>REVENUES:</b>				
Sales taxes	\$ 1,542,729	-	-	1,542,729
Other taxes	279,383	-	-	279,383
Intergovernmental	1,101,669	-	2,513,965	3,615,634
Program income	459,291	-	-	459,291
Charges for services	4,400	-	-	4,400
Investment earnings	1,132,339	37,795	19,370	1,189,504
Miscellaneous	30,097	-	-	30,097
Total revenues	<u>4,549,908</u>	<u>37,795</u>	<u>2,533,335</u>	<u>7,121,038</u>
<b>EXPENDITURES:</b>				
Current				
General government	1,074,411	3,601	106,103	1,184,115
Public safety	475,034	-	271,660	746,694
Public works	2,914,199	-	2,465,445	5,379,644
Culture and recreation	22,441	-	114,427	136,868
Community and economic development	459,430	-	-	459,430
Debt service				
Principal	-	970,000	-	970,000
Interest	-	1,140,137	-	1,140,137
Total expenditures	<u>4,945,515</u>	<u>2,113,738</u>	<u>2,957,635</u>	<u>10,016,888</u>
Excess (deficiency) of revenues over expenditures	<u>(395,607)</u>	<u>(2,075,943)</u>	<u>(424,300)</u>	<u>(2,895,850)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	116,652	2,110,138	526,313	2,753,103
Transfers out	<u>(632,543)</u>	<u>-</u>	<u>(776,940)</u>	<u>(1,409,483)</u>
Total other financing sources and uses	<u>(515,891)</u>	<u>2,110,138</u>	<u>(250,627)</u>	<u>1,343,620</u>
Net change in fund balances	(911,498)	34,195	(674,927)	(1,552,230)
Fund balances, beginning	4,795,201	1,579,219	2,916,389	9,290,809
Fund balances, ending	<u>\$ 3,883,703</u>	<u>1,613,414</u>	<u>2,241,462</u>	<u>7,738,579</u>

**CITY OF DELANO  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2015**

	Gas Tax Fund	TDA Streets Fund	SLESF Fund	Housing/ HODAG Fund
<b>ASSETS</b>				
Cash and investments	\$ 297,987	205,369	5,889	99
Receivables:				
Accounts	454	1,037,276	-	-
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Notes and loans receivable, net	-	-	-	-
Advances to other funds	-	-	-	-
<b>Total assets</b>	<u>298,441</u>	<u>1,242,645</u>	<u>5,889</u>	<u>99</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	13,239	148,723	-	-
Other accrued expenses	33,333	-	-	-
Due to other funds	-	-	-	-
Deposits payable	2,000	-	-	-
<b>Total liabilities</b>	<u>48,572</u>	<u>148,723</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	1,037,276	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>1,037,276</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Restricted	249,869	56,646	5,889	99
Unassigned	-	-	-	-
<b>Total fund balances</b>	<u>249,869</u>	<u>56,646</u>	<u>5,889</u>	<u>99</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 298,441</u>	<u>1,242,645</u>	<u>5,889</u>	<u>99</u>

Economic Development Block Grant	Senior Citizens Nutrition Fund	Landscape Maintenance Districts	CDBG Fund	Inmate Welfare Fund	Asset Seizure Fund
-	-	358,213	131,978	142,210	19
-	-	-	-	-	-
-	-	1,150	-	503	400
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	30,776	-
-	-	-	-	15,239	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>359,363</u>	<u>131,978</u>	<u>188,728</u>	<u>419</u>
2,036	343	7,549	15,006	37,983	-
4,116	-	1,185	-	2,441	-
209,023	-	-	-	81,275	-
-	-	-	-	31,392	10,370
<u>215,175</u>	<u>343</u>	<u>8,734</u>	<u>15,006</u>	<u>153,091</u>	<u>10,370</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	350,629	116,972	35,637	-
<u>(215,175)</u>	<u>(343)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,951)</u>
<u>(215,175)</u>	<u>(343)</u>	<u>350,629</u>	<u>116,972</u>	<u>35,637</u>	<u>(9,951)</u>
<u>-</u>	<u>-</u>	<u>359,363</u>	<u>131,978</u>	<u>188,728</u>	<u>419</u>

**CITY OF DELANO  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2015**

	CCF Equipment Replacement Fund	Miscellaneous Fund	SEMS Fund
<b>ASSETS</b>			
Cash and investments	\$ 128,404	830,054	58,114
Receivables:			
Accounts	-	1,317	-
Taxes	-	-	-
Intergovernmental	-	492,304	-
Other	-	-	-
Due from other funds	-	-	-
Inventories	-	-	-
Notes and loans receivable, net	-	-	-
Advances to other funds	-	-	-
<b>Total assets</b>	<u>128,404</u>	<u>1,323,675</u>	<u>58,114</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	-	415,154	372
Other accrued expenses	-	4,604	-
Due to other funds	-	-	-
Deposits payable	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>419,758</u>	<u>372</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	-	263,377	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>263,377</u>	<u>-</u>
<b>Fund Balances:</b>			
Restricted	128,404	640,540	57,742
Unassigned	-	-	-
<b>Total fund balances</b>	<u>128,404</u>	<u>640,540</u>	<u>57,742</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 128,404</u>	<u>1,323,675</u>	<u>58,114</u>

Traffic Safety Fund	RTC/COP Construction Fund	Special Revenue Grant Fund	CCF Fund	First Time Homebuyers	Delano Housing Authority	Non-Major Special Revenue Funds
256,172	1,453	-	-	154,725	921,464	3,492,150
15,481	-	-	-	-	-	1,054,528
-	-	-	-	-	-	2,053
-	-	268,821	-	-	-	761,125
-	-	-	-	-	21,000	21,000
-	-	-	-	-	-	30,776
-	-	-	-	-	-	15,239
-	-	-	-	-	1,118,000	1,118,000
-	-	-	-	-	320,860	320,860
<u>271,653</u>	<u>1,453</u>	<u>268,821</u>	<u>-</u>	<u>154,725</u>	<u>2,381,324</u>	<u>6,815,731</u>
33,995	-	195,678	-	1,270	-	871,348
-	-	15,863	-	-	186	61,728
-	-	80,314	-	-	-	370,612
-	-	-	-	-	-	43,762
<u>33,995</u>	<u>-</u>	<u>291,855</u>	<u>-</u>	<u>1,270</u>	<u>186</u>	<u>1,347,450</u>
-	-	262,925	-	-	21,000	1,584,578
-	-	262,925	-	-	21,000	1,584,578
237,658	1,453	-	-	153,455	2,360,138	4,395,131
-	-	(285,959)	-	-	-	(511,428)
<u>237,658</u>	<u>1,453</u>	<u>(285,959)</u>	<u>-</u>	<u>153,455</u>	<u>2,360,138</u>	<u>3,883,703</u>
<u>271,653</u>	<u>1,453</u>	<u>268,821</u>	<u>-</u>	<u>154,725</u>	<u>2,381,324</u>	<u>6,815,731</u>

**CITY OF DELANO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**For the year ended JUNE 30, 2015**

	Gas Tax Fund	TDA Streets Fund	SLESF Fund	Housing/ HODAG Fund
<b>REVENUES:</b>				
Sales taxes	\$ 1,439,691	-	-	-
Other taxes	-	-	-	-
Intergovernmental	-	-	106,230	-
Program income	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	2,826	6,393	485	-
Miscellaneous	14,246	-	-	-
Total revenues	<u>1,456,763</u>	<u>6,393</u>	<u>106,715</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current				
General government	-	-	-	-
Public safety	-	-	81	-
Public works	1,654,179	758,891	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	-	-
Total expenditures	<u>1,654,179</u>	<u>758,891</u>	<u>81</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(197,416)</u>	<u>(752,498)</u>	<u>106,634</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	(526,313)	(106,230)	-
Total other financing sources and uses	<u>-</u>	<u>(526,313)</u>	<u>(106,230)</u>	<u>-</u>
Net change in fund balances	(197,416)	(1,278,811)	404	-
Fund balances, beginning	447,285	1,335,457	5,485	99
Fund balances, ending	<u>\$ 249,869</u>	<u>56,646</u>	<u>5,889</u>	<u>99</u>

<u>Economic Development Block Grant</u>	<u>Senior Citizens Nutrition Fund</u>	<u>Landscape Maintenance Districts</u>	<u>CDBG Fund</u>	<u>Inmate Welfare Fund</u>	<u>Asset Seizure Fund</u>
-	-	-	-	-	-
-	-	279,383	-	-	-
-	-	-	-	-	-
3,315	-	-	89,793	216,455	-
-	4,400	-	-	-	-
-	-	2,117	1,636	46	23
-	-	-	-	1,520	-
<u>3,315</u>	<u>4,400</u>	<u>281,500</u>	<u>91,429</u>	<u>218,021</u>	<u>23</u>
96,867	-	-	315	-	-
-	-	-	-	178,653	5,583
-	-	194,545	174,448	-	-
-	22,441	-	-	-	-
-	-	-	-	-	-
<u>96,867</u>	<u>22,441</u>	<u>194,545</u>	<u>174,763</u>	<u>178,653</u>	<u>5,583</u>
<u>(93,552)</u>	<u>(18,041)</u>	<u>86,955</u>	<u>(83,334)</u>	<u>39,368</u>	<u>(5,560)</u>
-	18,634	-	-	-	-
-	-	-	-	-	-
-	<u>18,634</u>	-	-	-	-
(93,552)	593	86,955	(83,334)	39,368	(5,560)
<u>(121,623)</u>	<u>(936)</u>	<u>263,674</u>	<u>200,306</u>	<u>(3,731)</u>	<u>(4,391)</u>
<u>(215,175)</u>	<u>(343)</u>	<u>350,629</u>	<u>116,972</u>	<u>35,637</u>	<u>(9,951)</u>

**CITY OF DELANO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
**For the year ended JUNE 30, 2015**

	CCF Equipment Replacement Fund	Miscellaneous Fund	SEMS Fund
<b>REVENUES:</b>			
Sales taxes	\$ -	-	-
Other taxes	-	-	-
Intergovernmental	-	395,885	-
Program income	-	40,925	-
Charges for services	-	-	-
Investment earnings	928	6,673	394
Miscellaneous	-	-	14,330
Total revenues	<u>928</u>	<u>443,483</u>	<u>14,724</u>
<b>EXPENDITURES:</b>			
Current			
General government	-	698,670	-
Public safety	179	-	14,766
Public works	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	-	-
Total expenditures	<u>179</u>	<u>698,670</u>	<u>14,766</u>
Excess (deficiency) of revenues over expenditures	<u>749</u>	<u>(255,187)</u>	<u>(42)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	749	(255,187)	(42)
Fund balances, beginning	127,655	895,727	57,784
Fund balances, ending	<u>\$ 128,404</u>	<u>640,540</u>	<u>57,742</u>

Traffic Safety Fund	RTC/COP Construction Fund	Special Revenue Grant Fund	CCF Fund	First Time Home Buyers Program Fund	Delano Housing Authority	Non-Major Special Revenue Funds
103,038	-	-	-	-	-	1,542,729
-	-	-	-	-	-	279,383
-	-	407,859	-	191,695	-	1,101,669
-	-	-	-	108,803	-	459,291
-	-	-	-	-	-	4,400
1,874	750	-	-	215	1,107,979	1,132,339
-	-	-	1	-	-	30,097
<u>104,912</u>	<u>750</u>	<u>407,859</u>	<u>1</u>	<u>300,713</u>	<u>1,107,979</u>	<u>4,549,908</u>
-	119	47,973	-	190,535	39,932	1,074,411
-	-	275,772	-	-	-	475,034
132,136	-	-	-	-	-	2,914,199
-	-	-	-	-	-	22,441
-	-	459,430	-	-	-	459,430
<u>132,136</u>	<u>119</u>	<u>783,175</u>	<u>-</u>	<u>190,535</u>	<u>39,932</u>	<u>4,945,515</u>
<u>(27,224)</u>	<u>631</u>	<u>(375,316)</u>	<u>1</u>	<u>110,178</u>	<u>1,068,047</u>	<u>(395,607)</u>
-	-	92,647	5,371	-	-	116,652
-	-	-	-	-	-	(632,543)
-	-	92,647	5,371	-	-	(515,891)
(27,224)	631	(282,669)	5,372	110,178	1,068,047	(911,498)
<u>264,882</u>	<u>822</u>	<u>(3,290)</u>	<u>(5,372)</u>	<u>43,277</u>	<u>1,292,091</u>	<u>4,795,201</u>
<u>237,658</u>	<u>1,453</u>	<u>(285,959)</u>	<u>-</u>	<u>153,455</u>	<u>2,360,138</u>	<u>3,883,703</u>

**CITY OF DELANO  
 COMBINING BALANCE SHEET  
 NON-MAJOR DEBT SERVICE FUNDS  
 JUNE 30, 2015**

	Delano Financing Authority Fund	Debt Service Fund	Total Non-Major Debt Service Funds
<b>ASSETS</b>			
Cash and investments	\$ 12,215	-	12,215
Cash with fiscal agents	<u>2</u>	<u>2,146,253</u>	<u>2,146,255</u>
<b>Total assets</b>	<u>12,217</u>	<u>2,146,253</u>	<u>2,158,470</u>
<b>LIABILITIES</b>			
<b>Liabilities:</b>			
Due to other funds	<u>-</u>	<u>545,056</u>	<u>545,056</u>
<b>Total liabilities</b>	<u>-</u>	<u>545,056</u>	<u>545,056</u>
<b>FUND BALANCE</b>			
Restricted	<u>12,217</u>	<u>1,601,197</u>	<u>1,613,414</u>
<b>Total fund balance</b>	<u>\$ 12,217</u>	<u>1,601,197</u>	<u>1,613,414</u>

**CITY OF DELANO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**NON-MAJOR DEBT SERVICE FUNDS**  
**For the year ended June 30, 2015**

