

CITY OF SANTA PAULA
FINANCIAL STATEMENTS

Year Ended June 30, 2008

City of Santa Paula
Financial Statements
Year Ended June 30, 2008

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INDEPENDENT AUDITORS' REPORT

Honorable City Council of
the City of Santa Paula

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 Santa Paula, California, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic 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 aggregate remaining fund information of the City of Santa Paula as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2009 on our consideration of the City's internal control over financial reporting and 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 the internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Teaman Ramirez & Smith

January 28, 2009

CITY OF SANTA PAULA

Management's Discussion and Analysis For the Year Ended June 30, 2008

As management of the City of Santa Paula, we offer readers of the City of Santa Paula's financial statements this narrative overview and analysis of the financial activities of the City of Santa Paula for the fiscal year ended June 30, 2008.

Financial Highlights

- The assets of the City of Santa Paula exceeded its liabilities at the close of the recent year by \$43,428,480 (*net assets*). Of this amount, \$7,509,798 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,358,987.
- As of the close of the current fiscal year, the City of Santa Paula's governmental funds reported combined ending fund balances of \$8,940,233 an increase of \$1,342,488 from the ending balance of 2007 that was \$7,597,745. Approximately \$8,492,737 is *available for spending* at the government's discretion or with guidance from special fund restrictions (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance from the general fund was \$2,922,258 or 22.9 percent of the total general fund expenditures and transfers equaling \$12,755,191. This is an increase of \$546,587 from the prior year, mostly from higher salaries and benefits.
- The City of Santa Paula's total liabilities at year-end were \$7,242,802, an increase of \$588,560 over the prior year. Deferred revenue items make up the major causes of the increase.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Santa Paula's basic financial statements. The City of Santa Paula's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Santa Paula that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Santa Paula include general government, public safety, streets, economic development, and culture and recreation. The business-type activities of the City of Santa Paula include Water, Refuse and Sewer enterprises.

The government-wide financial statements include not only the City of Santa Paula itself (known as *the primary government*), but also a legally separate Redevelopment Agency and a legally separate Financing Authority for which the City of Santa Paula is financially accountable. Financial information for *these component units* is included in the financial information presented for the primary government itself. The Water, Refuse, and Sewer enterprises, function for all practical purposes as departments of the City of Santa Paula, and therefore have been included as a integral part of the *primary government*.

The government-wide financial statements can be found on pages 1-3 of this report.

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

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

Since the focus of governmental funds is narrower, then that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Santa Paula maintains fifty-nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in the fund balances for the general fund (which is made up of six separate funds), which is considered to be a major fund. Data from the other fifty-three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 4-7 of this report.

Proprietary funds. The City of Santa Paula maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Santa Paula uses enterprise funds to account for its Water, Refuse, and Sewer operations. These funds are reported separately as Proprietary Funds. *Internal service funds* are accounting devices used to accumulate and allocate costs internally among the City of Santa Paula's various functions. The City of Santa Paula uses an internal service fund to account for its fleet of vehicles and equipment. Because the Internal Service Fund services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Refuse, and Sewer operations, which are considered to be major funds of the City of Santa Paula. Conversely, the internal service fund is combined into the General Fund classification, aggregated presentation in the governmental fund financial statements.

The basic proprietary fund financial statements can be found on pages 8-11 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Santa Paula's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

There are no Fiduciary Fund financial statements included in this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-31 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Santa Paula's General Fund Actual to Budget comparison. Required supplementary information can be found on page 32-34 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 35-63 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Santa Paula, assets exceeded liabilities by \$42,069,493 at the close of fiscal year ended June 30, 2007 and \$43,428,480 at June 30, 2008.

A large portion of the City of Santa Paula's net assets include \$32,921,339 (75.0 percent) as its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Santa Paula uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Santa Paula'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.

Government-Wide Financial Statements
Table 1: Summary of Net Assets

	June 30,2007			June 30,2008		
	Governmental Activities	Business -Type Activities	Total	Governmental Activities	Business -Type Activities	Total
Assets						
Current and other assets	\$14,876,044	\$32,003,077	\$46,879,121	\$15,532,351	\$15,774,486	\$31,306,837
Capital Assets (net of depreciation)	11,097,491	26,971,813	38,069,304	13,468,341	46,452,998	59,921,339
Total Assets	25,973,535	58,974,890	84,948,425	29,000,692	62,227,484	91,228,176
Liabilities						
Long-term liabilities outstanding	4,771,988	30,154,633	34,926,621	9,418,075	30,575,386	39,993,461
Other liabilities	5,724,005	2,228,306	7,952,311	6,520,946	1,285,289	7,806,235
Total liabilities	10,495,993	32,382,939	42,878,932	15,939,021	31,860,675	47,799,696
Net Assets:						
Invested in capital assets, not of related debt	12,293,458	14,219,811	26,513,269	13,468,341	19,452,998	32,921,339
Restricted For:						
Transportation and other	2,042,355		2,042,355	2,663,492		2,663,492
Debt Services	332,591		332,591	333,851		333,851
Unrestricted	809,138	12,372,140	13,181,278	(3,404,013)	10,913,811	7,509,798
Total net assets	\$15,477,542	\$26,591,951	\$42,069,493	\$13,061,671	\$30,366,809	\$43,428,480

An additional portion of the City of Santa Paula's net assets (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$7,509,798 may be used to meet the government's ongoing obligations to citizens and creditors. This is a decrease of \$5,671,480 or 43 percent lower than the prior year.

At the end of the current fiscal year, the City of Santa Paula is able to report positive balances in two of the three categories of net assets, both for the government as-a-whole and also business-type activities. Separately, the City's governmental *unrestricted net assets* show a negative balance of (\$3,404,013), which is a decrease of \$4,213,151 lower than last year's positive balance of \$809,138. This is primarily the result of increases in long-term liabilities and for an increase in restricted transportation and other purposes classifications.

Government-Wide Financial Statements
Table 2: Summary Changes of Net Assets

	June 30, 2007			June 30, 2008		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
Revenues						
Charges for services	\$3,269,979	\$13,418,430	\$16,688,409	\$2,786,923	\$14,144,426	\$16,931,349
Operating grants	3,233,760	-	3,233,760	2,837,775		2,837,775
Capital grants	939,720		939,720	1,747,446		1,747,446
General revenues:						
Property taxes	5,303,400		5,303,400	5,657,316		5,657,316
Tax increment	2,829,200		2,829,200	3,661,207		3,661,207
Sales taxes	1,582,865		1,582,865	1,453,013		1,453,013
Other taxes	973,770		973,770	791,411		791,411
Investments	380,728	1,074,982	1,455,710	302,171	745,847	1,048,018
Other revenues	236,445		236,445	530,331		530,331
Total Revenues	18,749,867	14,493,412	33,243,279	19,767,593	14,890,273	34,657,866
Expenses						
General administration	1,520,663		1,520,663	1,491,003		1,491,003
Building and safety	1,223,515		1,223,515	883,565		883,565
Community services	4,730,438		4,730,438	5,097,157		5,097,157
Financial Services	537,975		537,975	389,588		389,588
Fire	1,705,638		1,705,638	2,044,049		2,044,049
Planning	1,049,430		1,049,430	1,053,307		1,053,307
Police	5,133,465		5,133,465	5,803,863		5,803,863
Public Works	3,465,133		3,465,133	1,774,947		1,774,947
Economic development	137,873		137,873	167,773		167,773
Non-departmental	62,523		62,523	6,273		6,273
Interest	230,411		230,411	235,382		235,382
Refuse		1,328,202	1,328,202		1,574,615	1,574,615
Water		4,645,477	4,645,477		4,889,356	4,889,356
Sewer		1,729,839	1,729,839		3,048,447	3,048,447
Total Expenses	19,797,064	7,703,518	27,500,582	18,946,907	9,512,418	28,459,325
Increase in Net Assets before Transfers	(1,047,197)	6,789,894	5,742,697	820,686	5,377,855	6,198,541
Special Item	1,857,991		1,857,991	-		-
Transfers	896,221	(896,221)	-	1,286,937	(1,286,937)	-
Increase in Net Assets	1,707,015	5,893,673	7,600,688	2,107,623	4,090,918	6,198,541
Beginning Net Assets	13,770,527	20,698,278	34,468,805	15,477,542	26,591,951	42,069,493
Prior period adjustment	-	-	-	(4,523,494)	(316,060)	(4,839,554)
Ending Net Assets	\$15,477,542	\$26,591,951	\$42,069,493	\$13,061,671	\$30,366,809	\$43,428,480

The business-type activities *unrestricted net assets* show a positive balance of \$10,913,811, a decrease of \$1,458,329 or 13.3 percent from the prior year. The governmental activities showed an increase of \$1,174,883 for *Invested in Capital Assets*. The business-type activities reported for *Invested in Capital Assets* a net increase from the prior year of \$5,233,187.