	Delano Financing Authority Fund	Debt Service Fund	Total Non-Major Debt Service Funds
<b>REVENUES:</b>			
Investment earnings	\$ 84	37,711	37,795
Total revenues	<u>84</u>	<u>37,711</u>	<u>37,795</u>
<b>EXPENDITURES:</b>			
Current			
General government	17	3,584	3,601
Debt service			
Principal	-	970,000	970,000
Interest	-	1,140,137	1,140,137
Total expenditures	<u>17</u>	<u>2,113,721</u>	<u>2,113,738</u>
Excess (deficiency) of revenues over expenditures	<u>67</u>	<u>(2,076,010)</u>	<u>(2,075,943)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	2,110,138	2,110,138
Total other financing sources and uses	<u>-</u>	<u>2,110,138</u>	<u>2,110,138</u>
Net change in fund balances	67	34,128	34,195
Fund balances, beginning	<u>12,150</u>	<u>1,567,069</u>	<u>1,579,219</u>
Fund balances, ending	<u>\$ 12,217</u>	<u>1,601,197</u>	<u>1,613,414</u>

**CITY OF DELANO  
NON-MAJOR COMBINING BALANCE SHEET  
CAPITAL PROJECT FUNDS  
JUNE 30, 2015**

	Capital Projects Fund	Capital Projects 2010A	Total Non-Major Capital Projects Funds
<b>ASSETS</b>			
Cash and investments	\$ 423,437	2,425,497	2,848,934
Receivables:			
Intergovernmental	<u>2,143,532</u>	<u>-</u>	<u>2,143,532</u>
<b>Total assets</b>	<u>2,566,969</u>	<u>2,425,497</u>	<u>4,992,466</u>
<b>LIABILITIES, DEFFERED INFLOWS AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	717,915	-	717,915
Due to other funds	<u>309,937</u>	<u>-</u>	<u>309,937</u>
<b>Total liabilities</b>	<u>1,027,852</u>	<u>-</u>	<u>1,027,852</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	<u>1,723,152</u>	<u>-</u>	<u>1,723,152</u>
<b>Total deferred inflows of resources</b>	<u>1,723,152</u>	<u>-</u>	<u>1,723,152</u>
<b>FUND BALANCE</b>			
Restricted	-	2,425,497	2,425,497
Unrestricted	<u>(184,035)</u>	<u>-</u>	<u>(184,035)</u>
<b>Total fund balance</b>	<u>\$ (184,035)</u>	<u>2,425,497</u>	<u>2,241,462</u>

**CITY OF DELANO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**For the year ended June 30, 2015**

	<u>Capital Projects Fund</u>	<u>Capital Projects 2010A</u>	<u>Total Non-Major Capital Projects Funds</u>
<b>REVENUES:</b>			
Intergovernmental	\$ 2,513,965	-	2,513,965
Investment earnings	959	18,411	19,370
Total revenues	<u>2,514,924</u>	<u>18,411</u>	<u>2,533,335</u>
<b>EXPENDITURES:</b>			
Current			
General government	102,933	3,170	106,103
Public safety	271,660	-	271,660
Public works	2,461,124	4,321	2,465,445
Culture and recreation	114,427	-	114,427
Total expenditures	<u>2,950,144</u>	<u>7,491</u>	<u>2,957,635</u>
Excess (deficiency) of revenues over expenditures	<u>(435,220)</u>	<u>10,920</u>	<u>(424,300)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	526,313	-	526,313
Transfers out	<u>(776,940)</u>	<u>-</u>	<u>(776,940)</u>
Total other financing sources and uses	<u>(250,627)</u>	<u>-</u>	<u>(250,627)</u>
Net change in fund balances	(685,847)	10,920	(674,927)
Fund balances, beginning	<u>501,812</u>	<u>2,414,577</u>	<u>2,916,389</u>
Fund balances, ending	<u>\$ (184,035)</u>	<u>2,425,497</u>	<u>2,241,462</u>

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GAS TAX FUND**  
For the year ended JUNE 30, 2015

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Property taxes			
Sales taxes	\$ 1,631,910	1,439,691	(192,219)
Investment earnings	5,000	2,826	(2,174)
Miscellaneous	-	14,246	14,246
Total revenues	1,636,910	1,456,763	(180,147)
<b>EXPENDITURES:</b>			
Current			
Public works	1,797,887	1,654,179	143,708
Total expenditures	1,797,887	1,654,179	143,708
Excess (deficiency) of revenues over expenditures	(160,977)	(197,416)	(36,439)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	130,000	-	(130,000)
Transfers out	(184,000)	-	184,000
Total other financing sources and uses	(54,000)	-	54,000
Net change in fund balances	(214,977)	(197,416)	17,561
Fund balances, beginning	447,285	447,285	-
Fund balances, ending	\$ 232,308	249,869	17,561

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**TDA STREETS FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 951,084	-	(951,084)
Investment earnings	-	6,393	6,393
Total revenues	951,084	6,393	(944,691)
<b>EXPENDITURES:</b>			
Current			
Public works	875,084	758,891	116,193
Total expenditures	875,084	758,891	116,193
Excess (deficiency) of revenues over expenditures	76,000	(752,498)	(828,498)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	49,500	-	(49,500)
Transfers out	(2,058,445)	(526,313)	1,532,132
Total other financing sources and uses	(2,008,945)	(526,313)	1,482,632
Net change in fund balances	(1,932,945)	(1,278,811)	654,134
Fund balances, beginning	1,335,457	1,335,457	-
Fund balances, ending	\$ (597,488)	56,646	654,134

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**SLESF FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 100,000	106,230	6,230
Investment earnings	-	485	485
Total revenues	100,000	106,715	6,715
<b>EXPENDITURES:</b>			
Current			
Public safety	-	81	(81)
Total expenditures	-	81	(81)
Excess (deficiency) of revenues over expenditures	100,000	106,634	6,634
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	(100,000)	(106,230)	(6,230)
Total other financing sources and uses	(100,000)	(106,230)	(6,230)
Net change in fund balances	-	404	404
Fund balances, beginning	5,485	5,485	-
Fund balances, ending	\$ 5,485	5,889	404

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**HODAG/HOUSING FUND**  
**For the year ended JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES:</b>			
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning	<u>99</u>	<u>99</u>	<u>-</u>
Fund balances, ending	<u>99</u>	<u>99</u>	<u>-</u>

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**ECONOMIC DEVELOPMENT BLOCK GRANT FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Program income	\$ -	3,315	3,315
Total revenues	-	3,315	3,315
<b>EXPENDITURES:</b>			
Current			
General government	96,714	96,867	(153)
Total expenditures	96,714	96,867	(153)
Excess (deficiency) of revenues over expenditures	(96,714)	(93,552)	3,162
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	96,714	-	(96,714)
Total other financing sources and uses	96,714	-	(96,714)
Net change in fund balances	-	(93,552)	(93,552)
Fund balances (deficit), beginning	(121,623)	(121,623)	-
Fund balances (deficit), ending	\$ (121,623)	(215,175)	(93,552)

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**SENIOR CITIZENS NUTRITION FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 207,846	-	(207,846)
Program income	30,000	-	(30,000)
Charges for services	-	4,400	4,400
Miscellaneous	200	-	(200)
Total revenues	238,046	4,400	(233,646)
<b>EXPENDITURES:</b>			
Culture and recreation	238,947	22,441	216,506
Total expenditures	238,947	22,441	216,506
Excess (deficiency) of revenues over expenditures	(901)	(18,041)	(17,140)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	38,849	18,634	(20,215)
Total other financing sources and uses	38,849	18,634	(20,215)
Net change in fund balances	37,948	593	(37,355)
Fund balances (deficit), beginning	(936)	(936)	-
Fund balances (deficit), ending	37,012	(343)	(37,355)

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**LANDSCAPE MAINTENANCE DISTRICTS FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Other taxes	\$ 236,140	279,383	43,243
Investment earnings	1,000	2,117	1,117
Total revenues	237,140	281,500	44,360
<b>EXPENDITURES:</b>			
Current			
Public works	221,390	194,545	26,845
Total expenditures	221,390	194,545	26,845
Excess (deficiency) of revenues over expenditures	15,750	86,955	71,205
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	(40,000)	-	40,000
Total other financing sources and uses	(40,000)	-	40,000
Net change in fund balances	(24,250)	86,955	111,205
Fund balances, beginning	263,674	263,674	-
Fund balances, ending	\$ 239,424	350,629	111,205

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**CDBG FUND**  
**For the year ended JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Program income	\$ -	89,793	89,793
Investment earnings	<u>-</u>	<u>1,636</u>	<u>1,636</u>
Total revenues	<u>-</u>	<u>91,429</u>	<u>91,429</u>
<b>EXPENDITURES:</b>			
Current			
General government	-	315	(315)
Public works	<u>191,380</u>	<u>174,448</u>	<u>16,932</u>
Total expenditures	<u>191,380</u>	<u>174,763</u>	<u>16,617</u>
Excess (deficiency) of revenues over expenditures	<u>(191,380)</u>	<u>(83,334)</u>	<u>108,046</u>
Net change in fund balances	(191,380)	(83,334)	108,046
Fund balances, beginning	<u>200,306</u>	<u>200,306</u>	<u>-</u>
Fund balances, ending	<u>\$ 8,926</u>	<u>116,972</u>	<u>108,046</u>

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**INMATE WELFARE FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Program income	\$ -	216,455	216,455
Investment earnings	-	46	46
Miscellaneous	-	1,520	1,520
Total revenues	-	218,021	218,021
<b>EXPENDITURES:</b>			
Current			
Public safety	-	178,653	(178,653)
Total expenditures	-	178,653	(178,653)
Excess (deficiency) of revenues over expenditures	-	39,368	39,368
Net change in fund balances	-	39,368	39,368
Fund balances, beginning	(3,731)	(3,731)	-
Fund balances, ending	\$ (3,731)	35,637	39,368

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**ASSET SEIZURE FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Investment earnings	\$ 5,350	23	(5,327)
Total revenues	5,350	23	(5,327)
<b>EXPENDITURES:</b>			
Current			
Public safety	4,500	5,583	(1,083)
Total expenditures	4,500	5,583	(1,083)
Excess (deficiency) of revenues over expenditures	850	(5,560)	(6,410)
Net change in fund balances	850	(5,560)	(6,410)
Fund balances (deficit), beginning	(4,391)	(4,391)	-
Fund balances (deficit), ending	(3,541)	(9,951)	(6,410)

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**CCF EQUIPMENT REPLACEMENT FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Investment earnings	\$ -	928	928
Total revenues	-	928	928
<b>EXPENDITURES:</b>			
Current			
Public safety	-	179	(179)
Total expenditures	-	179	(179)
Excess (deficiency) of revenues over expenditures	-	749	749
Net change in fund balances	-	749	749
Fund balances, beginning	127,655	127,655	-
Fund balances, ending	\$ 127,655	128,404	749

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**MISCELLANEOUS FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 765,107	395,885	(369,222)
Program income	-	40,925	40,925
Investment earnings	-	6,673	6,673
	<u>765,107</u>	<u>443,483</u>	<u>(321,624)</u>
<b>EXPENDITURES:</b>			
Current:			
General government	<u>2,220,345</u>	<u>698,670</u>	<u>1,521,675</u>
Total expenditures	<u>2,220,345</u>	<u>698,670</u>	<u>1,521,675</u>
Excess (deficiency) of revenues over expenditures	<u>(1,455,238)</u>	<u>(255,187)</u>	<u>1,200,051</u>
Net change in fund balances	(1,455,238)	(255,187)	1,200,051
Fund balances, beginning	<u>895,727</u>	<u>895,727</u>	<u>-</u>
Fund balances, ending	<u>\$ (559,511)</u>	<u>640,540</u>	<u>1,200,051</u>

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**SEMS FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Investment earnings	\$ -	394	394
Miscellaneous	21,000	14,330	(6,670)
Total revenues	21,000	14,724	(6,276)
<b>EXPENDITURES:</b>			
Current			
Public safety	24,000	14,766	9,234
Total expenditures	24,000	14,766	9,234
Excess (deficiency) of revenues over expenditures	(3,000)	(42)	2,958
Net change in fund balances	(3,000)	(42)	2,958
Fund balances, beginning	57,784	57,784	-
Fund balances, ending	\$ 54,784	57,742	2,958

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**TRAFFIC SAFETY FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Charges for services	\$ 140,000	103,038	(36,962)
Investment earnings	500	1,874	1,374
Total revenues	140,500	104,912	(35,588)
<b>EXPENDITURES:</b>			
Current			
Public works	140,200	132,136	8,064
Total expenditures	140,200	132,136	8,064
Excess (deficiency) of revenues over expenditures	300	(27,224)	(27,524)
Net change in fund balances	300	(27,224)	(27,524)
Fund balances, beginning	264,882	264,882	-
Fund balances, ending	\$ 265,182	237,658	(27,524)

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**RTC/COP CONSTRUCTION FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Investment earnings	\$ -	750	750
Total revenues	-	750	750
<b>EXPENDITURES:</b>			
Current			
General government	-	119	(119)
Total expenditures	-	119	(119)
Excess (deficiency) of revenues over expenditures	-	631	631
Net change in fund balances	-	631	631
Fund balances, beginning	822	822	-
Fund balances, ending	\$ 822	1,453	631

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**SPECIAL REVENUE GRANT FUND**  
**For the year ended JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 1,199,424	407,859	(791,565)
Total revenues	<u>1,199,424</u>	<u>407,859</u>	<u>(791,565)</u>
<b>EXPENDITURES:</b>			
Current			
General government	55,000	47,973	7,027
Public safety	158,932	275,772	(116,840)
Community and economic development	<u>1,068,980</u>	<u>459,430</u>	<u>609,550</u>
Total expenditures	<u>1,282,912</u>	<u>783,175</u>	<u>499,737</u>
Excess (deficiency) of revenues over expenditures	<u>(83,488)</u>	<u>(375,316)</u>	<u>(291,828)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	<u>92,647</u>	<u>92,647</u>	<u>-</u>
Total other financing sources and uses	<u>92,647</u>	<u>92,647</u>	<u>-</u>
Net change in fund balances	9,159	(282,669)	(291,828)
Fund balances (deficit), beginning	<u>(3,290)</u>	<u>(3,290)</u>	<u>-</u>
Fund balances (deficit), ending	<u>\$ 5,869</u>	<u>(285,959)</u>	<u>(291,828)</u>

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**CCF FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Miscellaneous	\$ -	1	1
Total revenues	-	1	1
<b>EXPENDITURES:</b>			
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	-	1	1
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	5,371	5,371
Total other financing sources and uses	-	5,371	5,371
Net change in fund balances	-	5,372	5,372
Fund balances, beginning	(5,372)	(5,372)	-
Fund balances, ending	\$ (5,372)	-	5,372

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**FIRST TIME HOMEBUYERS PROGRAM FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 400,000	191,695	(208,305)
Program income	-	108,803	108,803
Investment earnings	-	215	215
	<u>400,000</u>	<u>300,713</u>	<u>(99,287)</u>
Total revenues			
<b>EXPENDITURES:</b>			
Current			
General government	-	190,535	(190,535)
	<u>-</u>	<u>190,535</u>	<u>(190,535)</u>
Total expenditures			
	<u>400,000</u>	<u>110,178</u>	<u>(289,822)</u>
Excess (deficiency) of revenues over expenditures			
	<u>400,000</u>	<u>110,178</u>	<u>(289,822)</u>
Net change in fund balances			
	<u>43,277</u>	<u>43,277</u>	<u>-</u>
Fund balances, beginning			
	<u>\$ 443,277</u>	<u>153,455</u>	<u>(289,822)</u>
Fund balances, ending			

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**DELANO HOUSING AUTHORITY FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Investment earnings	\$ -	1,107,979	1,107,979
Total revenues	-	1,107,979	1,107,979
<b>EXPENDITURES:</b>			
Current:			
General government	122,000	39,932	82,068
Total expenditures	122,000	39,932	82,068
Excess (deficiency) of revenues over expenditures	(122,000)	1,068,047	1,190,047
Net change in fund balances	(122,000)	1,068,047	1,190,047
Fund balances, beginning	1,292,091	1,292,091	-
Fund balances, ending	\$ 1,170,091	2,360,138	1,190,047

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**DELANO FINANCING AUTHORITY FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Investment earnings	\$ -	84	84
Total revenues	-	84	84
<b>EXPENDITURES:</b>			
Current			
General government	-	17	(17)
Total expenditures	-	17	(17)
Excess (deficiency) of revenues over expenditures	-	67	67
Net change in fund balances	-	67	67
Fund balances, beginning	12,150	12,150	-
Fund balances, ending	\$ 12,150	12,217	67

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**For the year ended JUNE 30, 2015**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Investment earnings	\$ 22,300	37,711	15,411
Total revenues	<u>22,300</u>	<u>37,711</u>	<u>15,411</u>
<b>EXPENDITURES:</b>			
Current:			
General government	4,500	3,584	916
Debt service:			
Principal	970,000	970,000	-
Interest	<u>1,140,138</u>	<u>1,140,137</u>	<u>1</u>
Total expenditures	<u>2,114,638</u>	<u>2,113,721</u>	<u>917</u>
Excess (deficiency) of revenues over expenditures	<u>(2,092,338)</u>	<u>(2,076,010)</u>	<u>16,328</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	<u>2,110,138</u>	<u>2,110,138</u>	<u>-</u>
Total other financing sources and uses	<u>2,110,138</u>	<u>2,110,138</u>	<u>-</u>
Net change in fund balances	17,800	34,128	16,328
Fund balances, beginning	<u>1,567,069</u>	<u>1,567,069</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,584,869</u>	<u>1,601,197</u>	<u>16,328</u>

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**CITY CAPITAL PROJECTS FUND**  
**For the year ended JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES:</b>			
Intergovernmental	\$ 7,083,171	2,513,965	(4,569,206)
Investment earnings	<u>-</u>	<u>959</u>	<u>959</u>
Total revenues	<u>7,083,171</u>	<u>2,514,924</u>	<u>(4,568,247)</u>
<b>EXPENDITURES:</b>			
Current			
General government	127,163	102,933	24,230
Public safety	343,998	271,660	72,338
Public works	10,435,504	2,461,124	7,974,380
Culture and recreation	<u>150,000</u>	<u>114,427</u>	<u>35,573</u>
Total expenditures	<u>11,056,665</u>	<u>2,950,144</u>	<u>8,106,521</u>
Excess (deficiency) of revenues over expenditures	<u>(3,973,494)</u>	<u>(435,220)</u>	<u>3,538,274</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	3,670,831	526,313	(3,144,518)
Transfers out	<u>(49,500)</u>	<u>(776,940)</u>	<u>(727,440)</u>
Total other financing sources and uses	<u>3,621,331</u>	<u>(250,627)</u>	<u>(3,871,958)</u>
Net change in fund balances	(352,163)	(685,847)	(333,684)
Fund balances, beginning	<u>501,812</u>	<u>501,812</u>	<u>-</u>
Fund balances, ending	<u>\$ 149,649</u>	<u>(184,035)</u>	<u>(333,684)</u>

**CITY OF DELANO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS 2010A FUND**  
**For the year ended JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES:</b>			
Investment earnings	\$ -	18,411	18,411
Total revenues	<u>-</u>	<u>18,411</u>	<u>18,411</u>
<b>EXPENDITURES:</b>			
Current			
General government	-	3,170	(3,170)
Public works	<u>-</u>	<u>4,321</u>	<u>(4,321)</u>
Total expenditures	<u>-</u>	<u>7,491</u>	<u>(7,491)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>10,920</u>	<u>10,920</u>
Net change in fund balances	-	10,920	10,920
Fund balances, beginning	<u>2,414,577</u>	<u>2,414,577</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,414,577</u>	<u>2,425,497</u>	<u>10,920</u>

## CITY OF DELANO

### EXPLANATION OF NON-MAJOR PROPRIETARY FUNDS

#### Non-Major Proprietary Funds

The *Airport Fund* – Accounts for the activities of the Delano Municipal Airport. The Delano Municipal Airport is an uncontrolled airfield offering a 5,651 foot runway and light aviation services. There is no scheduled airline service, many military, air charter, air ambulance, and other flying services operate from the airport on a regular basis. The primary sources of income are fuel sales and hanger rentals.

The *Transit Fund* - Accounts for the activities of the Delano Area Rapid Transit (DART) and Delano Area Dial-a-Ride. Buses provide public transit services within the City of Delano and surrounding unincorporated county areas.

**CITY OF DELANO**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	Airport Fund	Transit Fund	Non-Major Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 104,226	796,893	901,119
Receivables:			
Other	57,721	5,135	62,856
Inventories	2,543	-	2,543
Total current assets	<u>164,490</u>	<u>802,028</u>	<u>966,518</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable	1,047,971	93,245	1,141,216
Depreciable, net of accumulated depreciation	<u>827,368</u>	<u>1,352,937</u>	<u>2,180,305</u>
Total noncurrent assets	<u>1,875,339</u>	<u>1,446,182</u>	<u>3,321,521</u>
Total assets	<u>2,039,829</u>	<u>2,248,210</u>	<u>4,288,039</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred outflows - actuarial	<u>-</u>	<u>36,740</u>	<u>36,740</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	16,656	67,884	84,540
Other accrued expenses	2,498	40,273	42,771
Due to other funds	547	-	547
Unearned revenue	5,280	-	5,280
Deposits payable	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total current liabilities	<u>34,981</u>	<u>108,157</u>	<u>143,138</u>
Noncurrent liabilities:			
Due within one year	2,422	19,062	21,484
Due in more than one year	<u>1,428</u>	<u>955,470</u>	<u>956,898</u>
Total noncurrent liabilities	<u>3,850</u>	<u>974,532</u>	<u>978,382</u>
Total liabilities	<u>38,831</u>	<u>1,082,689</u>	<u>1,121,520</u>
<b>NET POSITION</b>			
Investment in capital assets	1,875,339	1,446,182	3,321,521
Unrestricted	<u>125,659</u>	<u>(243,921)</u>	<u>(118,262)</u>
Total net position	<u>\$ 2,000,998</u>	<u>1,202,261</u>	<u>3,203,259</u>

**CITY OF DELANO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**NON-MAJOR PROPRIETARY FUNDS**  
**For the year ended JUNE 30, 2015**

	Airport Fund	Transit Fund	Non-Major Enterprise Funds
Operating Revenues:			
Charges for services	\$ 351,656	108,839	460,495
Miscellaneous	<u>1,919</u>	<u>20,951</u>	<u>22,870</u>
Total operating revenue	<u>353,575</u>	<u>129,790</u>	<u>483,365</u>
Operating Expenses:			
Personnel	71,803	1,097,489	1,169,292
Maintenance and operations	215,505	601,446	816,951
Depreciation expense	90,145	313,448	403,593
Miscellaneous	<u>3,000</u>	<u>166,829</u>	<u>169,829</u>
Total operating expenses	<u>380,453</u>	<u>2,179,212</u>	<u>2,559,665</u>
Operating income (loss)	<u>(26,878)</u>	<u>(2,049,422)</u>	<u>(2,076,300)</u>
Nonoperating revenues (expenses):			
Intergovernmental	-	2,696,571	2,696,571
Investment earnings	521	1,784	2,305
Interest expense	<u>(4,767)</u>	<u>-</u>	<u>(4,767)</u>
Total nonoperating revenues (expenses)	<u>(4,246)</u>	<u>2,698,355</u>	<u>2,694,109</u>
Transfers out	<u>(3,664)</u>	<u>-</u>	<u>(3,664)</u>
Total transfers	<u>(3,664)</u>	<u>-</u>	<u>(3,664)</u>
Change in net position	(34,788)	648,933	614,145
Net position, beginning, as restated	<u>2,035,786</u>	<u>553,328</u>	<u>2,589,114</u>
Net position, ending	<u>\$ 2,000,998</u>	<u>1,202,261</u>	<u>3,203,259</u>

**CITY OF DELANO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR PROPRIETARY FUNDS**  
For the year ended JUNE 30, 2015

	Airport Fund	Transit Fund	Non-Major Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 296,408	125,983	422,391
Receipts from other governments	-	2,696,571	2,696,571
Payments to employees for salaries and benefits	(75,623)	(1,066,886)	(1,142,509)
Payments to suppliers and service providers	(206,500)	(706,462)	(912,962)
Net cash provided by (used for) operating activities	<u>14,285</u>	<u>1,049,206</u>	<u>1,063,491</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Cash received from other funds	16	-	16
Cash paid to other funds	(3,664)	(254,247)	(257,911)
Net cash provided by (used for) noncapital and related financing activities	<u>(3,648)</u>	<u>(254,247)</u>	<u>(257,895)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest paid on capital-related debt	(4,767)	-	(4,767)
Net cash provided by (used for) capital and related financing activities	<u>(4,767)</u>	<u>-</u>	<u>(4,767)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	521	1,784	2,305
Net cash provided by investing activities	<u>521</u>	<u>1,784</u>	<u>2,305</u>
Net increase (decrease) in cash	6,391	796,743	803,134
Cash, beginning of year	97,835	150	97,985
Cash, end of year	<u>\$ 104,226</u>	<u>796,893</u>	<u>901,119</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (26,878)	(2,049,422)	(2,076,300)
Depreciation	90,145	313,448	403,593
Nonoperating intergovernmental revenue	-	2,696,571	2,696,571
Adjustments:			-
Change in receivables	(57,167)	(3,807)	(60,974)
Change in deferred outflows - actuarial	-	(36,740)	(36,740)
Change in prepaid expenses	493	2,178	2,671
Change in accounts payable	11,512	59,635	71,147
Change in other accrued expenses	(7,670)	(14,207)	(21,877)
Change net pension liability	-	51,254	51,254
Change in compensated absences	3,850	30,296	34,146
Net cash provided by (used in) operating activities	<u>\$ 14,285</u>	<u>1,049,206</u>	<u>1,063,491</u>

**CITY OF DELANO**

**EXPLANATION OF INTERNAL SERVICE FUNDS**

Internal Service Funds

*Internal Service Funds* account for the City's information system, liability insurance and workers compensation, and fleet management services (garage) provided to other departments and agencies of the City on a cost reimbursement basis.