There was an increase of \$3,774,858 in total net assets reported in connection with the City of Santa Paula's business-type activities. Governmental activities net assets decreased by (\$2,415,871) during the fiscal year. This decrease represents the degree to which decreases

in ongoing revenues have not kept up with similar increases in ongoing expenses. Key elements of this increase are as follows:

Governmental activities. Governmental activities decreased the City of Santa Paula's net assets by (\$2,415,871) or thereby reducing the impact of the negative unrestricted net assets on the total growth in the net assets of the City of Santa Paula.

Expenses for governmental activities decreased from \$19,438,664 in 2007 to \$18,946,907 in 2008, a decrease of (\$491,757) or (2.5) percent.

Business-type activities. Business-type activities increased the City of Santa Paula's net assets by \$3,774,858 accounting for 14.2 percent of the total business-type activities net assets. Key elements of this increase are as follows:

- Total charges for services for business-type activities increased by 1.5 percent or \$242,940.
- The Water enterprise saw an increase in charges for services of \$413,924 that accounts for most of the increase in growth of revenue in this area. Sewer revenues also increased as a result of an increase in the number of service units.
- The refuse enterprise had an increase in expenses of \$246,413 or 18.5 percent, while their receipts from charges for services, increased only \$88,392 or 4.2 percent.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Santa Paula's governmental funds reported combined total ending fund balances of \$8,940,233.

The general fund is the chief operating fund of the City of Santa Paula. At the end of this current fiscal year, unreserved fund balance of the general fund was \$2,922,258, while total fund balance reached \$2,931,685. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 23.0 percent of the total general fund expenditures, while total fund balance represents 23.1 percent of that same amount.

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

The net assets of the Water, Refuse, and Sewer enterprises at the end of the year amounted to \$30,366,809 an increase of \$3,774,858 or 14.1 percent from the prior year. The increase in net assets for each fund was \$1,633,152, \$184,545, and \$2,273,221, respectively. Other

factors concerning the finances of these funds are addressed in the discussion of the City of Santa Paula's business-type activities.

Statement of Revenues, Expenses and Changes in Net Assets
Table 3: Proprietary Funds

	Business-Type Activities			Total
	Water	Refuse	Sewer	
Operating Revenues	\$6,093,456	\$2,161,740	\$5,803,590	\$14,058,786
Operating Expenses	3,641,514	1,574,615	2,933,487	\$8,149,616
Operating Income (loss)	2,451,942	587,125	2,870,103	5,909,170
Total non-operating revenues (expenses)	(586,606)	24,940	30,351	(531,315)
Transfer in	249,718			\$249,718
Transfers out	(481,902)	(427,520)	(627,233)	(\$1,536,655)
Change in Net Assets	1,633,152	184,545	2,273,221	4,090,918
Total Net Assets, Beginning	12,886,282	924,637	12,781,032	26,591,951
Prior Period Adjustments	(237,045)	(79,015)		(316,060)
Total Net Assets, Ending	\$14,282,389	\$1,030,167	\$15,054,253	\$30,366,809

General Fund Budgetary Highlights

Differences between the final budget and the actual expenditures were nearly even after accounting for transfers-in and transfers-out. The effect left a deficit of (\$4,914). Overall the General Fund expenditures came in over-budget by \$928,941 or 7.9 percent. Revenues overall were 4.7 percent higher than anticipated, with the categories of Charges for Current Services representing \$358,221 of the total \$509,544 in net total growth.

Capital Asset and Debt Administration

Capital assets. The City of Santa Paula's investment in capital assets for its governmental and business type activities as of June 30, 2008, amounts to \$59,921,339 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements other than buildings, machinery and equipment, as well as construction in progress.

Capital Assets

Table 4

	(Net of Depreciation)		
	Governmental	Business-Type	Total
	Activities	Activities	
Land	\$504,119	\$6,742,631	\$7,246,750
Construction in progress	210,510	9,886,351	\$10,096,861
Buildings and system	2,038,228	11,974,670	\$14,012,898
Machinery and equipment	1,228,547	821,440	\$2,049,987
Improvements other than buildings	9,486,937	17,027,906	\$26,514,843
Total Capital Assets	\$13,468,341	\$46,452,998	\$59,921,339

The value of assets has increased by \$10,188,069 during this reporting period. Major capital asset events during the current fiscal year included the following:

- The continuation of the City’s Water Main Replacement Program
- Additional projects completed during the fiscal year included, Well 12 Rehabilitation, Las Piedras Park Improvements, Arterial Street Paving, and Paseo Accessibility.

Additional information on the City of Santa Paula’s capital assets can be found in note III.C on pages 22 of this report.

Long-term debt. At the end of the current fiscal year, the City of Santa Paula had total debt outstanding, excluding compensated absences and estimated claims, of \$38,331,091. This is a reduction from prior period’s level of \$31,521,913. The governmental activity reduction was \$1,985,406. The business-type activity debt reduction was \$886,540. Of the current citywide long-term debt \$3,492,913 is secured by tax allocation proceeds. Bonds secured solely by specified revenue sources (i.e., revenue bonds) equal \$27,000,000. The remaining \$3,389,877 comprises debt backed by the full faith and credit of the government.

**Outstanding Debt
Table 5**

	Governmental Activities	Business-Type Activities	Total
Tax Allocation Bonds	\$3,310,000		\$3,310,000
Capital Lease Payable	235,243	-	\$235,243
Lease Revenue Bonds		27,000,000	\$27,000,000
Notes Payable		496,500	\$496,500
Contracts Payable		2,658,134	\$2,658,134
Pension Related Debt	4,324,070	307,144	\$4,631,214
Compensated Absences	480,054	113,608	\$593,662
Claims Payable	1,108,280		\$1,108,280
Total	\$9,457,647	\$30,575,386	\$40,033,033
June 30,2007	\$4,888,062	\$30,995,456	\$35,883,518
Change in debt service	\$4,569,585	(\$420,070)	\$4,149,515

The City of Santa Paula’s total outstanding debt increased \$4,149,515 during the current fiscal year. The largest portion of the increase was \$4,631,214 in Pension related debt (PERS side fund liability). Capital leases increased by \$229,169. Additional information on the City of Santa Paula’s long-term debt can be found in note III.E on page 25 of this report.

Economic Factors and Next Year’s Budgets and Rates

The unemployment rate estimated by the State of California Employment Development Department (October 2008) for the City of Santa Paula is 8.1% up from last year’s 6.1 percent. The unemployment has now closed in on a 2005 high of 8.5 percent.

The occupancy rate of the government’s central business district is at 90-95%, which is consistent with last year’s rate.

Both the Refuse and Sewer rates were increased August 1, 2005 and again, for sewer, on May 15, 2006 to be effective July 1, 2006. The most recent sewer rates were increased by

33 percent for residential customers, while the average increase in the refuse rates was 7.8 percent. These rate increases were necessary to cover operating expenses and to fund significant capital investments in infrastructure. To continue this effort, the Council anticipates near future rate increases that will partially fund the new wastewater treatment plant scheduled for completion in 2010.

Requests for Information

This financial report is designed to provide a general overview of the City of Santa Paula's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Santa Paula, Finance Director, P.O. Box 569, Santa Paula, CA 93061.

BASIC FINANCIAL STATEMENTS

City of Santa Paula
Statement of Net Assets
June 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 12,359,071	\$ 8,891,149	\$ 21,250,220
Receivables (Net of Allowance)	1,532,296	2,205,119	3,737,415
Loans Receivable	1,048,043	-	1,048,043
Deferred Charges	88,109	990,314	1,078,423
Internal Balances	(100,000)	100,000	-
Cash - Restricted	398,705	3,587,904	3,986,609
Prepaid Insurance	906	-	906
Property Held for Resale	205,221	-	205,221
Capital Assets Not Being Depreciated			
Land	504,119	6,742,631	7,246,750
Construction in Progress	210,510	9,886,351	10,096,861
Capital Assets Net of Accumulated Depreciation			
Buildings and System	2,038,228	11,974,670	14,012,898
Machinery and Equipment	1,228,547	821,440	2,049,987
Improvements Other Than Buildings	9,486,937	17,027,906	26,514,843
	<u>29,000,692</u>	<u>62,227,484</u>	<u>91,228,176</u>
Total Assets			
LIABILITIES			
Accounts Payable and Accrued Liabilities	5,435,277	1,285,289	6,720,566
Accrued Interest Payable	16,937	-	16,937
Deferred Revenue	1,068,732	-	1,068,732
Noncurrent Liabilities			
Due Within One Year	138,912	878,556	1,017,468
Due in More Than One Year	9,279,163	29,696,830	38,975,993
	<u>15,939,021</u>	<u>31,860,675</u>	<u>47,799,696</u>
Total Liabilities			
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	13,468,341	19,452,998	32,921,339
Restricted for:			
Transportation and Other Purposes	2,663,492	-	2,663,492
Debt Service	333,851	-	333,851
Unrestricted	(3,404,013)	10,913,811	7,509,798
	<u>(3,404,013)</u>	<u>10,913,811</u>	<u>7,509,798</u>
Total Net Assets	<u>\$ 13,061,671</u>	<u>\$ 30,366,809</u>	<u>\$ 43,428,480</u>

The accompanying notes are an integral part of this statement.