**CITY OF DELA NO**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2015**

	Insurance Fund	Central Garage Fund	CIS Fund	Workers Compensation Fund	Internal Service Fund
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$ -	78,348	949,509	263,790	1,291,647
Accounts receivable	-	55,408	1,650	-	57,058
Inventories	-	49,068	-	-	49,068
Deposits with insurance company	102,076	-	-	-	102,076
Total current assets	<u>102,076</u>	<u>182,824</u>	<u>951,159</u>	<u>263,790</u>	<u>1,499,849</u>
Noncurrent Assets:					
Capital assets:					
Depreciable, net of of accumulated depreciation	-	585,606	10,616	-	596,222
Total noncurrent assets	<u>-</u>	<u>585,606</u>	<u>10,616</u>	<u>-</u>	<u>596,222</u>
Total assets	<u>102,076</u>	<u>768,430</u>	<u>961,775</u>	<u>263,790</u>	<u>2,096,071</u>
<b>DEFERRED OUTFLOWS</b>					
Deferred outflows - actuarial	-	29,392	-	-	29,392
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	-	31,504	31,763	-	63,267
Other accrued expenses	1,121	24,192	4,225	1,121	30,659
Due to other funds	408,105	2,600	-	-	410,705
Total current liabilities	<u>409,226</u>	<u>58,296</u>	<u>35,988</u>	<u>1,121</u>	<u>504,631</u>
Noncurrent liabilities:					
Due within one year	-	22,684	86	-	22,770
Due in more than one year	-	768,544	2,929	-	771,473
Total noncurrent liabilities	<u>-</u>	<u>791,228</u>	<u>3,015</u>	<u>-</u>	<u>794,243</u>
Total liabilities	<u>409,226</u>	<u>849,524</u>	<u>39,003</u>	<u>1,121</u>	<u>1,298,874</u>
<b>NET POSITION</b>					
Investment in capital assets	-	585,606	10,616	-	596,222
Unrestricted	(307,150)	(637,308)	912,156	262,669	230,367
Total net position	<u>\$ (307,150)</u>	<u>(51,702)</u>	<u>922,772</u>	<u>262,669</u>	<u>826,589</u>

**CITY OF DELA NO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the year ended June 30, 2015**

	Insurance Fund	Central Garage Fund	CIS Fund	Workers Compensation Fund	Total Internal Service Funds
<b>Operating Revenues:</b>					
Charges for services	\$ 957,836	1,722,901	749,428	1,080,557	4,510,722
Miscellaneous	-	395	-	-	395
Total operating revenue	<u>957,836</u>	<u>1,723,296</u>	<u>749,428</u>	<u>1,080,557</u>	<u>4,511,117</u>
<b>Operating Expenses:</b>					
Personnel	27,605	714,891	99,315	936,127	1,777,938
Maintenance and operations	668,013	821,001	337,923	2,900	1,829,837
Depreciation expense	-	80,527	2,130	-	82,657
Miscellaneous	5	5,057	59,261	421	64,744
Total operating expenses	<u>695,623</u>	<u>1,621,476</u>	<u>498,629</u>	<u>939,448</u>	<u>3,755,176</u>
Operating income (loss)	<u>262,213</u>	<u>101,820</u>	<u>250,799</u>	<u>141,109</u>	<u>755,941</u>
<b>Nonoperating revenues (expenses):</b>					
Investment earnings	(25)	-	5,620	1,633	7,228
Total nonoperating revenues (expenses)	<u>(25)</u>	<u>-</u>	<u>5,620</u>	<u>1,633</u>	<u>7,228</u>
Transfers out	(686,452)	(17,406)	-	(329,190)	(1,033,048)
Total transfers	<u>(686,452)</u>	<u>(17,406)</u>	<u>-</u>	<u>(329,190)</u>	<u>(1,033,048)</u>
Change in net position	(424,264)	84,414	256,419	(186,448)	(269,879)
Net position (deficit), beginning, as restated	<u>117,114</u>	<u>(136,116)</u>	<u>666,353</u>	<u>449,117</u>	<u>1,096,468</u>
Net position (deficit), ending	<u>\$ (307,150)</u>	<u>(51,702)</u>	<u>922,772</u>	<u>262,669</u>	<u>826,589</u>

**CITY OF DELA NO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the year ended June 30, 2015**

	Insurance Fund	Central Garage Fund	CIS Fund	Worker's Compensation Fund	Total Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 957,836	1,669,338	749,428	1,080,557	4,457,159
Payments to employees for salaries and benefits	(26,484)	(701,101)	(97,649)	(935,911)	(1,761,145)
Payments to suppliers and service providers	(668,018)	(823,777)	(365,976)	(3,321)	(1,861,092)
Net cash provided by (used for) operating activities	<u>263,334</u>	<u>144,460</u>	<u>285,803</u>	<u>141,325</u>	<u>834,922</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Cash received from other funds	518	-	-	-	518
Cash paid to other funds	(279,252)	(66,112)	-	(329,190)	(674,554)
Net cash provided by (used for) noncapital and related financing activities	<u>(278,734)</u>	<u>(66,112)</u>	<u>-</u>	<u>(329,190)</u>	<u>(674,036)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	-	-	5,620	1,633	7,253
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>5,620</u>	<u>1,633</u>	<u>7,253</u>
Net increase (decrease) in cash	(15,400)	78,348	291,423	(186,232)	168,139
Cash, beginning of year	15,400	-	658,086	450,022	1,123,508
Cash, end of year	<u>\$ -</u>	<u>78,348</u>	<u>949,509</u>	<u>263,790</u>	<u>1,291,647</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 262,213	101,820	250,799	141,109	755,941
Depreciation	-	80,527	2,130	-	82,657
Adjustments:					
Change in receivables	-	(53,958)	-	-	(53,958)
Change in inventory	-	(11,834)	-	-	(11,834)
Change in deferred outflows - actuarial	-	(29,392)	-	-	(29,392)
Change in prepaid expenses	-	-	600	-	600
Change in accounts payable	-	14,115	30,608	-	44,723
Change in other accrued expenses	1,121	2,179	716	216	4,232
Change in net pension liabilities	-	41,003	-	-	41,003
Change in compensated absences	-	-	950	-	950
Net cash provided by (used in) operating activities	<u>\$ 263,334</u>	<u>144,460</u>	<u>285,803</u>	<u>141,325</u>	<u>834,922</u>

There were no significant noncash investing or financing activities for the year ending June 30, 2015.

## CITY OF DELANO

### EXPLANATION OF AGENCY FUNDS

#### Agency Funds

Agency funds are used to account for short-term custodial collections of resources on behalf of another individual, entity, or government.

- *Inmate Trust Fund* – to account for deposits held on behalf of inmates in the Modified Community Correctional Facility.
- *Trust Deposit Fund* – to account for pass-through payments received by the City on behalf of other governments

**CITY OF DELANO  
AGENCY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015**

	Inmate Trust Fund	Trust Deposit Fund	Total Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	379,316	379,316
Cash with fiscal agent	17,392	-	17,392
Contributions receivable and other receivables	1,434	-	1,434
<b>Total assets</b>	<u>\$ 18,826</u>	<u>379,316</u>	<u>398,142</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	5,803	5,803
CRA pass thru liability	-	277,743	277,743
Other liabilities	18,826	95,770	114,596
<b>Total liabilities</b>	<u>\$ 18,826</u>	<u>379,316</u>	<u>398,142</u>

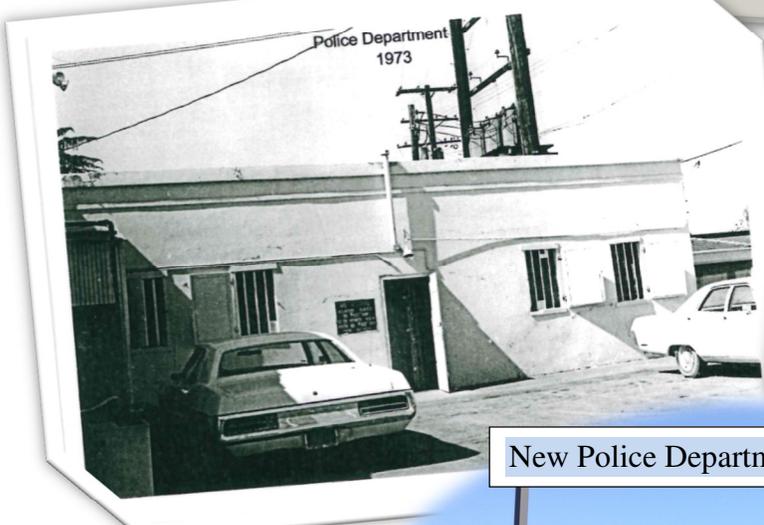
**CITY OF DELANO**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**For the year ended June 30, 2015**

<b>Inmate Trust Fund</b>	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<b>ASSETS</b>				
Cash with fiscal agents	\$ 17,392	-	-	17,392
Contributions receivable and other receivables	1,434	-	-	1,434
<b>Total assets</b>	<u>\$ 18,826</u>	<u>-</u>	<u>-</u>	<u>18,826</u>
<b>LIABILITIES</b>				
Other liabilities	\$ 18,826	-	-	18,826
<b>Total liabilities</b>	<u>\$ 18,826</u>	<u>-</u>	<u>-</u>	<u>18,826</u>
 <b>Trust Deposit Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 372,076	10,775	3,535	379,316
<b>Total assets</b>	<u>\$ 372,076</u>	<u>10,775</u>	<u>3,535</u>	<u>379,316</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,449	3,322	1,968	5,803
CRA Pass thru liability	276,134	3,051	1,442	277,743
Other liabilities	91,493	6,022	1,745	95,770
<b>Total liabilities</b>	<u>\$ 372,076</u>	<u>12,395</u>	<u>5,155</u>	<u>379,316</u>
 <b>Total Agency Funds</b>				
<b>ASSETS</b>				
Cash and investments	\$ 372,076	10,775	3,535	379,316
Cash with fiscal agents	17,392	-	-	17,392
Contributions receivable and other receivables	1,434	-	-	1,434
<b>Total assets</b>	<u>\$ 390,902</u>	<u>10,775</u>	<u>3,535</u>	<u>398,142</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,449	3,322	1,968	5,803
CRA Pass thru liability	276,134	3,051	1,442	277,743
Other liabilities	110,319	6,022	1,745	114,596
<b>Total liabilities</b>	<u>\$ 390,902</u>	<u>12,395</u>	<u>5,155</u>	<u>398,142</u>

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## STATISTICAL SECTION



New Police Department Built in 2014





## Statistical Section (Unaudited)

This part of the City of Delano’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b><u>Financial Trends</u></b> – These schedules contain information to help the reader to understand how the City’s financial performance and well-being have changed over time.	
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**Sources:** Unless otherwise noted, the information in these schedules was derived from the City’s comprehensive annual financial reports for the relevant year.



## City of Delano

Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities:</b>										
Net invested in capital assets,										
Restricted	\$ 14,502,447	\$ 154,272,581	\$ 148,421,018	\$ 151,470,775	\$ 149,570,114	\$ 147,129,054	\$ 139,229,157	\$ 139,379,687	\$ 128,116,956	\$ 124,515,926
Unrestricted	17,456,074	10,605,839	7,847,186	7,948,776	14,945,025	13,094,872	14,340,007	25,370,125	20,542,461	21,246,940
	<u>(5,046,635)</u>	<u>7,985,005</u>	<u>20,244,162</u>	<u>16,199,978</u>	<u>5,988,074</u>	<u>5,109,844</u>	<u>9,279,293</u>	<u>(2,857,037)</u>	<u>11,477,326</u>	<u>6,196,824</u>
<b>Total governmental activities net position</b>	<b><u>\$ 26,911,886</u></b>	<b><u>\$ 172,863,425</u></b>	<b><u>\$ 176,512,366</u></b>	<b><u>\$ 175,619,529</u></b>	<b><u>\$ 170,503,213</u></b>	<b><u>\$ 165,333,770</u></b>	<b><u>\$ 162,848,457</u></b>	<b><u>\$ 161,892,775</u></b>	<b><u>\$ 160,136,743</u></b>	<b><u>\$ 151,959,690</u></b>
<b>Business-type activities:</b>										
Net invested in capital assets,										
Restricted	\$ 15,160,230	\$ 16,157,458	\$ 16,269,419	\$ 27,430,998	\$ 22,880,050	\$ 21,889,571	\$ 23,381,726	\$ 23,158,000	\$ 24,749,873	\$ 23,101,458
Unrestricted	-	-	-	-	-	-	-	-	-	-
	<u>7,424,283</u>	<u>7,911,523</u>	<u>5,750,291</u>	<u>3,315,569</u>	<u>(1,667,914)</u>	<u>(1,487,042)</u>	<u>(2,417,170)</u>	<u>1,688,705</u>	<u>1,874,951</u>	<u>2,651,632</u>
<b>Total business-type activities net position</b>	<b><u>\$ 22,584,513</u></b>	<b><u>\$ 24,068,981</u></b>	<b><u>\$ 22,019,710</u></b>	<b><u>\$ 30,746,567</u></b>	<b><u>\$ 21,212,136</u></b>	<b><u>\$ 20,402,529</u></b>	<b><u>\$ 20,964,556</u></b>	<b><u>\$ 24,846,705</u></b>	<b><u>\$ 26,624,824</u></b>	<b><u>\$ 25,753,090</u></b>
<b>Primary government:</b>										
Net invested in capital assets,										
Restricted	\$ 29,662,677	\$ 170,430,039	\$ 164,690,437	\$ 178,901,773	\$ 172,450,164	\$ 169,018,625	\$ 162,610,883	\$ 162,537,687	\$ 152,866,829	\$ 147,617,384
Unrestricted	17,456,074	10,605,839	7,847,186	7,948,776	14,945,025	13,094,872	14,340,007	25,370,125	20,542,461	21,246,940
	<u>2,377,648</u>	<u>15,896,528</u>	<u>25,994,453</u>	<u>19,515,547</u>	<u>4,320,160</u>	<u>3,622,802</u>	<u>6,862,123</u>	<u>(1,168,332)</u>	<u>13,352,277</u>	<u>8,848,456</u>
<b>Total primary government net position</b>	<b><u>\$ 49,496,399</u></b>	<b><u>\$ 196,932,406</u></b>	<b><u>\$ 198,532,076</u></b>	<b><u>\$ 206,366,096</u></b>	<b><u>\$ 191,715,349</u></b>	<b><u>\$ 185,736,299</u></b>	<b><u>\$ 183,813,013</u></b>	<b><u>\$ 186,739,480</u></b>	<b><u>\$ 186,761,567</u></b>	<b><u>\$ 177,712,780</u></b>



**City of Delano**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Expenses:</b>					
<b>Governmental activities:</b>					
General government	\$ 2,744,188	\$ 3,417,132	\$ 4,337,179	\$ 5,696,345	\$ 6,584,470
Public safety	14,414,529	21,324,215	23,510,152	25,397,307	19,403,123
Public works	1,472,179	1,863,619	2,502,891	2,125,191	9,730,375
Engineering Services	229,309	340,104	527,928	392,877	540,612
Recreation & Social Services	1,467,977	2,343,465	2,639,634	2,981,785	2,612,945
Community & Economic development	398,167	2,159,312	2,718,202	2,789,933	2,203,015
Education	443,043	490,556	582,293	663,823	518,287
Interest on long-term debt	1,357,918	1,382,839	1,281,831	1,138,991	956,413
Total governmental activities expenses	<u>\$ 22,527,310</u>	<u>\$ 33,321,242</u>	<u>\$ 38,100,110</u>	<u>\$ 41,186,252</u>	<u>\$ 42,549,240</u>
<b>Business-type activities:</b>					
Water & sewer	\$ 4,123,281	\$ 4,796,216	\$ 5,677,953	\$ 6,168,922	\$ 7,840,624
Refuse	1,841,056	2,084,486	2,199,900	2,310,885	2,840,239
MCCF	-	-	-	-	-
Non-major enterprise funds	1,572,651	1,685,023	2,143,847	1,909,573	2,307,983
Total business-type activities expenses	<u>7,536,988</u>	<u>8,565,725</u>	<u>10,021,700</u>	<u>10,389,380</u>	<u>12,988,846</u>
Total primary government expenses	<u>\$ 30,064,298</u>	<u>\$ 41,886,967</u>	<u>\$ 48,121,810</u>	<u>\$ 51,575,632</u>	<u>\$ 55,538,086</u>
<b>Program revenues:</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
General government	\$ 1,263,106	\$ 1,375,467	\$ 1,602,927	\$ 1,647,145	\$ 3,356,738
Public safety	8,657,795	9,413,666	10,970,395	11,273,023	243,502
Public works	2,620,321	3,223,716	3,756,818	3,860,453	1,902,430
Engineering Services	188,446	191,068	222,665	228,807	37,322
Recreation & Social Services	503,881	237,397	276,655	284,287	116,170
Community & Economic development	10,303	-	-	-	-
Education	443,043	-	-	-	-
Interest on long-term debt	256,440	199,929	232,991	239,418	-
Operating grants and contributions	2,143,970	1,854,862	2,161,599	2,221,228	9,364,689
Capital grants and contributions	1,368,675	620,216	722,780	742,719	4,643,350
Total governmental activities program revenues	<u>\$ 17,455,980</u>	<u>\$ 17,116,321</u>	<u>\$ 19,946,830</u>	<u>\$ 20,497,080</u>	<u>\$ 19,664,201</u>
<b>Business-type activities:</b>					
<b>Charges for services:</b>					
Water & sewer	\$ 4,328,664	\$ 4,509,922	\$ 4,706,399	\$ 4,870,197	\$ 5,946,477
Refuse	1,785,769	2,266,604	2,239,025	2,290,196	2,249,200
MCCF	-	-	-	-	-
Non-major enterprise funds	408,684	397,041	412,106	275,114	389,167
Operating grants and contributions	11,802	12,090	1,940,673	10,232,165	1,479,825
Capital grants and contributions	-	1,383,016	-	-	-
Total business-type activities program revenues	<u>6,534,919</u>	<u>8,568,673</u>	<u>9,298,203</u>	<u>17,667,672</u>	<u>10,064,669</u>
Total primary government program revenues	<u>\$ 23,990,899</u>	<u>\$ 25,684,994</u>	<u>\$ 29,245,033</u>	<u>\$ 38,164,752</u>	<u>\$ 29,728,870</u>
<b>Net revenues (expenses):</b>					
Governmental activities	(5,071,330)	(16,204,921)	(18,153,280)	(20,689,172)	(22,885,039)
Business-type activities	(1,002,069)	2,948	(723,497)	7,278,292	(2,924,177)
Total net revenues (expenses)	<u>\$ (6,073,399)</u>	<u>\$ (16,201,973)</u>	<u>\$ (18,876,777)</u>	<u>\$ (13,410,880)</u>	<u>\$ (25,809,216)</u>
<b>General revenues and other changes in net position:</b>					
<b>Governmental activities:</b>					
<b>Taxes:</b>					
Property taxes	\$ 6,999,897	\$ 9,218,809	\$ 9,972,155	\$ 5,541,228	\$ 5,824,363
Sales tax	4,049,832	3,467,984	3,272,875	8,594,782	7,632,028
Transient occupancy taxes	146,988	185,150	226,071	193,761	135,240
Other taxes	1,218,469	1,650,450	2,649,796	5,705,609	1,874,295
Motor vehicle in lieu, unrestricted	980,158	-	-	-	3,657,566
Investment income	497,021	1,133,365	1,142,344	737,848	287,027
Other general revenues	655,596	571,978	1,557,092	417,755	97,498
Transfers	(425,034)	197,964	677,889	(1,242,430)	(2,384,580)
Total governmental activities	<u>\$ 14,122,927</u>	<u>\$ 16,425,700</u>	<u>\$ 19,498,222</u>	<u>\$ 19,948,553</u>	<u>\$ 17,123,437</u>
<b>Business-type activities:</b>					
Other taxes	-	1,257,772	-	-	(93,010)
Investment income	140,344	316,920	334,828	20,243	6,828
Miscellaneous revenues	-	104,792	52,918	155,738	62,600
Transfers	425,034	(197,964)	(677,889)	1,242,430	2,157,767
Total business-type activities	<u>565,378</u>	<u>1,481,520</u>	<u>(290,143)</u>	<u>1,418,411</u>	<u>2,134,185</u>
Total primary government	<u>\$ 14,688,305</u>	<u>\$ 17,907,220</u>	<u>\$ 19,208,079</u>	<u>\$ 21,366,964</u>	<u>\$ 19,257,622</u>
Extraordinary gain/loss on AB 1X26	-	-	-	-	-
<b>Changes in net position</b>					
Governmental activities	9,051,597	220,779	1,344,942	(740,619)	(5,761,602)
Business-type activities	(436,691)	1,484,468	(1,013,640)	8,696,703	(789,992)
Total primary government	<u>\$ 8,614,906</u>	<u>\$ 1,705,247</u>	<u>\$ 331,302</u>	<u>\$ 7,956,084</u>	<u>\$ (6,551,594)</u>



**City of Delano**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

	Fiscal Year				
	2011	2012	2013	2014	2015
<b>Expenses:</b>					
<b>Governmental activities:</b>					
General government	\$ 6,561,343	\$ 5,763,986	\$ 5,170,654	\$ 5,417,613	\$ 6,446,147
Public safety	19,836,178	13,206,646	12,068,717	13,261,566	13,712,053
Public works	10,392,866	10,609,838	10,580,186	10,989,834	8,924,615
Engineering Services	565,339	572,847	670,561	748,402	528,725
Recreation & Social Services	2,674,055	2,422,548	2,525,513	2,340,480	1,705,860
Community & Economic development	1,895,470	635,101	132,414	104,805	482,439
Education	475,378	302,317	-	-	-
Interest on long-term debt	1,708,054	1,717,724	1,202,955	1,174,240	1,170,608
Total governmental activities expenses	<u>\$ 44,108,683</u>	<u>\$ 35,231,007</u>	<u>\$ 32,351,000</u>	<u>\$ 34,036,940</u>	<u>\$ 32,970,447</u>
<b>Business-type activities:</b>					
Water & sewer	\$ 8,182,310	\$ 9,570,591	\$ 9,615,374	\$ 10,413,047	\$ 10,786,469
Refuse	2,744,226	2,634,318	2,703,283	2,705,300	2,676,873
MCCF	-	-	-	4,545,659	9,513,643
Non-major enterprise funds	2,332,775	2,179,912	2,201,867	2,379,886	2,564,432
Total business-type activities expenses	<u>13,259,311</u>	<u>14,384,821</u>	<u>14,520,524</u>	<u>20,043,892</u>	<u>25,541,417</u>
Total primary government expenses	<u>\$ 57,367,994</u>	<u>\$ 49,615,828</u>	<u>\$ 46,871,524</u>	<u>\$ 54,080,832</u>	<u>\$ 58,511,864</u>
<b>Program revenues:</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
General government	\$ 3,288,150	\$ 3,278,183	\$ 6,127,124	\$ 6,083,794	\$ 3,316,966
Public safety	103,312	92,655	347,354	483,268	580,820
Public works	1,985,773	2,148,966	2,099,297	2,363,699	275,187
Engineering Services	38,337	38,614	368,988	282,112	-
Recreation & Social Services	109,387	106,027	77,678	93,224	172,821
Community & Economic development	-	-	-	-	242,836
Education	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions	12,791,542	4,086,039	1,394,930	2,609,929	2,848,312
Capital grants and contributions	1,840,709	1,388,909	3,577,461	1,141,600	6,168,272
Total governmental activities program revenues	<u>\$ 20,157,210</u>	<u>\$ 11,139,393</u>	<u>\$ 13,992,832</u>	<u>\$ 13,057,626</u>	<u>\$ 13,605,214</u>
<b>Business-type activities:</b>					
<b>Charges for services:</b>					
Water & sewer	\$ 6,993,034	\$ 8,548,083	\$ 9,940,712	\$ 12,316,560	\$ 13,662,320
Refuse	2,221,705	2,289,511	2,331,950	2,542,670	2,803,595
MCCF	-	-	-	5,280,413	12,142,692
Non-major enterprise funds	471,166	514,309	536,655	433,827	460,495
Operating grants and contributions	736,809	1,969,111	1,516,049	861,543	2,696,571
Capital grants and contributions	-	-	2,317,910	-	-
Total business-type activities program revenues	<u>10,422,714</u>	<u>13,321,014</u>	<u>16,643,276</u>	<u>21,435,013</u>	<u>31,765,673</u>
Total primary government program revenues	<u>\$ 30,579,924</u>	<u>\$ 24,460,407</u>	<u>\$ 30,636,108</u>	<u>\$ 34,492,639</u>	<u>\$ 45,370,887</u>
<b>Net revenues (expenses):</b>					
Governmental activities	(23,951,473)	(24,091,614)	(18,358,168)	(20,979,314)	(19,365,233)
Business-type activities	(2,836,597)	(1,063,807)	2,122,752	1,391,121	6,224,256
Total net revenues (expenses)	<u>\$ (26,788,070)</u>	<u>\$ (25,155,421)</u>	<u>\$ (16,235,416)</u>	<u>\$ (19,588,193)</u>	<u>\$ (13,140,977)</u>
<b>General revenues and other changes in net position:</b>					
<b>Governmental activities:</b>					
<b>Taxes:</b>					
Property taxes	\$ 5,196,111	\$ 3,770,269	\$ 3,036,844	\$ 1,943,832	\$ 2,134,523
Sales tax	8,518,752	10,209,586	10,682,634	11,624,951	12,875,003
Transient occupancy taxes	165,732	180,345	214,139	193,422	252,557
Other taxes	3,160,173	2,192,620	1,238,764	1,315,627	1,456,927
Motor vehicle in lieu, unrestricted	3,572,430	3,337,617	3,389,477	3,342,645	3,625,791
Investment income	205,520	334,536	88,210	424,925	1,386,174
Other general revenues	117,457	142,556	932,753	717,437	4,280,372
Transfers	(2,154,145)	(1,543,889)	(1,714,610)	(339,557)	(2,219,005)
Total governmental activities	<u>\$ 18,782,030</u>	<u>\$ 18,623,640</u>	<u>\$ 17,868,211</u>	<u>\$ 19,223,282</u>	<u>\$ 23,792,342</u>
<b>Business-type activities:</b>					
Other taxes	-	-	-	-	13,780
Investment income	1,767	81,945	9,129	47,441	50,899
Miscellaneous revenues	55,889	-	35,658	-	362,927
Transfers	1,969,334	1,543,889	1,714,610	339,557	2,219,005
Total business-type activities	<u>2,026,990</u>	<u>1,625,834</u>	<u>1,759,397</u>	<u>386,998</u>	<u>2,646,611</u>
Total primary government	<u>\$ 20,809,020</u>	<u>\$ 20,249,474</u>	<u>\$ 19,627,608</u>	<u>\$ 19,610,280</u>	<u>\$ 26,438,953</u>
Extraordinary gain/loss on AB 1X26	-	919,522	-	-	-
<b>Changes in net position</b>					
Governmental activities	(5,169,443)	(4,548,452)	(489,957)	(1,756,032)	4,427,109
Business-type activities	(809,607)	562,027	3,882,149	1,778,119	8,870,867
Total primary government	<u>\$ (5,979,050)</u>	<u>\$ (3,986,425)</u>	<u>\$ 3,392,192</u>	<u>\$ 22,087</u>	<u>\$ 13,297,976</u>



**City of Delano  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified accrual basis of accounting)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Non-spendable	\$ 2,438,482	\$ 2,244,898	\$ 1,616,542	\$ 130,665	\$ 169,644	\$ 331,335	\$ 229,180	\$ 295,692	\$ 369,247	\$ 191,802
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	8,603,966	8,603,967
Unassigned	4,455,959	5,855,022	8,162,845	7,574,645	7,428,512	7,110,531	6,933,768	10,220,253	4,939,026	12,360,846
<b>Total general fund</b>	<b>\$ 6,894,441</b>	<b>\$ 8,099,920</b>	<b>\$ 9,779,387</b>	<b>\$ 7,705,310</b>	<b>\$ 7,598,156</b>	<b>\$ 7,441,866</b>	<b>\$ 7,162,948</b>	<b>\$ 10,515,945</b>	<b>\$ 13,912,239</b>	<b>\$ 21,156,615</b>
<b>All other governmental funds:</b>										
Non-spendable	\$ 4,510,466	\$ 4,853,144	\$ 5,542,001	\$ 1,091,524	\$ 1,413,607	\$ 30,139	\$ 78,915	\$ -	\$ 6,621	\$ -
Restricted	3,827,483	5,011,170	4,669,638	5,819,481	5,059,131	7,071,084	3,628,078	25,370,125	7,015,575	8,434,042
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	544,567.00	347,334	-	-	-
Unassigned	-	-	-	-	-	(183,114.00)	(1,099,269)	(312,062)	(145,964)	(695,463)
<b>Total all other governmental funds</b>	<b>\$ 8,337,949</b>	<b>\$ 9,864,314</b>	<b>\$ 10,211,639</b>	<b>\$ 6,911,005</b>	<b>\$ 6,472,738</b>	<b>\$ 7,462,676</b>	<b>\$ 2,955,058</b>	<b>\$ 25,058,063</b>	<b>\$ 6,876,232</b>	<b>\$ 7,738,579</b>