**City of Santa Paula
Statement of Activities
For the Year Ended June 30, 2008**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 1,491,003	\$ 28,816	\$ -	\$ -
Building and Safety	883,565	354,614	322,869	-
Community Services	5,097,157	354,556	135,392	93,633
Financial Services	389,588	17,203	-	-
Fire	2,044,049	151,792	80,504	15,890
Planning	1,053,307	644,522	-	-
Police	5,803,863	275,043	671,650	18,665
Public Works	1,774,947	911,341	1,627,360	1,619,258
Economic Development	167,773	-	-	-
Non-departmental	6,273	49,036	-	-
Interest on Long-term Debt	235,382	-	-	-
Total Governmental Activities	18,946,907	2,786,923	2,837,775	1,747,446
Business-type Activities:				
Refuse	1,574,615	2,161,740	-	-
Water	4,889,356	6,179,096	-	-
Sewer	3,048,447	5,803,590	-	-
Total Business-type Activities	9,512,418	14,144,426	-	-
Total Government	\$ 28,459,325	\$ 16,931,349	\$ 2,837,775	\$ 1,747,446

General Revenues:

- Property Taxes
- Tax Increment
- Sales Taxes
- Transient Occupancy Taxes
- Franchise Taxes
- Business License Taxes
- Motor Vehicle In-Lieu
- Unrestricted Investment Earnings
- Miscellaneous Revenues
- Special Item
- Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Prior Period Adjustments

Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (1,462,187)	\$ -	\$ (1,462,187)
(206,082)	-	(206,082)
(4,513,576)	-	(4,513,576)
(372,385)	-	(372,385)
(1,795,863)	-	(1,795,863)
(408,785)	-	(408,785)
(4,838,505)	-	(4,838,505)
2,383,012	-	2,383,012
(167,773)	-	(167,773)
42,763	-	42,763
(235,382)	-	(235,382)
<u>(11,574,763)</u>	<u>-</u>	<u>(11,574,763)</u>
-	587,125	587,125
-	1,289,740	1,289,740
-	2,755,143	2,755,143
<u>-</u>	<u>4,632,008</u>	<u>4,632,008</u>
<u>(11,574,763)</u>	<u>4,632,008</u>	<u>(6,942,755)</u>
5,657,316	-	5,657,316
3,661,207	-	3,661,207
1,453,013	-	1,453,013
103,118	-	103,118
439,652	-	439,652
116,571	-	116,571
132,070	-	132,070
302,171	745,847	1,048,018
530,331	-	530,331
-	-	-
1,286,937	(1,286,937)	-
<u>13,682,386</u>	<u>(541,090)</u>	<u>13,141,296</u>
2,107,623	4,090,918	6,198,541
15,477,542	26,591,951	42,069,493
<u>(4,523,494)</u>	<u>(316,060)</u>	<u>(4,839,554)</u>
<u>\$ 13,061,671</u>	<u>\$ 30,366,809</u>	<u>\$ 43,428,480</u>

**City of Santa Paula
Balance Sheet
Governmental Funds
June 30, 2008**

	General	Redevelopment Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 3,404,316	\$ 2,004,077	\$ 6,950,678	\$ 12,359,071
Cash with Fiscal Agent	-	243,435	90,416	333,851
Receivables	1,014,047	40,353	477,896	1,532,296
Due from Other Funds	638,793	-	-	638,793
Loans Receivable	13,174	-	1,034,869	1,048,043
Cash - Restricted	-	-	64,854	64,854
Prepaid Insurance	906	-	-	906
Property Held for Resale	-	-	205,221	205,221
Total Assets	\$ 5,071,236	\$ 2,287,865	\$ 8,823,934	\$ 16,183,035
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 2,126,377	\$ 3,150,843	\$ 158,057	\$ 5,435,277
Due to Other Funds	-	-	638,793	638,793
Deferred Revenue	13,174	-	1,055,558	1,068,732
Advances From Other Funds	-	-	100,000	100,000
Total Liabilities	2,139,551	3,150,843	1,952,408	7,242,802
Fund Balances:				
Reserved for:				
Prepaid Expenses	906	-	-	906
Encumbrances	8,521	-	90,697	99,218
Loans	-	-	13,521	13,521
Debt Service	-	243,435	90,416	333,851
Unreserved, Reported In:				
General Fund	2,922,258	-	-	2,922,258
Special Revenue Funds	-	-	783,356	783,356
Capital Projects Funds	-	-	4,489,103	4,489,103
Debt Service Funds	-	(1,106,413)	11,143	(1,095,270)
Permanent Funds	-	-	1,393,290	1,393,290
Total Fund Balances	2,931,685	(862,978)	6,871,526	8,940,233
Total Liabilities and Fund Balances	\$ 5,071,236	\$ 2,287,865	\$ 8,823,934	\$ 16,183,035

The accompanying notes are an integral part of this statement.

City of Sana Paula
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2008

Fund balances of governmental funds	\$	8,940,233
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		13,468,341
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Obligations under capital lease agreement		(219,906)
Tax allocation refunding bonds, net of unamortized discount		(3,285,765)
Compensated Absences		(480,054)
Claims payable		(1,108,280)
Pension Related Debt		(4,324,070)
Accrued interest payable is not reported in the funds.		(16,937)
Unamortized issuance costs on the tax allocation bonds have not been reported in the governmental funds.		88,109
		88,109
Net assets of governmental activities	\$	13,061,671

The accompanying notes are an integral part of this statement.

City of Santa Paula
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General	Redevelopment Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 7,709,457	\$ 2,928,956	\$ 2,324,111	\$ 12,962,524
Licenses and Permits	343,257	-		343,257
Intergovernmental	523,289	-	2,951,070	3,474,359
Charges for Services	2,079,668	-	184,992	2,264,660
Fines and Forfeitures	122,516	-	11,054	133,570
Investment Earnings	71,754	71,104	269,297	412,155
Other Revenues	400,698	-	223,208	623,906
Total Revenues	11,250,639	3,000,060	5,963,732	20,214,431
EXPENDITURES				
Current:				
General Government	1,434,086	49,188	42,997	1,526,271
Building and Safety	598,290	-	285,275	883,565
Community Services	1,266,255	-	1,475,367	2,741,622
Financial Services	384,851	-	4,737	389,588
Fire	2,001,774	-	21,230	2,023,004
Planning	1,043,486	-	-	1,043,486
Police	5,570,446	-	422,185	5,992,631
Public Works	382,322	-	2,735,070	3,117,392
Economic Development	-	-	-	-
Non-departmental	1,129	-	4,640	5,769
Pass-thru Payments	-	2,246,919	-	2,246,919
Debt Service:				
Principal	-	77,000	86,868	163,868
Interest	-	151,870	78,116	229,986
Total Expenditures	12,682,639	2,524,977	5,156,485	20,364,101
Excess (Deficiency) of Revenues over Expenditures	(1,432,000)	475,083	807,247	(149,670)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,486,195	-	1,592,426	3,078,621
Transfers Out	(72,552)	(1,000,000)	(719,132)	(1,791,684)
Total Other Financing Sources (Uses)	1,413,643	(1,000,000)	873,294	1,286,937
Net Change in Fund Balances	(18,357)	(524,917)	1,680,541	1,137,267
Fund Balances, Beginning	2,950,042	(338,061)	4,985,764	7,597,745
Prior Period Adjustment			205,221	205,221
Fund Balances, Ending	\$ 2,931,685	\$ (862,978)	\$ 6,871,526	\$ 8,940,233

The accompanying notes are an integral part of this statement.

City of Santa Paula
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, 2008

Net change in fund balances-total governmental funds \$ 1,137,267

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$1,799,667 exceeded depreciation of \$724,263 in the current period. 1,075,404

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (393,185)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 110,000

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 53,868

Repayment of Pension Related Debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 230,350

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated Absences	(40,198)
Claims and Judgments	(60,487)
Accrued Interest	1,213
Amortization of bond discounts and issuance costs	(6,609)
	(115,081)