**City of Delano**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2006	2007	2008	2009	2010
<b>REVENUES</b>					
Property taxes	\$ 7,441,246	\$ 8,891,520	\$ 9,972,165	\$ 5,541,228	\$ 5,824,363
Sales taxes	4,343,565	3,467,984	3,272,875	8,594,782	7,632,028
Franchise taxes	474,936	522,962	590,651	609,654	536,915
Other taxes	323,584	1,340,845	1,760,641	946,149	743,987
Fees and fines	177,545	247,374	207,478	250,377	233,275
Licenses and permits	439,703	332,373	317,088	103,442	179,219
Intergovernmental	12,046,820	11,412,726	15,015,959	17,345,349	15,594,386
Program income	294,712	109,435	23,134	448,068	316,139
Chargers for services	3,981,380	2,714,629	2,705,227	2,872,371	2,591,087
Investment earnings	582,455	1,043,968	1,029,833	689,222	123,764
Amortization of premium	53,033	55,625	58,332	1,400,506	
Miscellaneous	1,057,345	1,108,406	1,539,416	73,919	270,241
Total Revenues	<u>31,216,324</u>	<u>31,247,847</u>	<u>36,492,799</u>	<u>38,875,067</u>	<u>34,045,404</u>
<b>EXPENDITURES</b>					
Current:					
General government	2,704,209	2,362,332	3,115,480	4,126,536	4,348,726
Public safety	13,940,965	14,741,845	16,896,795	18,398,267	18,739,906
Public works	1,381,671	1,288,356	1,774,319	1,539,526	1,370,023
Engineering services	232,118	235,120	381,513	284,608	294,868
Culture and recreation	1,321,627	1,620,083	1,900,175	2,160,059	2,273,834
Community & Economic development	1,156,659	1,492,775	1,937,187	1,897,900	2,189,578
Pass thru payments	443,043	490,556	582,293	663,823	518,287
Debt Service					
Principal	1,792,628	2,060,896	1,568,097	1,699,161	1,722,107
Interest on long-term debt	1,273,145	1,339,105	1,470,393	1,138,991	951,230
Bond issuance discount	-	-	-	-	-
Capital Outlay	3,132,976	2,275,338	4,647,460	6,925,856	5,259,592
Total expenditures	<u>27,379,041</u>	<u>27,906,406</u>	<u>34,273,712</u>	<u>38,834,727</u>	<u>37,668,151</u>
Excess (deficiency) of revenues over expenditures	<u>3,837,283</u>	<u>3,341,441</u>	<u>2,219,087</u>	<u>40,340</u>	<u>(3,622,747)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds of advances from other funds	310,123	-	-	-	-
Proceeds of loans	254,000	-	-	-	-
Sale of property	-	82,000	17,675	(3,590)	-
(increase)/decrease in advances from other funds	(3,814,936)	743,448	276,097	354,050	-
Proceeds from bond	-	-	-	-	-
Transfers in	2,256,532	2,263,405	4,165,326	7,101,350	2,970,367
Transfers out	(1,459,325)	(2,065,441)	(3,242,683)	(8,340,072)	(5,340,000)
Total other financing sources and uses	<u>(2,453,606)</u>	<u>1,023,412</u>	<u>1,216,415</u>	<u>(888,262)</u>	<u>(2,369,633)</u>
<b>SPECIAL ITEM:</b>					
Extraordinary loss on ABIX26	-	-	-	-	-
Net change in fund balances	1,383,677	4,364,853	3,435,502	(847,922)	(5,992,380)
Fund balances, beginning	<u>27,329,605</u>	<u>28,662,082</u>	<u>33,008,850</u>	<u>39,013,916</u>	<u>35,179,099</u>
Prior period adjustments	(51,200)	(18,085)	2,569,564	(2,986,895)	645,286
Fund balances, ending	<u>\$ 28,662,082</u>	<u>\$ 33,008,850</u>	<u>\$ 39,013,916</u>	<u>\$ 35,179,099</u>	<u>\$ 29,832,005</u>
Debt service as a percentage of noncapital expenditures	12.6%	13.3%	10.3%	8.9%	8.2%



**City of Delano**  
**Changes in Fund Balances of Governmental Funds (continued)**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**

	2011	2012	2013	2014	2015
<b>REVENUES</b>					
Property taxes	\$ 5,196,111	\$ 3,770,269	\$ 3,036,844	\$ 1,943,832	\$ 2,134,523
Sales taxes	8,518,752	10,209,586	10,682,634	11,624,951	12,875,003
Franchise taxes	567,706	595,289	608,307	610,066	649,984
Other taxes	1,191,583	817,280	889,753	898,983	1,059,500
Fees and fines	282,856	253,410	239,646	178,780	73,640
Licenses and permits	165,744	143,649	322,518	239,624	290,347
Intergovernmental	21,085,658	9,620,280	8,371,837	8,888,982	9,642,553
Program income	384,584	56,493	73,367	188,939	459,291
Chargers for services	2,102,693	2,682,603	4,172,482	2,460,595	1,496,205
Investment earnings	198,297	329,282	80,933	414,298	1,378,946
Amortization of premium	40,114	-	-	-	-
Miscellaneous	69,352	142,556	2,702,087	875,453	4,206,947
Total Revenues	<u>39,803,450</u>	<u>28,620,697</u>	<u>31,180,408</u>	<u>28,324,503</u>	<u>34,266,939</u>
<b>EXPENDITURES</b>					
Current:					
General government	4,695,102	4,233,132	4,828,601	4,768,431	6,655,260
Public safety	19,061,607	12,614,646	11,413,322	12,555,998	14,066,447
Public works	1,470,206	1,577,553	1,497,301	1,584,969	4,473,358
Engineering services	305,584	244,992	263,451	277,476	393,453
Culture and recreation	2,241,436	2,040,482	2,056,274	1,959,053	2,000,344
Community & Economic development	1,970,919	631,680	129,787	97,310	459,430
Pass thru payments	475,378	443,233	-	-	-
Debt Service					
Principal	354,993	1,169,250	988,610	940,000	1,196,958
Interest on long-term debt	1,508,504	1,637,707	1,199,233	1,171,294	1,159,404
Bond issuance discount	477,358	-	-	-	-
Capital Outlay	6,170,931	4,176,451	17,812,431	8,939,442	-
Total expenditures	<u>38,732,018</u>	<u>28,769,126</u>	<u>40,189,010</u>	<u>32,293,973</u>	<u>30,404,654</u>
Excess (deficiency) of revenues over expenditures	<u>1,071,432</u>	<u>(148,429)</u>	<u>(9,008,602)</u>	<u>(3,969,470)</u>	<u>3,862,285</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds of advances from other funds	-	-	-	-	-
Proceeds of loans	-	-	-	-	881,536
Sale of property	-	-	-	-	203,266
(increase)/decrease in advances from other	-	-	-	-	-
Proceeds from bond	26,715,000	-	-	-	-
Transfers in	13,410,107	4,901,670	4,073,667	9,055,853	5,036,641
Transfers out	(15,548,858)	(6,002,602)	(4,431,648)	(6,645,034)	(4,112,459)
Total other financing sources and uses	<u>24,576,249</u>	<u>(1,100,932)</u>	<u>(357,981)</u>	<u>2,410,819</u>	<u>2,008,984</u>
<b>SPECIAL ITEM:</b>					
Extraordinary loss on ABIX26	-	(9,289,731)	-	-	-
Net change in fund balances	25,647,681	(10,539,092)	(9,366,583)	(1,558,651)	5,871,269
Fund balances, beginning	29,832,002	55,479,683	44,940,591	35,574,008	34,015,357
Prior period adjustments	-	-	-	-	-
Fund balances, ending	<u>\$ 55,479,683</u>	<u>\$ 44,940,591</u>	<u>\$ 35,574,008</u>	<u>\$ 34,015,357</u>	<u>\$ 39,886,626</u>
Debt service as a percentage of noncapital expenditures	5.7%	11.4%	9.8%	9.0%	7.8%

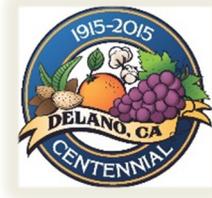


**City of Delano**

**GENERAL GOVERNMENT REVENUES BY SOURCE (1)  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
Last Ten Fiscal Years**

<u>Fiscal</u>	<u>PROGRAM REVENUES</u>			<u>GENERAL REVENUES</u>					
	<u>Charges for</u>	<u>Operating Grants and</u>	<u>Capital Grants and</u>	<u>Grants and Contributions Not Restricted to Specific</u>	<u>Unrestricted Investments</u>				
2005-06	\$20,466,452	\$ 2,155,772	\$ 1,368,675	(2) \$ 13,395,344	\$ -	\$ 497,021	\$ 524,409	\$ 38,407,673	
2006-07	\$21,814,810	\$ 1,866,952	\$ 2,003,232	\$ 15,780,165	\$ -	\$ 1,450,285	\$ 676,770	\$ 43,592,214	
2007-08	\$24,419,981	\$ 4,102,272	\$ 722,780	\$ 17,220,897	\$ -	\$ 1,477,172	\$ 510,010	\$ 48,453,112	
2008-09	\$24,968,640	\$ 12,453,393	\$ 742,719	\$ 20,035,380	\$ -	\$ 758,091	\$ 573,493	\$ 59,531,716	
2009-10	\$14,241,006	\$ 10,844,514	\$ 4,643,350	\$ 19,123,492	\$ -	\$ 293,855	\$ 181,364	\$ 49,327,581	
2010-11	\$15,210,864	\$ 13,528,351	\$ 1,840,709	\$ 20,428,387	\$ -	\$ 207,287	\$ 173,346	\$ 51,388,944	
2011-12	\$17,016,348	\$ 6,055,150	\$ 1,388,909	\$ 20,609,959	\$ -	\$ 334,536	\$ 224,501	\$ 45,629,403	
2012-13	\$21,829,758	\$ 2,910,979	\$ 5,895,371	\$ 18,561,858	\$ -	\$ 97,339	\$ 968,411	\$ 50,263,716	
2013-14	\$29,879,567	\$ 3,471,472	\$ 1,141,600	\$ 18,420,477	\$ -	\$ 472,366	\$ 717,437	\$ 54,102,919	
2014-15	\$33,657,732	\$ 5,544,883	\$ 6,168,272	\$ 20,344,801	\$ -	\$ 1,437,073	\$ 4,569,874	\$ 71,722,635	

(1) Source-Finance Dept.  
 (2) Capital grants & contributions is netted by the capital contributions made by



City of Delano

**GOVERNMENTAL ACTIVITIES SALES TAX REVENUES BY BUSINESS CATEGORY  
(ACCRUAL BASIS OF ACCOUNTING)  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Business to Business</u>	<u>Transportation</u>	<u>General Retail</u>	<u>Food Products</u>	<u>Construction</u>	<u>Miscellaneous</u>	<u>Total</u>	<u>Year over Year change</u>
2005-06	\$ 620,457	\$ 1,120,001	\$ 500,694	\$ 511,170	\$ 353,844	\$ 20,431	\$ 3,126,597	N/A
2006-07	\$ 622,055	\$ 1,218,676	\$ 538,081	\$ 588,563	\$ 330,802	\$ 22,290	\$ 3,320,467	6.20%
2007-08	\$ 717,580	\$ 1,080,060	\$ 512,640	\$ 580,469	\$ 310,991	\$ 24,709	\$ 3,226,449	-2.83%
2008-09	\$ 1,275,199	\$ 1,752,198	\$ 1,254,833	\$ 1,113,663	\$ 698,628	\$ 71,033	\$ 6,165,554	91.09%
2009-10	\$ 1,229,441	\$ 1,678,579	\$ 1,313,639	\$ 1,109,756	\$ 679,306	\$ 57,685	\$ 6,068,406	-1.58%
2010-11	\$ 1,502,379	\$ 2,065,316	\$ 1,453,115	\$ 1,191,560	\$ 791,082	\$ 52,648	\$ 7,056,100	16.28%
2011-12	\$ 2,022,079	\$ 2,366,541	\$ 1,583,481	\$ 1,241,298	\$ 973,858	\$ 53,722	\$ 8,240,979	16.79%
2012-13	\$ 2,132,937	\$ 2,564,400	\$ 1,700,302	\$ 1,329,944	\$ 929,541	\$ 63,704	\$ 8,720,828	5.82%
2013-14	\$ 2,238,424	\$ 2,687,366	\$ 2,449,859	\$ 1,398,091	\$ 930,680	\$ 62,172	\$ 9,766,592	11.99%
2014-15	\$ 2,124,869	\$ 2,888,699	\$ 2,719,788	\$ 1,394,644	\$ 992,754	\$ 59,940	\$ 10,180,694	4.24%

Note 1: Sales tax is based on the gross 1% local Bradly Burns Sales and Use Tax

Note 2: In November 2007, the residents of Delano enacted a sales tax rate add-on of 1%, set to expire April 2018.