Change in net assets of governmental activities \$ 2,107,623

City of Santa Paula
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-Type Activities - Enterprise Funds			
	Water	Refuse	Sewer	Totals
ASSETS				
Current Assets:				
Cash and Investments	\$ 6,425,248	\$ 726,715	\$ 1,739,186	\$ 8,891,149
Receivables	1,379,862	231,006	594,251	2,205,119
Total Current Assets	<u>7,805,110</u>	<u>957,721</u>	<u>2,333,437</u>	<u>11,096,268</u>
Noncurrent Assets:				
Restricted Cash:				
Cash with Fiscal Agents	3,587,904	-	-	3,587,904
Advances to Other Funds	2,100,000	-	-	2,100,000
Deferred Charges	990,314	-	-	990,314
Prepaid Insurance	-	-	-	-
Capital Assets:				
Land	1,965,000	-	4,777,631	6,742,631
Buildings	12,178,061	57,250	7,126,145	19,361,456
Improvements	17,062,938	-	98,417	17,161,355
Machinery and Equipment	1,260,877	1,347,734	190,118	2,798,729
Construction in Progress	2,067,570	-	7,818,781	9,886,351
Less: Accumulated Depreciation	<u>(3,496,787)</u>	<u>(1,180,583)</u>	<u>(4,820,154)</u>	<u>(9,497,524)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>31,037,659</u>	<u>224,401</u>	<u>15,190,938</u>	<u>46,452,998</u>
Total Noncurrent Assets	<u>37,715,877</u>	<u>224,401</u>	<u>15,190,938</u>	<u>53,131,216</u>
Total Assets	<u>45,520,987</u>	<u>1,182,122</u>	<u>17,524,375</u>	<u>64,227,484</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	782,815	52,252	450,222	1,285,289
Compensated Absences	70,791	22,917	19,900	113,608
Bonds Payable - Current	640,000	-	-	640,000
Contracts Payable - Current	124,948	-	-	124,948
Total Current Liabilities	<u>1,618,554</u>	<u>75,169</u>	<u>470,122</u>	<u>2,163,845</u>
Noncurrent Liabilities:				
Advances from Other Funds	-	-	2,000,000	2,000,000
Bonds Payable	26,360,000	-	-	26,360,000
Notes Payable	496,500	-	-	496,500
Contracts Payable	2,533,186	-	-	2,533,186
Pension Related Debt	230,358	76,786	-	307,144
Total Noncurrent Liabilities	<u>29,620,044</u>	<u>76,786</u>	<u>2,000,000</u>	<u>31,696,830</u>
Total Liabilities	<u>31,238,598</u>	<u>151,955</u>	<u>2,470,122</u>	<u>33,860,675</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	4,037,659	224,401	15,190,938	19,452,998
Unrestricted	10,244,730	805,766	(136,685)	10,913,811
Total Net Assets	<u>\$ 14,282,389</u>	<u>\$ 1,030,167</u>	<u>\$ 15,054,253</u>	<u>\$ 30,366,809</u>

The accompanying notes are an integral part of this statement.

City of Santa Paula
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds			
	Water	Refuse	Sewer	Totals
OPERATING REVENUES				
Water Sales	\$ 5,713,752	\$ -	\$ -	\$ 5,713,752
Refuse Sales	-	2,157,874	-	2,157,874
Sewer Sales	-	-	5,743,436	5,743,436
Other Revenues	379,704	3,866	60,154	443,724
Total Operating Revenues	6,093,456	2,161,740	5,803,590	14,058,786
OPERATING EXPENSES				
Cost of Sales	2,244,533	1,199,373	2,409,988	5,853,894
Administration	953,901	248,150	316,696	1,518,747
Depreciation	403,989	127,092	206,803	737,884
Amortization	39,091	-	-	39,091
Total Operating Expenses	3,641,514	1,574,615	2,933,487	8,149,616
Operating Income (Loss)	2,451,942	587,125	2,870,103	5,909,170
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	575,596	24,940	145,311	745,847
Interest Expense	(1,247,842)	-	(114,960)	(1,362,802)
Gain/(Loss) on Disposal of Capital Assets	85,640	-	-	85,640
Total Nonoperating Revenues (Expenses)	(586,606)	24,940	30,351	(531,315)
Income Before Contributions and Transfers	1,865,336	612,065	2,900,454	5,377,855
Capital Contributions	-	-	-	-
Transfers In	249,718	-	-	249,718
Transfers Out	(481,902)	(427,520)	(627,233)	(1,536,655)
Change in Net Assets	1,633,152	184,545	2,273,221	4,090,918
Total Net Assets, Beginning	12,886,282	924,637	12,781,032	26,591,951
Prior Period Adjustments	(237,045)	(79,015)	-	(316,060)
Total Net Assets, Ending	\$ 14,282,389	\$ 1,030,167	\$ 15,054,253	\$ 30,366,809

The accompanying notes are an integral part of this statement.

**City of Santa Paula
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008**

	Water	Refuse
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 5,737,975	\$ 2,137,542
Payments to Suppliers	(2,106,494)	(1,118,489)
Payments to Employees	(949,428)	(244,786)
	<u>2,682,053</u>	<u>774,267</u>
Net Cash Provided (Used) by Operating Activities		
Cash Flows from Noncapital Financing Activities		
Transfers In	249,718	-
Advances Received (Paid)	-	-
Transfers Out	(481,902)	(427,520)
Principal Paid on Pension Related Debt	(6,687)	(2,229)
	<u>(238,871)</u>	<u>(429,749)</u>
Net Cash Provided by (Used in) Noncapital Financing Activities		
Cash Flows from Capital and Related Financing Activities		
Capital Contributions	-	-
Acquisition of Capital Assets	(2,905,644)	(15,903)
Sale of Property	85,640	-
Interest Paid on Capital Debt	(1,247,842)	-
Principal Paid on Capital Debt	(749,947)	-
	<u>(4,817,793)</u>	<u>(15,903)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities		
Cash Flows from Investing Activities		
Investment Earnings	575,596	24,940
	<u>575,596</u>	<u>24,940</u>
Net Cash Provided (Used) by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	(1,799,015)	353,555
Cash and Cash Equivalents, Beginning	11,812,167	373,160
Cash and Cash Equivalents, End	<u>\$ 10,013,152</u>	<u>\$ 726,715</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income	\$ 2,451,942	\$ 587,125
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation Expense	403,989	127,092
Amortization Expense	39,091	-
(Increase) Decrease in Receivables	(355,481)	(24,198)
(Increase) Decrease in Prepaid Insurance	84,129	90,859
Increase (Decrease) in Accounts Payable	53,910	(9,976)
Increase (Decrease) in Compensated Absences	4,473	3,365
	<u>2,682,053</u>	<u>774,267</u>
Net Cash Provided By Operating Activities		

The accompanying notes are an integral part of this statement.

<u>Sewer</u>	<u>Total</u>
\$ 5,811,173	\$ 13,686,690
(2,556,116)	(5,781,099)
(301,801)	(1,496,015)
<u>2,953,256</u>	<u>6,409,576</u>
-	249,718
-	-
(627,233)	(1,536,655)
-	(8,916)
<u>(627,233)</u>	<u>(1,295,853)</u>
-	-
(6,835,597)	(9,757,144)
-	85,640
(114,960)	(1,362,802)
-	(749,947)
<u>(6,950,557)</u>	<u>(11,784,253)</u>
<u>145,311</u>	<u>745,847</u>
<u>145,311</u>	<u>745,847</u>
(4,479,223)	(5,924,683)
<u>6,218,409</u>	<u>18,403,736</u>
<u>\$ 1,739,186</u>	<u>\$ 12,479,053</u>
\$ 2,870,103	\$ 5,909,170
206,803	737,884
-	39,091
7,583	(372,096)
-	174,988
(146,128)	(102,194)
14,895	22,733
<u>\$ 2,953,256</u>	<u>\$ 6,409,576</u>

City of Santa Paula
Notes to Financial Statements
June 30, 2008

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
I	Summary of Significant Accounting Policies	13 - 18
II	Stewardship, Compliance and Accountability	18
III	Detailed Notes on All Funds	19 - 29
IV	Other Information	29 - 33

City of Santa Paula
Notes to Financial Statements
June 30, 2008

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Description of Reporting Entity

The City of Santa Paula (the "City") is a municipal corporation operating as a general law city governed by a city council of five members. 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, although legally separate entities, are, in substance, part of the government's operations and are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended Component Units

The Santa Paula Redevelopment Agency (the Agency) is governed by the City Council of the City of Santa Paula. Although it is legally separate from the City, the Agency is reported as if it were part of the primary government because the City Council is the governing board. Separate financial statements are available at the City of Santa Paula.

The Santa Paula Public Financing Authority (the Authority) is governed by the City Council of the City of Santa Paula. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public facilities.

B) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all the nonfiduciary activities of the City of Santa Paula and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

City of Santa Paula
Notes to Financial Statements
June 30, 2008

D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

The *Redevelopment Agency Debt Service Fund* is used to account for the accumulation of resources for, and the retirement of, general long-term debt principal and interest.

The City reports the following major proprietary funds:

The water, refuse and sewer funds account for the operation of the City's water distribution system, refuse collection operations, the City's sewage treatment plant, and sewage pumping stations.

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

Governments have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. In the fund financial statements, quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursement fund and as revenues in the fund that is reimbursed. All other interfund transaction except quasi-external transactions and reimbursements are reported as transfers.

City of Santa Paula
Notes to Financial Statements
June 30, 2008

D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

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

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

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

D) Assets, Liabilities, and Net Assets or Equity

1) Deposits and Investments

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

Investments are included within the financial statement caption "Cash and Investments." Investments for the government, as well as for its component units, are stated at their fair value, the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Local Agency Investment Fund operates in accordance with the appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2) Receivables and Payables

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

City of Santa Paula
Notes to Financial Statements
June 30, 2008

D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Assets, Liabilities, and Net Assets or Equity - Continued

2) Receivables and Payables - 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 and property taxes receivable are shown net of an allowance for uncollectibles. Property taxes in the State of California are administered for all local agencies at the County level, and consist of secured, unsecured, and utility tax roles.