Source - City of Delano Finance Department



## City of Delano

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

Fiscal Year End	City (Excl RDA)				Redevelopment Agency				City Wide			
	Secured Property	Unsecured Property	Less: Exemptions	Taxable Assessed Value	Secured Property	Unsecured Property	Less: Exemptions	Taxable Assessed Value	Total Tax Rate (1)	Taxable Assessed Value	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)
2004-05	652,134	11,544	(23,520)	640,158	96,110	7,793	(864)	103,039	1.309665	743,197	-	-
2005-06	711,967	11,216	(24,229)	698,954	96,110	7,793	(864)	103,039	1.305488	801,993	-	-
2006-07	857,150	10,711	(23,768)	844,093	226,019	15,294	(979)	240,334	1.386079	1,084,427	-	-
2007-08	989,699	10,025	(23,733)	975,991	247,691	31,653	(949)	278,395	1.326592	1,254,386	-	-
2008-09	1,033,877	10,324	(24,035)	1,020,166	274,345	33,671	(970)	307,046	1.265149	1,327,212	-	-
2009-10	947,052	12,741	(24,740)	935,053	286,480	37,507	(998)	322,989	1.259295	1,258,042	-	-
2010-11	908,705	12,753	(24,867)	896,591	285,927	35,568	(1,033)	320,462	1.269094	1,217,053	-	-
2011-12	895,329	14,668	(24,791)	885,206	287,271	33,384	(991)	319,664	1.345926	1,204,870	-	-
2012-13	870,110	7,139	(67,096)	810,153	463,995	45,667	(63,407)	446,255	1.306748	1,256,408	1,323,539	1.053431
2013-14	859,371	2,293	(70,878)	790,786	578,911	45,133	(65,255)	558,789	1.278288	1,349,575	1,726,204	1.279072
2014-15	957,481	3,032	(72,802)	887,711	714,193	50,161	(63,357)	700,997	1.258507	1,588,708	1,864,022	1.173294

Source: County Assessor Data, MuniServices, LLC

Source: 2011-12 and prior, previously published CAFR Report

(-) Data Unavailable

(1.) Total direct tax rate is represented by TRA 02-000

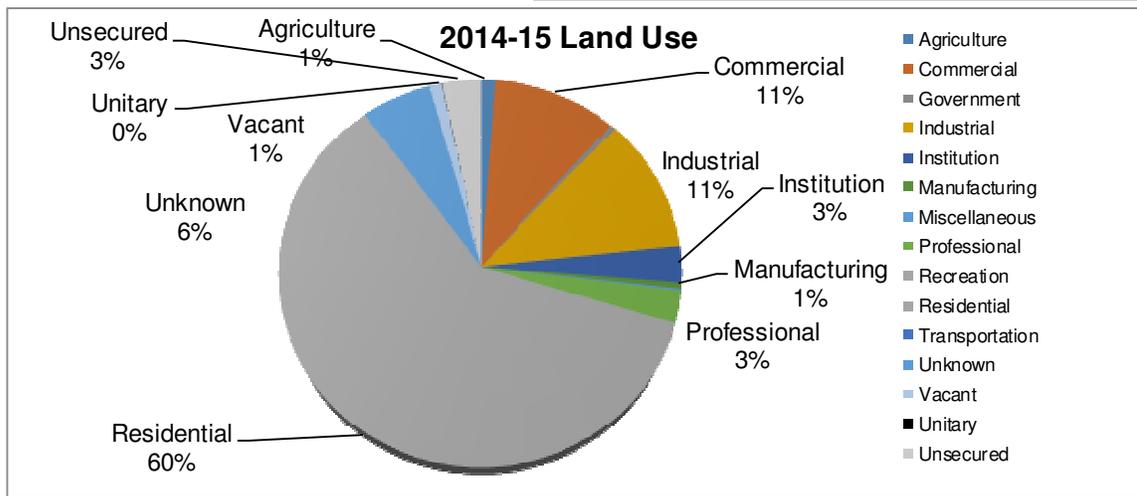
(2.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.



# City of Delano

## Net Assessed Value of Property by Use Code, Citywide Last Three Fiscal Year

Category	2012-13	2013-14	2014-15
Agriculture	16,217,709	16,998,533	20,615,560
Commercial	144,724,956	155,296,565	155,202,116
Government	3,881,266	6,645,476	6,095,818
Industrial	71,467,404	167,503,753	284,301,742
Institution	44,592,243	44,207,661	47,866,117
Manufacturing	7,589,038	7,417,319	7,497,033
Miscellaneous	2,716,066	2,335,063	16,099,641
Professional	37,028,159	39,060,185	36,371,641
Recreation	1,281,491	1,823,628	2,283,095
Residential	916,346,048	894,518,204	979,094,950
Transportation			917,967
Unknown	76,904,385	86,498,085	87,175,316
Vacant	10,920,932	15,542,430	27,718,126
Unitary	434,777	434,777	434,777
Net Secured Value	1,334,104,474	1,438,281,679	1,671,673,899
Unsecured	52,806,230	47,426,314	53,193,428
Exemptions	130,502,829	136,132,371	136,159,283
Net Assessed Value	1,256,407,875	1,349,575,622	1,588,708,044



Source: County Assessor data, MuniServices, LLC  
Use code categories are based on County Assessor's data

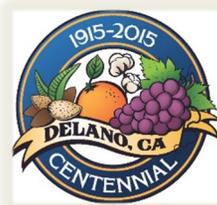


## City of Delano

### Principal Property Tax Payers Last Fiscal Year and Nine Years Ago

Taxpayer	2014-15		2005-06	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Paramount Citrus Packing Co LLC	265,463,499	16.71%	42,804,592	4.63%
Sears Roebuck Co	44,857,019	2.82%	48,587,928	5.25%
Wal Mart Stores	21,554,500	1.36%		
DMP 1A L P	20,375,935	1.28%		
Second Harvey B Pollak L P	15,044,843	0.95%		
La Jolla Cold Storage Llc	9,512,394	0.60%		
HD Dev Of Md Inc.	7,370,000	0.46%		
Brandywine Delano Ltd.	7,173,895	0.45%	6,300,514	0.68%
K Mart Corp	5,338,497	0.34%	4,694,874	0.51%
Arredondo Ventures Inc.	5,149,135	0.32%	3,096,156	0.33%
Riteaid LLC Delano #37	4,891,000	0.31%		
Harbinder S Brar Family L P II	4,565,057	0.29%		
Momi Rajinder K	4,536,307	0.29%		
Crop Production Services Inc.	4,219,194	0.27%		
Skm Enterprise LLC	4,168,322	0.26%		
Goldstein Gideon Sara	4,065,571	0.26%	3,575,741	0.39%
99 Cents Only Stores	3,947,827	0.25%		
Finkelstein Michael Helen Rev	3,933,239	0.25%	3,070,261	0.33%
Mks Enterprise LLC	3,810,570	0.24%		
Walgreen Co	3,594,638	0.23%		
Terra Group Inc.	3,524,218	0.22%	2,336,879	0.25%
Vallarta Supermarkets	3,500,765	0.22%		
Montemayor Family Farms LLC	3,472,921	0.22%		
Pacific Investment Advisors LLC	3,410,454	0.21%		
Delano Retail Center West LLC	3,327,000	0.21%		
Workman Bros Dev Co			10,144,234	1.10%
Home Depot U S A Inc			9,662,862	1.04%
Malli Family Trust			3,665,796	0.40%
Mks Enterprises LLC			3,351,776	0.36%
Provos Inc.			2,636,139	0.28%
Western Farm Service			2,591,065	0.28%
Sunkist Growers Inc.			2,548,158	0.28%
San Joaquin Helicopters Inc.			2,546,574	0.28%
Le Ora L L C			2,382,432	0.26%
Save Mart Of Modesto			2,004,488	0.22%
Ahirpatel			1,945,142	0.21%
B S F Inv Group LLC			1,825,000	0.20%
Aalo Corp			1,742,236	0.19%
Rbs Self Storage L P			1,710,540	0.18%
Bright House Networks LLC			1,672,381	0.18%
Demond Frank Long Tr			1,662,467	0.18%
D & M Young Inc			1,623,543	0.18%
<b>Total Top 25 Taxpayers</b>	<b>460,806,800</b>	<b>29.01%</b>	<b>168,181,778</b>	<b>18.18%</b>
<b>Total Taxable Value</b>	<b>1,588,708,044</b>	<b>100.00%</b>	<b>925,331,586</b>	<b>100.00%</b>

Source: Kem County Assessor data, MuniServices, LLC



## City of Delano

### Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Basic City and County Levy</b>										
City of Delano	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.197374	0.194246	0.194246
County of Kern	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.802626	0.805754	0.805754
Total	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
<b>Override Assessments</b>										
Elementary and/or Unified School Bor	0.093042	0.168017	0.147128	0.111768	0.131792	0.135290	0.134925	0.121752	0.132270	0.121861
High School Bonds	0.096834	0.162595	0.116796	0.099207	0.060797	0.097324	0.132845	0.121062	0.106315	0.123075
Kern Co. Water Agency ZN 17 Debt	0.010638	0.008349	0.010017	0.008404	0.010943	0.009357	0.014797	0.010320	0.010705	0.000000
Kern Co. Water Agency ZN 19 Debt	0.014911	0.010405	0.014193	0.012211	0.015953	0.014494	0.023717	0.016640	0.016354	0.000000
Kern Com.Coll.Dist.SRID	0.009630	0.000000	0.005992	0.000141	0.002379	0.003095	0.003290	0.003249	0.012644	0.013571
GOB 2000D	0.024018	0.016746	0.017682	0.016673	0.018615	0.018353	0.018147	0.017223	0.000000	0.000000
GOB 2000E	0.056415	0.019967	0.014784	0.016745	0.018816	0.018181	0.018205	0.016502	0.000000	0.000000
Total Override Rate	0.305488	0.386079	0.326592	0.265149	0.259295	0.296094	0.345926	0.306748	0.278288	0.258507
Total Tax Rate	1.305488	1.386079	1.326592	1.265149	1.259295	1.296094	1.345926	1.306748	1.278288	1.258507

Source: County Auditor/Controller data, MuniServices, LLC  
 Source: 2011-12 and prior, previously published CAFR Report :  
 TRAs 02-000 is represented for this report



# City of Delano

## Principal Sales Tax Producers Last Fiscal Year and Nine Years Ago

2014-15		2005-06	
Taxpayer	Business Type	Taxpayer	Business Type
ARCO AM/PM Mini Marts	Service Stations	ARCO AM/PM Mini Marts	Service Stations
Autozone	Auto Parts/Repair	Autozone	Auto Parts/Repair
Berchtold Equipment Company	Bldg.Matls-Whsle	Berchtold Equipment Company	Bldg.Matls-Whsle
Buttonwillow Warehouse Company	Chemical Products	Buttonwillow Warehouse Company	Chemical Products
Central Valley Office Supply	Office Equipment	Central Valley Office Supply	Office Equipment
Chevron Service Stations	Service Stations	Chevron Service Stations	Service Stations
Crop Production Services	Florist/Nursery	Daco Farm Supply	Bldg.Matls-Whsle
Daco Farm Supply	Bldg.Matls-Whsle	Delano Building Materials	Bldg.Matls-Retail
Delano Chevrolet Buick GMC	Auto Sales - New	Delano Chevrolet Buick GMC	Auto Sales - New
Fastrip Service Stations	Service Stations	Delano Ranch Market	Food Markets
Giro Pack	Heavy Industry	Family Chrysler Jeep Dodge	Auto Sales - New
Greg's Petroleum Service	Energy Sales	Fastrip Service Stations	Service Stations
Home Depot	Bldg.Matls-Retail	Garces Auto Sales	Auto Sales - Used
J C Penney Company	Department Stores	Greg's Petroleum Service	Energy Sales
K Mart Stores	Department Stores	Home Depot	Bldg.Matls-Retail
McDonald's Restaurants	Restaurants	J C Penney Company	Department Stores
North Kern Machinery	Heavy Industry	K Mart Stores	Department Stores
Rite Aid Drug Stores	Drug Stores	King's Liquor	Liquor Stores
Ross Stores	Apparel Stores	McDonald's Restaurants	Restaurants
Shell Service Stations	Service Stations	North Kern Motorsports	Misc. Vehicle Sales
Smart & Final	Food Markets	Pioneer Service Stations	Service Stations
Taco Bell	Restaurants	Rite Aid Drug Stores	Drug Stores
Vallarta Supermarket	Food Markets	Save Mart Supermarkets	Food Markets
Wal Mart Stores	Department Stores	USA Service Stations	Service Stations
Zee Mini Mart	Food Markets	Western Farm Service	Chemical Products



**CITY OF DELANO**

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Secured Tax Charge (2)</u>	<u>Amt. Del. 6/30</u>	<u>% Del. 6/30</u>
2005-2006	\$1,668,958	(1)	-
2006-2007	\$1,939,758	(1)	-
2007-2008	\$1,965,427	(1)	-
2008-2009	\$2,108,475	(1)	-
2009-2010	\$1,874,358	(1)	-
2010-2011	\$1,839,715	(1)	-
2011-2012	\$1,809,951	(1)	-
2012-2013	\$1,819,929	\$23,319	1.28%
2013-2014	\$1,712,883	\$21,562	1.26%
2014-2015	\$1,843,532	\$23,195	1.26%

(1) Kern County utilizes the Teeter Plan for levy and distribution. The method guarantees distribution 100% of the assessments levied to the taxing entity.

(2) 1% General Fund apportionment.



## CITY OF DELANO

### Ratios of Outstanding Debt by Type Last Ten Fiscal years

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income (2)</u>	<u>Population (3)</u>	<u>Debt per Capita</u>
	<u>General Obligation Bonds (1)</u>	<u>Capital Leases</u>	<u>Notes Payable</u>	<u>Capital Leases</u>				
2005-06	20,892,086	254,000	2,717,642	-	23,863,728	22.80%	45,093	529
2006-07	19,736,669	207,073	2,292,187	-	22,235,929	20.70%	49,293	451
2007-08	18,269,400	158,285	5,362,507	-	23,790,192	22.20%	52,877	450
2008-09	17,079,900	107,562	4,274,492	-	21,461,954	25.70%	53,714	400
2009-10	15,130,000	54,827	28,276,102	-	43,460,929	35.00%	53,985	805
2010-11	41,605,000	132,859	37,336,432	-	79,074,291	37.80%	54,447	1,452
2011-12	25,860,000	66,610	41,523,062	-	67,449,672	36.00%	52,005	1,297
2012-13	24,974,097	-	44,879,231	-	69,853,328	30.70%	51,963	1,344
2013-14	24,032,091	-	44,305,882	-	68,337,973	29.30%	52,591	1,299
2014-15	23,060,085	654,578	46,747,421	822,793	71,284,877	12.30%	52,301	1,363

(1) Net of original issuance discounts and premiums.

(2) Personal Income is disclosed in Demographic and economic statistics

(3) US Census Bureau



**CITY OF DELANO**

**Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal years**

<u>Fiscal Year</u>	<u>General Obligation Bonds (1)</u>	<u>Less Amounts Available in Debt Service Fund (2)</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (3)</u>	<u>Per Capita (4)</u>
2005-06	No general obligation bonded debt				
2006-07	No general obligation bonded debt				
2007-08	No general obligation bonded debt				
2008-09	No general obligation bonded debt				
2009-10	No general obligation bonded debt				
2010-11	No general obligation bonded debt				
2011-12	No general obligation bonded debt				
2012-13	No general obligation bonded debt				
2013-14	No general obligation bonded debt				
2014-15	No general obligation bonded debt				

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

(2) This is the amount restricted for debt service principal payments

(3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property for property value data.