Property taxes are levied as of January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at the time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax levies are limited to 1% of full market value which results in a tax of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

The Assessor of the County of Ventura establishes property valuations for the secured and unsecured property tax rolls; the State Board of Equalization values the utility property tax roll. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on February 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

Due to the nature of the City-wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, appropriations to local agencies are made by the County Auditor-Controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

The State of California FY 90-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administration fees withheld during the fiscal year.

City of Santa Paula
Notes to Financial Statements
June 30, 2008

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Assets, Liabilities, and Net Assets or Equity - Continued

3) Restricted Assets

Certain proceeds of the City's tax allocation refunding bonds and the enterprise fund lease revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

4) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000, or \$25,000 for capital projects. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	30 - 50
Building Improvements	10 - 30
Infrastructure	25 - 60
Vehicles	3 - 10
Equipment	7 - 10
Computer Equipment	5

5) Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Cash compensations for accrued vacations are generally not payable until the employee terminates employment with the City. Sick leave may be accumulated to a maximum of 960 hours. Cash compensation for unused sick leave for employees hired prior to September 27, 1988 is payable to an employee only upon termination of employment with the City and the employee is compensated at the rate of 50% of their daily rate. 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 government funds only if they have matured, for example, as a result of employee resignations and retirements.

**City of Santa Paula
Notes to Financial Statements
June 30, 2008**

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Assets, Liabilities, and Net Assets or Equity - Continued

6) Long-term Obligations

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

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

7) Fund Equity

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

II) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A) Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2008:

Mobile Home Rent Review	\$	110,455
State Gas Tax	\$	265,608
Hillsborough Open Space Assessment	\$	677
Local Transportation TDA Article 3	\$	6,495
State Homeland Security	\$	699
Cable Television Fund	\$	14,204
Safe Routes to School	\$	402
Fire Protection Facilities	\$	3,034
Corp Yard Facilities	\$	1,996

These deficits are expected to be reduced by future revenue or transfer from other funds.

City of Santa Paula
Notes to Financial Statements
June 30, 2008

III) DETAILED NOTES ON ALL FUNDS

A) Cash and Investments

The City's cash and investments consist of the following at June 30, 2008:

Petty Cash	\$	5,400
Deposits		408,271
Investments		<u>20,836,549</u>
 Total Cash and Investments - Unrestricted		 <u>21,250,220</u>
 Cash and Investments with Fiscal Agents		 3,921,755
Other Restricted Cash		<u>64,854</u>
 Total Restricted Cash and Investments		 <u>3,986,609</u>
 Total Cash and Investments		 <u>\$ 25,236,829</u>

Investments Authorized by the California Government Code and the City's Investment Policy

The investments are managed by the City Treasurer and Fiscal agents (Bond trustees acting in accordance with bond covenants). Investments managed by the City Treasurer are invested in accordance with the City's investment policy. Investments managed by bond trustees are invested in accordance with provisions of the respective bond agreements, which generally are in accordance with provisions of the California Government Code 53601.

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, enterprise funds, and agency funds which are invested in accordance with the City's investment policy. The investment policy generally complies with California Government Code Section 53601.

The table below identifies the investment types that are authorized by the City's investment policy and the California Government Code. The table also identifies certain provisions that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Authorized by Investment Policy	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer	Minimum Ratings
U.S. Treasury	Yes	3 years	None	None	None
U.S. Agencies	Yes	3 years	20%	None	AAA
Bankers Acceptances	Yes	0.5 years	10%	2%	None
Certificate of Deposits (CDs)	Yes	N/A	40%	15%	AAA
Mutual Funds	Yes	N/A	15%	15%	AAA
Local Agency Investment Funds	Yes	N/A	None	None	None

City of Santa Paula
Notes to Financial Statements
June 30, 2008

III) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rates risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State Investment Pool - LAIF	\$ 20,836,549	\$ 20,836,549	\$ -	\$ -	\$ -
Held by Bond Trustees:					
LAIF	3,586,863	3,586,863	-	-	-
Mutual Funds	334,892	334,892	-	-	-
Total	\$ 24,758,304	\$ 24,758,304	\$ -	\$ -	\$ -

Disclosures Relating to Credit Risk

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

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	Aa	Not Rated
State Investment Pool - LAIF	\$ 24,423,412	N/A	\$ -	\$ -	\$ -	\$ 24,423,412
Mutual Funds	334,892	N/A	-	-	-	334,892
Total	\$ 24,758,304		\$ -	\$ -	\$ -	\$ 24,758,304

City of Santa Paula
Notes to Financial Statements
June 30, 2008

III) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer (other than external investment pools) that represent 5% or more of total City investments.

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

None of the City's deposits with financial institutions in excess of the Federal Depository Insurance Corporation's limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based on 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.

City of Santa Paula
Notes to Financial Statements
June 30, 2008

III) DETAILED NOTES ON ALL FUNDS - Continued

B) Receivables

Receivables as of year-end for the City's individual major funds and non-major funds in the aggregate, are as follows:

	<u>General</u>	<u>Water Utility</u>	<u>Refuse Fund</u>	<u>Sewer Utility</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Interest	\$ 14,873	\$ 49,217	\$ 5,883	\$ 24,120	\$ 73,430	\$ 167,523
Taxes	486,127	-	-	-	-	486,127
Accounts	430,617	1,330,645	225,123	570,131	25,531	2,582,047
Intergovernmental	73,547	-	-	-	411,288	484,835
Miscellaneous	<u>8,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,000</u>	<u>16,883</u>
Total Receivables	<u>\$ 1,014,047</u>	<u>\$ 1,379,862</u>	<u>\$ 231,006</u>	<u>\$ 594,251</u>	<u>\$ 518,249</u>	<u>\$ 3,737,415</u>

C) Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 523,642	\$ -	\$ (19,523)	\$ 504,119
Construction in Progress	<u>678,399</u>	<u>132,769</u>	<u>(600,658)</u>	<u>210,510</u>
Total Capital Assets, Not Being Depreciated	<u>1,202,041</u>	<u>132,769</u>	<u>(620,181)</u>	<u>714,629</u>
Capital Assets Being Depreciated:				
Buildings and System	2,201,148	720,221	(185,698)	2,735,671
Machinery and Equipment	2,407,925	559,380*	-	2,967,305
Improvements Other Than Buildings	<u>10,343,888</u>	<u>1,255,655</u>	<u>-</u>	<u>11,599,543</u>
Total Capital Assets Being Depreciated	<u>14,952,961</u>	<u>2,535,256</u>	<u>(185,698)</u>	<u>17,302,519</u>
Less Accumulated Depreciation:				
Buildings and System	(663,764)	(64,605)	30,926	(697,443)
Machinery and Equipment	(1,451,885)	(286,873)	-	(1,738,758)
Improvements Other Than Buildings	<u>(1,739,821)</u>	<u>(372,785)</u>	<u>-</u>	<u>(2,112,606)</u>
Total Accumulated Depreciation	<u>(3,855,470)</u>	<u>(724,263)</u>	<u>30,926</u>	<u>(4,548,807)</u>
Total Capital Assets Being Depreciated, Net	<u>11,097,491</u>	<u>1,810,993</u>	<u>(154,772)</u>	<u>12,753,712</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,299,532</u>	<u>\$ 1,943,762</u>	<u>\$ (774,953)</u>	<u>\$ 13,468,341</u>

*Included in these additions is a prior period adjustment of \$267,700 related to a fire truck purchased in the prior year through a capital lease. The adjustment has no effect on net assets due to the recording of the capital asset and capital lease liability.

City of Santa Paula
Notes to Financial Statements
June 30, 2008

III) DETAILED NOTES ON ALL FUNDS - Continued

C) Capital Assets - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,995,000	\$ 4,747,631	\$ -	\$ 6,742,631
Construction in Progress	<u>8,466,925</u>	<u>3,941,415</u>	<u>(2,521,989)</u>	<u>9,886,351</u>
Total Capital Assets, Not Being Depreciated	<u>10,461,925</u>	<u>8,689,046</u>	<u>(2,521,989)</u>	<u>16,628,982</u>
Capital Assets Being Depreciated:				
Buildings and System	18,526,146	835,310	-	19,361,456
Machinery and Equipment	2,737,896	60,833	-	2,798,729
Improvements Other Than Buildings	<u>14,467,411</u>	<u>2,693,944</u>	<u>-</u>	<u>17,161,355</u>
Total Capital Assets Being Depreciated	<u>35,731,453</u>	<u>3,590,087</u>	<u>-</u>	<u>39,321,540</u>
Less Accumulated Depreciation:				
Buildings and System	(6,937,876)	(448,910)	-	(7,386,786)
Machinery and Equipment	(1,735,803)	(241,486)	-	(1,977,289)
Improvements Other Than Buildings	<u>(85,961)</u>	<u>(47,488)</u>	<u>-</u>	<u>(133,449)</u>
Total Accumulated Depreciation	<u>(8,759,640)</u>	<u>(737,884)</u>	<u>-</u>	<u>(9,497,524)</u>
Total Capital Assets Being Depreciated, Net	<u>26,971,813</u>	<u>2,852,203</u>	<u>-</u>	<u>29,824,016</u>
Business-type Activities Capital Assets, Net	<u>\$ 37,433,738</u>	<u>\$ 11,541,249</u>	<u>\$ (2,521,989)</u>	<u>\$ 46,452,998</u>

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

Governmental Activities:	
General Government	\$ 51,528
Community Services	108,616
Fire	110,244
Planning	9,821
Police	97,286
Public Works	178,491
Economic Development	167,773
Non-departmental	<u>504</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 724,263</u>
Business-type Activities:	
Water	\$ 403,989
Sewer	206,803
Refuse	<u>127,092</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 737,884</u>

City of Santa Paula
Notes to Financial Statements
June 30, 2008

III) DETAILED NOTES ON ALL FUNDS - Continued

D) Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 638,793

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water	Sewer	\$ 2,000,000
Water	Nonmajor Governmental Funds	100,000
		\$ 2,100,000

Amounts payable to the Water fund relate to working capital loans made to the Sewer fund and the Corporate Yard Facilities fund. None of these balances are scheduled to be collected in the subsequent year.