(4) Population data can be found in the Schedule of Demographic and Economic Statistics.

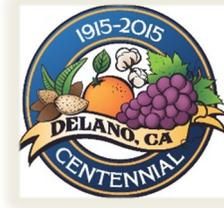


**CITY OF DELANO**

**PLEDGED REVENUE COVERAGE  
Last Ten Fiscal years**

<u>Fiscal Year</u>	<u>Pledged Revenues</u>	<u>Total Debt Service (1)</u>	<u>Debt Service Coverage</u>
2004-05	1,430,751	1,013,180	1.41
2005-06	1,717,330	1,012,161	1.70
2006-07	2,171,816	1,016,992	2.14
2007-08	1,918,499	1,014,117	1.89
2008-09	2,052,668	1,015,517	2.02
2009-10	2,638,385	1,018,952	2.59
2010-11	2,391,095	1,016,616	2.35
2011-12	N/A	N/A	N/A
2012-13	N/A	N/A	N/A
2013-14	N/A	N/A	N/A
2014-15	N/A	N/A	N/A

(1) Annual debt service is shown on a bond year basis.  
 Source: Compiled by Muni Financial (California Municipal Statistics)  
 Due to the dissolution of the redevelopment agency, data was not available for 2011-12 through 2014-15 as no further debt outstanding was secured by pledged revenues.



## City of Delano

### Historical and Overlapping Debt Last Ten Fiscal Years

<u>Ratios to 2014-2015 Assessed Valuation:</u>	<u>Ratios to Adjusted Assessed Valuation: Combined Direct Debt</u>		<u>Combined Total Debt</u>
2006	3.20%	0.00%	6.32%
2007	4.58%	0.00%	7.48%
2008	4.44%	0.00%	7.06%
2009	3.99%	0.00%	6.50%
2010	4.02%	0.00%	6.87%
2011	4.03%	2.90%	9.70%
2012	3.85%	2.84%	9.25%
2013	4.10%	1.97%	9.32%
2014	3.66%	1.64%	8.17%
2015	2.95%	1.27%	6.74%

Source: Compiled by Muni Financial (California Municipal Statistics)

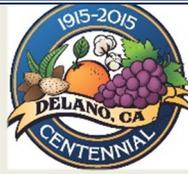


## CITY OF DELANO

### Legal Debt Margin Information

**June 30, 2015**

Fiscal Year Ended June 30	Total Taxable Assessed Value	Taxable Assessed Value as a Percentage of Estimated Actual Value	Estimated Actual Taxable Value
2015	\$ 887,711	0.05%	1,864,021,560
2014	790,786	0.06%	1,726,203,540
2013	810,153	0.06%	1,323,538,720
2012	885,206	0.07%	1,230,651,899
2011	896,591	0.07%	<u>1,242,953,659</u>
<b>Total Five Year Valuation</b>			<u><u>7,387,369,378</u></u>
Five Year Average Full Valuation of Taxable Real Property			1,477,473,876
Constitutional Debt Limit (7% of Average Full Valuation)			103,423,171
Outstanding General Obligation Indebtedness as of June 30, 2015			
Government Activities - General Obligation Debt			22,058,079
Business-type Activities - General Obligation Debt			44,364,496
Governmental Activities - Short-term Debt-Bond Anticipation Notes			1,002,006
Business Activities - Short-term Debt-Bond Anticipation Notes			<u>2,382,925</u>
Net Indebtedness subject to debt limit			<u><u>69,807,506</u></u>
Net debt contracting margin			33,615,665
Percentage of net debt contracting margin available			<u><u>32.50%</u></u>
Percentage of net debt contracting power exhausted			<u><u>80.85%</u></u>



## City of Delano

### STATEMENT OF DIRECT AND OVERLAPPING DEBT

June 30, 2015

2014-15 Assessed Valuation \$ 1,737,420,200

<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>	<b>% Applicable</b>	<b>Debt 12/31/15</b>
McFarland Unified School District	0.018%	\$ 5,098
Delano Union School District	70.182%	25,668,735
Delano Joint Union High School District	46.495%	22,574,405
Kern Community College District Safety, Repair and Improvement District	2.129%	3,067,963
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$ 51,316,201</b>

<b><u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u></b>	<b>%</b>	<b>Debt 12/31/15</b>
Kern County Certificates of Participation	2.000%	\$ 2,131,607
Kern County Pension Obligations	2.000%	5,501,270
Kern County Board of Education Certificates of Participation	2.000%	802,865
Kern Community College District Certificates of Participation	1.918%	743,943
Kern Community College District Benefit Obligations	1.918%	1,546,086
Delano Union School District Certificates of Participation	70.182%	21,179,840
<b>SUBTOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>31,905,611</b>
City of Delano General Fund Obligations	100.000%	22,030,000
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>\$ 53,935,611</b>

<b><u>OVERLAPPING TAX INCREMENT DEBT</u></b>	<b>%</b>	<b>Debt 12/31/15</b>
Delano Redevelopment Agency	99.539%	\$ 11,903,496
<b>TOTAL OVERLAPPING TAX INCREMENT DEBT</b>		<b>11,903,496</b>

COMBINED TOTAL DEBT (1) \$ 117,155,308

**Ratios to 2014-15 Assessed Valuation**

Total Overlapping Tax Assessment Debt 2.95%

**Ratios to Adjusted Assessed Valuation:**

Combined Direct Debt (\$22,030,000) 1.27%

Combined Total Debt 6.74%

**Ratios to Redevelopment Incremental Valuation (\$669,381,219)**

Total Overlapping Tax Increment Debt 1.78%

(1) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations

Source: Compiled by Wildan Financial Services

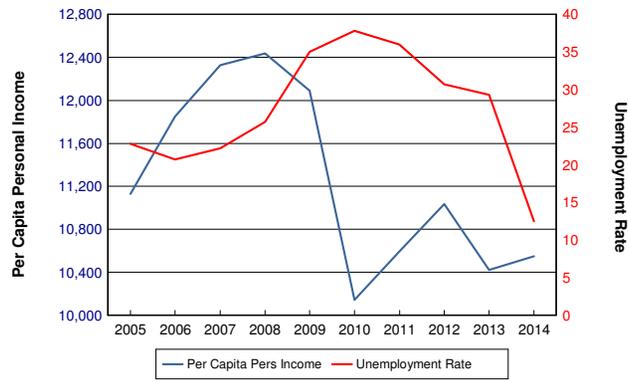


## City of Delano

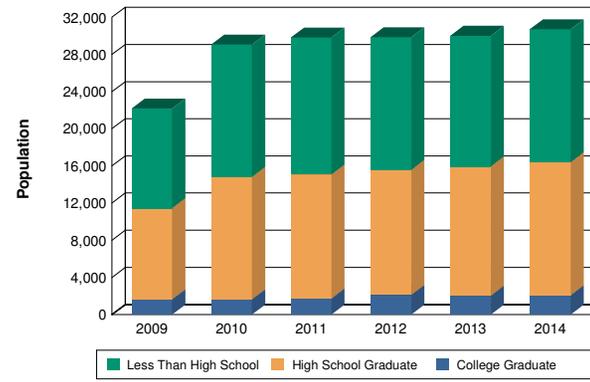
### DEMOGRAPHIC AND ECONOMIC STATISTICS

Calendar Year	Population	Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
2005	45,093	\$501,918	\$11,131	22.8%			
2006	49,293	\$584,037	\$11,848	20.7%			
2007	52,877	\$651,718	\$12,325	22.2%			
2008	53,714	\$667,955	\$12,435	25.7%			
2009	53,985	\$652,671	\$12,090	35.0%	27.7	51.6%	7.5%
2010	54,447	\$552,256	\$10,143	37.8%	28.8	51.0%	5.7%
2011	52,005	\$550,993	\$10,595	36.0%	29.5	50.6%	5.8%
2012	51,963	\$573,464	\$11,036	30.7%	28.8	52.2%	7.1%
2013	52,591	\$548,051	\$10,421	29.3%	28.7	53.1%	6.8%
2014	52,301	\$551,776	\$10,550	12.5%	29.2	53.4%	6.8%

**Personal Income and Unemployment**



**Education Level Attained for Population 25 and Over**



**Notes and Data Sources:**

Population: California State Department of Finance. Unemployment Data: California Employment Development Department  
 2000-2009 Income, Age, and Education Data: ESRI - *Demographic Estimates are based on the last available Census.* Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries  
 2010 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey



## City of Delano

### Principal Employers

Current Year and Nine Years Ago

Employer	2015		2006	
	Number of Employees	Percent of Total City Employment	Number of Employees	Percent of Total City Employment
Kern Valley State Prison	1,550	10.99%	1,300	3.70%
Paramount Citrus Association	1,537	10.90%	550	0.81%
North Kern State Prison	1,307	9.27%	1,239	2.03%
Delano Union Elementary School District	880	6.24%	775	0.90%
Delano Regional Medical Center	711	5.04%	520	0.79%
Delano Joint Union High School District	456	3.23%	336	0.71%
Vallarta Supermarkets	148	1.05%	-	0.00%
City of Delano	266	1.89%	318	0.66%
Wal-Mart	300	2.13%	-	0.00%
Sears	275	1.95%	653	0.81%
Delano District Skilled Nursing Facility	193	1.37%	120	0.00%
Railex	122	0.87%	-	0.00%
Kmart	125	0.89%	105	0.30%
Pandol & Sons	-	0.00%	1,000	2.85%
Delano Ranch Market	-	0.00%	150	0.43%
R.B. Sandrini Farms	-	0.00%	250	0.71%

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: State Department of Commerce



## City of Delano

### Full Time City Employees by Function

#### Last Ten Fiscal years

Full Time Employees as of Fiscal Year Ended June 30,										
Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	26.5	25.9	40.8	40.8	48.2	48.0	41.9	31.0	27.0	41.0
Public Safety	70.0	70.0	76.0	76.0	77.0	77.0	75.0	73.0	79.0	81.0
Public Works	17.7	15.8	25.6	25.6	17.1	19.0	16.6	20.0	20.0	20.0
Recreation Program	3.5	3.5	4.0	4.0	4.0	4.0	3.5	6.0	5.0	6.0
Community Development	9.5	9.5	10.5	10.5	8.7	8.7	7.1	5.0	5.0	5.0
Water	13.0	13.1	19.7	19.7	18.3	18.3	19.5	21.0	22.0	23.0
Wastewater	11.4	11.5	15.9	15.9	19.2	18.5	18.5	12.0	11.0	12.0
Refuse	16.2	16.3	16.6	16.6	16.1	16.1	13.5	14.0	12.0	13.0
Transit	12.5	12.5	9.0	9.0	9.5	9.5	9.5	13.0	17.0	18.0
CCF Facility	78.0	78.0	88.0	88.0	83.0	83.0	0.0	0.0	81.00	85.0
<b>Total</b>	<b>238.0</b>	<b>258.2</b>	<b>256.0</b>	<b>306.0</b>	<b>306.0</b>	<b>301.0</b>	<b>302.0</b>	<b>205.0</b>	<b>205.0</b>	<b>304.0</b>

Source: City of Delano Finance Department



## City of Delano

### Operating Indicators by Function

#### Last Ten Fiscal years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Police:</b>										
Calls for service	36,188	42,190	45,052	43,930	42,023	39,044	35,794	38,650	37,474	39,904
Felony Arrests	891	831	752	712	649	572	504	552	448	482
Misdemeanor Arrests	1,033	1,446	1,094	927	913	674	562	548	490	2,060
Property loss	5,550,635	4,621,525	5,953,963	4,490,480	4,567,949	4,988,491	2,556,806	3,912,039	2,502,588	2,675,035
Property Recovery	3,637,851	3,022,505	4,212,165	2,841,644	2,733,981	1,945,561	1,274,583	1,717,580	1,469,538	1,552,433
Traffic Citations	3,391	4,498	5,098	5,915	5,518	5,006	3,270	3,469	3,248	3,550
Traffic Accidents	596	614	604	624	624	617	616	711	585	666
Parking Citations	536	302	942	659	1,195	643	380	1,025	1,040	557
<b>Water</b>										
Average daily consumption (in gallons mgd)	9,040	9,590	9,230	8,930	8,270	8,130	7,380	7,318	5,362	5,267
Service Connections	8,200	8,200	8,795	8,795	8,795	8,800	9,027	9,081	9,155	9,206
<b>Sewer</b>										
Average daily sewage treatment (thousands of gallons)	4,384	4,799	4,681	4,486	4,365	4,125	4,106	5,071	7,200	4,344

Source: City of Delano Finance Department  
Public Works Department, Delano Police Department



## City of Delano

### Capital Asset Statistics

#### Last Ten Fiscal years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Stations	1	1	1	1	1	1	1	1	2	2
Fire:										
Fire Stations (County)	2	2	2	2	2	2	2	2	2	2
Public Works:										
Streets (miles)	112.39	112.89	113.37	138.13	138.13	138.13	138.13	138.68	138.68	138.68
Streetlights	1,363	1,363	1,363	1,363	1,363	1,363	1,363	1,383	1,383	1,383
Traffic Signals	32	36	40	40	40	44	44	48	48	48
Culture and recreation:										
Parks	8	8	8	8	8	8	8	8	8	8
Community Centers	1	1	1	1	1	1	1	1	1	1
Civic Center	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	108.50	108.50	108.50	108.50	108.50	110.00	110.00	112.00	112.00	112.00
Maximum daily capacity (thousands of gallons)	13,850	14,000	14,900	14,750	14,070	14,690	13,470	13,470	13,470	13,470
City Well sites	11	11	11	11	11	13	15	15	15	15
Fire Hydrants	750	750	750	750	750	750	750	750	756	756
Wastewater:										
Sanitary sewers (miles)	80	80	80	80	80	80	80	80	80	80
Maximum daily treatment capacity (thousands of gallons)	4,384	4,799	4,681	4,486	4,365	4,125	4,106	5,071	7,200	4,344
Airport:										
Number of municipal airports	1	1	1	1	1	1	1	1	1	1
Runway length in feet	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650	5,650

Source: City of Delano Finance Department  
Public Works Department