Interfund transfers:

<u>Transfer Out</u>	<u>Transfer In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Water Fund</u>	<u>Other Governmental Funds</u>	
General Fund	\$ -	\$ -	\$ 72,552	\$ 72,552
Water Fund	481,902	-	-	481,902
Refuse Fund	218,114	124,859	84,547	427,520
Sewer Fund	417,827	124,859	84,547	627,233
Other Governmental Funds	368,352	-	1,350,780	1,719,132
	\$ 1,486,195	\$ 249,718	\$ 1,592,426	\$ 3,328,339

Transfers were made during the 2007-08 fiscal year from the enterprise and other funds to the general fund, to reimburse overhead expenditures. Transfers were made from the Refuse and Sewer funds to the Water fund to reimburse various costs. Transfers were made between nonmajor funds as necessary to properly allocate costs among the funds.

City of Santa Paula
Notes to Financial Statements
June 30, 2008

III DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt

Changes in Long-Term Debt

Long-term debt activity for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Tax Allocation Refunding Bonds	\$ 3,420,000	\$ -	\$ (110,000)	\$ 3,310,000	\$ 115,000
Less Deferred Amounts: For Issuance Discounts	<u>(25,661)</u>	<u>1,426</u>	<u>-</u>	<u>(24,235)</u>	<u>-</u>
Total Bonds Payable	3,394,339	1,426	(110,000)	3,285,765	115,000
Compensated Absences	439,856	40,198	-	480,054	-
Claims Payable	1,047,793	60,487	-	1,108,280	-
Capital Lease Payable	6,074	267,700**	(53,868)	219,906	23,912
Pension Related Debt	<u>-</u>	<u>4,554,420*</u>	<u>(230,350)</u>	<u>4,324,070</u>	<u>-</u>
Governmental Activities Long-term Liabilities	<u>\$ 4,888,062</u>	<u>\$ 4,924,231</u>	<u>\$ (394,218)</u>	<u>\$ 9,418,075</u>	<u>\$ 138,912</u>
Business-Type Activities:					
Lease Revenue Bonds	\$ 27,625,000	\$ -	\$ (625,000)	\$ 27,000,000	\$ 640,000
Notes Payable	496,500	-	-	496,500	-
Contracts Payable	2,783,081	-	(124,947)	2,658,134	124,948
Compensated Absences	90,875	22,733	-	113,608	113,608
Pension Related Debt	<u>-</u>	<u>316,060*</u>	<u>(8,916)</u>	<u>307,144</u>	<u>-</u>
Business-type Activities Long-term Liabilities	<u>\$ 30,995,456</u>	<u>\$ 338,793</u>	<u>\$ (758,863)</u>	<u>\$ 30,575,386</u>	<u>\$ 878,556</u>

*The \$4,554,420 and \$316,060 represents the prior period adjustment to report the CalPERS retirement Side Fund liability as pension related debt.

**See Note III. C.

Tax Allocation Bonds

On March 21, 1994, the Redevelopment Agency of the City of Santa Paula adopted a resolution authorizing the sale of \$6,900,000 aggregate principal amount of Santa Paula Redevelopment Project 1994 Tax Allocation Refunding Bonds at an interest rate of 6.48% for the purpose of retiring \$6,000,000 of Tax Allocation Notes issued on November 1, 1992. The bonds mature on December 1 of each year to 2024 with interest payable semi-annually. On June 7, 2000, the Agency defeased \$2,285,000 of the \$6,900,000 Tax Allocation Refunding Bonds by purchasing United States government securities in an irrevocable trust with an escrow agent utilizing existing funds. The bonds are considered to be partially defeased and the related liability has been removed from long-term debt.

City of Santa Paula
Notes to Financial Statements
June 30, 2008

III DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt - Continued

Debt service requirements to maturity on the remaining bonds are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 115,000	\$ 211,285
2010	120,000	204,225
2011	130,000	196,770
2012	140,000	188,550
2013	150,000	179,650
2014-2018	870,000	747,970
2019-2023	1,195,000	428,100
2024-2025	<u>590,000</u>	<u>57,375</u>
	<u>\$ 3,310,000</u>	<u>\$ 2,213,925</u>

Capital Leases

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

Assets acquired through capital leases are as follows:

	<u>Governmental</u> <u>Activities</u>
Asset:	
Machinery and Equipment	\$ 345,772
Less: Accumulated Depreciation	<u>(49,396)</u>
Total	<u>\$ 296,376</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008 were as follows:

<u>Fiscal</u> <u>Year Ending June 30,</u>	<u>Governmental</u> <u>Activities</u>
2009	\$ 35,498
2010	35,498
2011	35,498
2012	35,498
2013	35,498
2014-2016	<u>80,245</u>
Total Minimum Lease Payments	257,735
Less: Interest Amounts	<u>(37,829)</u>
Present Value of Minimum Lease Payments	<u>\$ 219,906</u>

City of Santa Paula
Notes to Financial Statements
June 30, 2008

III DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt - Continued

Revenue Bonds

On October 1, 2003, the Santa Paula Public Financing Authority issued \$29,430,000 of lease revenue bonds to refund on a current basis the outstanding 1996 Revenue Bonds and to finance certain improvements to the City's water treatment and distribution system. The bonds have a variable interest rate with an initial rate of 2.50%. The interest rate at June 30, 2008 was 1.75%. The bonds mature on February 1 of each year through 2033.

Revenue bond debt service requirements to maturity are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 640,000	\$ 1,238,413
2010	660,000	1,220,813
2011	680,000	1,201,013
2012	700,000	1,178,913
2013	725,000	1,154,413
2014-2018	4,065,000	5,334,900
2019-2023	5,025,000	4,369,500
2024-2028	6,370,000	3,020,000
2029-2033	<u>8,135,000</u>	<u>1,260,250</u>
	<u>\$ 27,000,000</u>	<u>\$ 19,978,215</u>

Notes Payable

On January 2, 1996, the City of Santa Paula purchased surface water rights and groundwater rights from the Santa Paula Waterworks, Ltd. by issuing notes for \$496,500 at an interest rate of 9.87% per annum. Interest only payments are due annually with principal to be paid in full (\$496,500) on January 2, 2026. Debt Service requirements to maturity are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ -	\$ 25,000
2010	-	25,000
2011	-	25,000
2012	-	73,000
2013	-	73,000
2014-2018	-	365,000
2019-2023	-	365,000
2024-2026	<u>496,500</u>	<u>219,136</u>
	<u>\$ 496,500</u>	<u>\$ 1,170,136</u>

**City of Santa Paula
Notes to Financial Statements
June 30, 2008**

III) DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt - Continued

Contracts Payable

On January 2, 1996, the City of Santa Paula Public Financing Authority purchased the water system from Santa Paula Waterworks, Ltd. As part of the purchase, the Authority assumed Santa Paula Waterworks, Ltd. main line extension contracts payable to property owners. The contracts call for annual payments over 40 years with no interest, for main line extensions paid by property owners. Debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>
2009	\$ 124,948
2010	124,948
2011	124,948
2012	124,948
2013	124,948
2014-2018	624,738
2019-2023	623,883
2024-2028	472,383
2029-2033	283,973
2034-2038	<u>28,417</u>
	<u>\$ 2,658,134</u>

Pension-Related Debt

As of June 30, 2003, CalPERS implemented risk pooling for the City's multiple-employer public employee defined benefit pension plan. At that point, in accordance with generally accepted accounting principles, the City's Miscellaneous and Safety Plans converted from an "agent" multiple-employer plan to a "cost-sharing" multiple-employer plan. Although a portion of the City's annual required contributions are actuarially determined and shared by all employers of the risk pool, the City is also required to make annual payments on a "Side Fund" which was created when the City entered the risk pool. The responsibility for funding the Side Fund is specific to the City and is not shared by all employers in the plan. Therefore, the Side Fund falls under the definition of pension-related debt, as described in GASB Statement No. 27. The annual payments on the Side Fund represent principal and interest payments on the pension-related debt. Principal and interest are included in the retirement expenditures in the various functions of the governmental funds and the principal is reported as a reduction of the liability in the proprietary funds.

**City of Santa Paula
Notes to Financial Statements
June 30, 2008**

III) DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt - Continued

Pension Related Debt - Continued

The future debt service requirements on the Miscellaneous Plan Side Fund are as follows:

Year Ending June 30,	Pension-related Debt		Total
	Principal	Interest	
2009	\$ 67,507	\$ 142,298	\$ 209,805
2010	79,817	136,807	216,624
2011	93,311	130,353	223,664
2012	108,088	122,845	230,933
2013	124,256	114,183	238,439
2014	141,929	104,258	246,187
2015	161,234	92,955	254,189
2016	182,305	80,145	262,450
2017	205,288	65,692	270,980
2018	230,339	49,447	279,786
2019	257,629	31,250	288,879
2020	287,342	10,927	298,269
Total	<u>\$ 1,939,045</u>	<u>\$ 1,081,160</u>	<u>\$ 3,020,205</u>

The future debt service requirements on the Safety Plan Side Fund are as follows:

Year Ending June 30,	Pension-related Debt		Total
	Principal	Interest	
2009	\$ 210,345	\$ 193,294	\$ 403,639
2010	240,264	176,493	416,757
2011	272,945	157,358	430,303
2012	308,614	135,673	444,287
2013	347,520	111,206	458,726
2014	389,929	83,706	473,635
2015	436,127	52,901	489,028
2016	486,425	18,497	504,922
Total	<u>\$ 2,692,169</u>	<u>\$ 929,128</u>	<u>\$ 3,621,297</u>

IV) OTHER INFORMATION

A) Risk Management

1. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Santa Paula is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 109 California public entities and is organized under a joint powers agreement pursuant to California Governments Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool began covering

City of Santa Paula
Notes to Financial Statements
June 30, 2008

IV) OTHER INFORMATION - Continued

A) Risk Management - Continued

claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee. Prior to joining the Authority, the City was a member of Central Coast Cities Self-Insurance Fund.

2. Self-Insurance Programs of the Authority

General Liability - Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the costs of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Loss development reserves are allocated by pool and by loss layer. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000. Losses from \$750,000 to \$10,000,000 and the loss development reserve associated with losses \$750,000 to \$10,000,000 are pooled based on payroll. Costs of covered claims above \$10,000,000 are currently paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

Workers Compensation - The City of Santa Paula also participates in the workers compensation pool administered by the Authority. Claims are pooled separately between public safety and non-public safety. Loss development reserves are allocated by pool and by loss layer. Members retain the first \$50,000 of each claim. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and loss development reserves associated with losses from \$100,000 to \$2,000,000 are pooled based on payroll. Costs from \$2,000,000 to \$150,000,000 are transferred to an excess insurance policy. Costs in excess of \$150,000,000 are pooled among the Members based on payroll. Administrative expenses are paid from the Authority's investment earnings.

3. Purchased Insurance

Property Insurance - The City of Santa Paula participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of Santa Paula's property is currently insured according to a schedule of covered property submitted by the City of Santa Paula to the Authority. There is a \$5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

4. Adequacy of Protection

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

City of Santa Paula
Notes to Financial Statements
June 30, 2008

IV) OTHER INFORMATION - Continued

A) Risk Management - Continued

5. Claims Liabilities

The liability for estimated claims is based upon the accumulation of individual case estimates of related expense for settlement of the reported claims, including the effects of inflation and other societal and economic factors, as well as an estimate of claims expense incurred but not reported and adverse development of existing case estimates. Such estimates may be less than amounts ultimately paid when the claims are settled. The City finances its self-insurance activities through the General Fund and operating transfers from its Enterprise funds.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses included an estimate of claims that have been incurred but not reported. At June 30, 2008, the amount of these liabilities was \$1,108,280. This liability is the City's best estimate based on available information. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended June 30, 2008	Year Ended June 30, 2007
Unpaid Claims, Beginner of Year	\$ 1,047,793	\$ 2,905,784
Incurred Claims	60,487	-
Claim Payments	-	(1,857,991)
Unpaid Claims, End of Year	\$ 1,108,280	\$ 1,047,793

The separate financial statements of the California Joint Powers Insurance Authority may be obtained by writing: City of La Palma, 8081 Moody Street, La Palma, CA 90623.

B) Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City entered into a stipulated consent judgment and final order ("Consent Decree") with the California Regional Water Quality Control Board-Los Angeles Region ("Regional Board") on September 24, 2007 to satisfy pending violations of the City's NPDES permit. As a result of these violations, the City faced penalties amounting to nearly \$8.7 million. The Consent Decree allows the City to resolve the Regional Board's enforcement action by constructing a new water recycling facility by December 2010 (estimated to cost approximately \$70 million); pay a civil penalty of \$350,000; implement a supplemental environmental program costing \$50,000; and pay the Regional Board's administrative and legal costs amounting to approximately \$27,000. The new water recycling facility must be built by September 14, 2010 and be fully operational by December 15, 2010. It will be fully compliant with the effluent and other conditions articulated in the Consent Decree and applicable law.

**City of Santa Paula
Notes to Financial Statements
June 30, 2008**

IV) OTHER INFORMATION - Continued

B) Contingent Liabilities - Continued

The City is a defendant in various other lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

C) Employee Retirement Systems and Pension Plans

Defined Benefit Pension Plan

Plan Description. The City of Santa Paula's Defined Benefit Pension Plan (Plan) provides retirement, disability, annual cost of living adjustments and death benefits to plan members and their beneficiaries. The Plan is part of the public agency portion of the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the state of California. State statutes establish a menu of benefit provisions as well as other requirements with the Public Employees' Retirement Law.

The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through City ordinance. CalPERS issue a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy. Safety and miscellaneous plan members are required to contribute 8% and 9%, respectively of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. As of the 2007-08 fiscal year, both plans were required to participate in risk pools, which includes pooled employer contribution rates.

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2008 was 13.679% for miscellaneous employees and 32.484% for safety employees. The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Three Year Trend Information for the Miscellaneous and Safety Plans

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percentage Contributed</u>
6/30/06	\$ 1,354,003	100%
6/30/07	\$ 2,042,411	100%
6/30/08	\$ 1,429,597	100%

City of Santa Paula
Notes to Financial Statements
June 30, 2008

IV) OTHER INFORMATION - Continued

D) Prior Period Adjustments

Government-Wide Financial Statements

The prior period adjustment in the Government-Wide financial statements of \$4,523,494 is the net result of the \$4,554,420 recording of Pension Related Debt and the removal of the accumulated depreciation of \$30,926 on the property previously classified as capital assets and is now more appropriately classified as Property Held for Resale. The prior period adjustment in the Business-Type activities of \$316,060 is a result of recording the proprietary funds portion of the CalPERS retirement Side Fund liability.

Fund Financial Statements

The prior period adjustment in the fund financial statements of \$205,221 is from the reclassification of a capital asset to Property Held for Resale. The property was originally recorded as land and buildings and systems owned by the Santa Paula Redevelopment Agency but is more appropriately classified as Property Held for Resale.

REQUIRED SUPPLEMENTARY INFORMATION

City of Santa Paula
Notes to Required Supplementary Information
June 30, 2008

Budgetary Information

Budgeted revenue and expenditure amounts shown represent the City's originally adopted legal budget adjusted for unanticipated revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, reported for the governmental funds of the City are adopted on a basis consistent with generally accepted accounting principles (GAAP).

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts and projects entered into by the City are subject to annual review by the City Council; hence, they legally are one-year contracts with an option for renewal for another fiscal year.

The City Council has the responsibility for adoption of the City's Budget. Budgets are adopted for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during each fiscal year. The City Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by City Council. The level at which expenditures may not legally exceed appropriations is therefore established at the department level. Budgeted amounts may be transferred between programs with City Manager approval.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

City of Santa Paula
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 7,027,800	\$ 7,704,821	\$ 7,709,457	\$ 4,636
Licenses & Permits	618,825	589,825	343,257	(246,568)
Intergovernmental	502,102	502,102	523,289	21,187
Charges for Services	1,753,717	1,721,447	2,079,668	358,221
Fines and Forfeitures	115,600	115,600	122,516	6,916
Investment Earnings	30,800	29,300	71,754	42,454
Other Revenues	92,730	78,000	400,698	322,698
	<u>10,141,574</u>	<u>10,741,095</u>	<u>11,250,639</u>	<u>509,544</u>
EXPENDITURES				
Current:				
General Government	1,386,748	1,436,447	1,434,086	2,361
Building and Safety	553,359	566,675	598,290	(31,615)
Community Services	1,298,453	1,374,544	1,266,255	108,289
Financial Services	355,258	373,535	384,851	(11,316)
Fire	1,560,621	1,663,187	2,001,774	(338,587)
Planning	810,580	843,811	1,043,486	(199,675)
Police	4,831,246	4,959,033	5,570,446	(611,413)
Public Works	477,269	533,966	382,322	151,644
Economic Development	2,500	2,500	-	2,500
Non-departmental	-	-	1,129	(1,129)
	<u>11,276,034</u>	<u>11,753,698</u>	<u>12,682,639</u>	<u>(928,941)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,134,460)</u>	<u>(1,012,603)</u>	<u>(1,432,000)</u>	<u>(419,397)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,021,930	1,021,930	1,486,195	464,265
Transfers Out	(22,770)	(22,770)	(72,552)	(49,782)
	<u>999,160</u>	<u>999,160</u>	<u>1,413,643</u>	<u>414,483</u>
Net Change in Fund Balances	(135,300)	(13,443)	(18,357)	(4,914)
Fund Balances, Beginning	<u>2,950,042</u>	<u>2,950,042</u>	<u>2,950,042</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 2,814,742</u>	<u>\$ 2,936,599</u>	<u>\$ 2,931,685</u>	<u>\$ (4,914)</u>

SUPPLEMENTARY INFORMATION

**City of Santa Paula
Nonmajor Governmental Funds**

Special Revenue Funds

Mobile Home Rent Review Fund - This fund is used to administer the Mobile Home Rent Review Program.

State Gas Tax Fund - This fund is to be used for street repairs and maintenance.

Local Transportation TDA Fund - This fund is to be used for local streets and roads.

Proposition 1B - Proposition 1B funds were awarded by the State to the City to fund maintenance and improvements of local transportation facilities.

Housing and Community Development I - This fund is to be used for housing needs.

HUD CDBG Fund - This fund is used to account for the CDBG program run through the County of Ventura.

CA Oil Museum Fund - This fund is used to account for money derived from Police Asset Forfeiture and expenses directly related to law enforcement.

Asset Forfeiture Fund - To account for money derived from police asset forfeitures and related law enforcement expenses.

Hillsborough Open Space Assessment Fund - This fund is used to account for the Maintenance Assessment District for Tract #4486-1 (except parcels D & E) and Tract 4486-2.

DOJ-BJA Local Law Enforcement Fund (2003-04) - This fund is used to account for law enforcement for specified purposes.

Local Transportation TDA Article 3 Fund - This fund is set aside for bicycle and pedestrian facilities.

Weed and Seed Support Grant - DOJ - This fund is used to account for law enforcement for specified purposes.

Traffic Congestion (Relief) Fund - This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Congestion Management and Air Quality Fund - This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Redevelopment Agency Set-Aside Fund - This fund is used to account for 20% of tax increment proceeds.

Cal Home Grant Fund - This fund is used to account for funds received from the CA Housing and Community Development Department for assisting individuals with housing loans.

NPDES Storm Water Quality Fund - This fund is only for use in relation to storm water quality.

SLESF - COPS (State) Fund - This fund is used to account for law enforcement for additional public safety use.

CLEEF Fund - This fund is used to account for law enforcement equipment.

COPS State Fund - This fund is used to account for law enforcement for specified purposes.

Beverage Container Recycling Fund - This fund is used to account for the recycling program state grants.

Area Agency on Aging Fund - This fund is used to account for the Senior Citizen program.

State Homeland Security Grant Fund - This fund is used to account for grant proceeds from the state that are to be used to enhance public safety and security.

City of Santa Paula
Nonmajor Governmental Funds - Continued

Federal STP Fund - This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

FEMA Seismic Retrofit Grant Fund - This fund is used to provide grants for seismic retrofit.

CA Used Oil Block Grant Fund - This fund is used to account for grant proceeds from the State that are to be used for used oil collection projects.

Cable Television Fund - This fund is used to account for cable television fees.

Stormwater Program Fund - This fund is used to account for storm water program activities.

Safe Routes to School - This fund is used to account for money received from the State of California Department of Transportation to be used for maintenance and improvements to sidewalks and crosswalks.

Transportation Enhancement Grant Fund - This fund is used to account for Transportation Enhancement Grant activities.

BJA Vest Grant Fund - This fund is used to account for BJA Vest Grant activities.

Miscellaneous State Grants Fund - Used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Capital Project Funds

Redevelopment Agency Exempt Fund - This fund is used to account for the 80% of the tax increments that are required by law to be used on projects that will benefit the Redevelopment Project Area.

Redevelopment Agency Housing Bond Fund - This fund is used to account for resources utilized for the Clean and Safe Projects.

Library Expansion Facilities Fund - This fund is used to account for developers fees collected to be used for Library Facility Expansion projects.

Law Enforcement Facilities Fund - This fund is used to account for developers fees collected to be used for Law Enforcement Facilities projects.

Water Distribution Facility - This fund is used to account for developers fees collected to be used for Water Distribution Facilities projects.

Inclusionary Housing Ordinance Improvement - This fund is used to account for developers fees collected to be used for future Inclusionary Housing Ordinance Implementation Programs.

Fire Protection Facilities Fund - This fund is used to account for developers fees collected to be used for Fire Protection Facilities projects.

Public Meeting Facilities Fund - This fund is used to account for developers fees collected to be used for Public Meeting Facilities projects.

General Government Facilities Fund - This fund is used to account for developers fees collected to be used for General Government Facilities projects.

City of Santa Paula Nonmajor Governmental Funds

Traffic Impact Fee Fund - This fund is used to account for developers fees collected to be used for traffic related projects. This fund is legally restricted to capital acquisition or related debt service.

Parks and Recreation Facilities Fund - This fund is used to account for developer fees collected to be used for Parks and Recreation Facilities related projects. This fund is legally restricted to capital acquisition or related debt service.

Parkland Facilities Fund - This fund is used to account for developers fees collected to be used for Parkland Facilities projects.

Corporate Yard Facilities Fund - This fund is used to account for the funds for the Corporate Yard Facilities activities.

Sewer Collection Facilities Fund - This fund is used to account for developers fees collected to be used for Sewer Collection Facilities projects.

Storm Drain Facilities Fund - This fund is used to account for developers fees collected to be used for Storm Drain Facilities projects.

Debt Service Funds

Redevelopment Set-Aside Debt Service Fund - This fund is used to account for the accumulation of resources for, and the retirement of, general long-term debt principal and interest.

Permanent Funds

Community Center Endowment Fund - This fund is used to account for principal trust amounts received and related investment earning. Investment earnings may be used to support the Center.

Museum Endowment Fund - This fund is used to account for principal trust amounts received and related investment earnings. Investment earnings may be used to support the Museum.

Harding Park Trust Fund - This fund is used to account for principal trust amounts received and related investment earnings. Investment earnings may be used to support the Harding Park Trust Fund subject to the approval of the Harding Park Advisory Committee.

**City of Santa Paula
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008**

	Special Revenue	Capital Projects	Debt Service	Permanent Funds	Total
ASSETS					
Cash and Investments	\$ 1,174,192	\$ 4,384,951	\$ 11,439	\$ 1,380,096	\$ 6,950,678
Cash with Fiscal Agent	-	-	90,416	-	90,416
Receivables	436,836	26,112	-	14,948	477,896
Due From Other Funds	-	-	-	-	-
Loans Receivable	391,198	643,671	-	-	1,034,869
Cash - Restricted	64,854	-	-	-	64,854
Property Held for Resale	-	205,221	-	-	205,221
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,067,080</u>	<u>\$ 5,259,955</u>	<u>\$ 101,855</u>	<u>\$ 1,395,044</u>	<u>\$ 8,823,934</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 125,866	\$ 30,141	\$ 296	\$ 1,754	\$ 158,057
Due to Other Funds	635,521	3,272	-	-	638,793
Deferred Revenue	446,844	608,714	-	-	1,055,558
Advances From Other Funds	-	100,000	-	-	100,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,208,231</u>	<u>742,127</u>	<u>296</u>	<u>1,754</u>	<u>1,952,408</u>
Fund Balances:					
Reserved for:					
Encumbrances	61,972	28,725	-	-	90,697
Loans	13,521	-	-	-	13,521
Debt Service	-	-	90,416	-	90,416
Unreserved, Reported in:					
Special Revenue Funds	783,356	-	-	-	783,356
Capital Project Funds	-	4,489,103	-	-	4,489,103
Debt Service Funds	-	-	11,143	-	11,143
Permanent Funds	-	-	-	1,393,290	1,393,290
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>858,849</u>	<u>4,517,828</u>	<u>101,559</u>	<u>1,393,290</u>	<u>6,871,526</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 2,067,080</u>	<u>\$ 5,259,955</u>	<u>\$ 101,855</u>	<u>\$ 1,395,044</u>	<u>\$ 8,823,934</u>

**City of Santa Paula
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008**

	<u>Mobile Home Rent Review</u>	<u>State Gas Tax</u>	<u>Local Transportation TDA</u>	<u>Proposition 1B</u>
ASSETS				
Cash and Investments	\$ -	\$ -	\$ 144,071	\$ 165,514
Receivables	2,000	178,298	944	3,559
Due from Other Funds	-	-	-	-
Loans Receivable	-	-	-	-
Cash - Restricted	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,000</u>	<u>\$ 178,298</u>	<u>\$ 145,015</u>	<u>\$ 169,073</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 1,198	\$ 54,653	\$ 135	\$ -
Due to Other Funds	111,257	389,253	-	-
Deferred Revenue	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>112,455</u>	<u>443,906</u>	<u>135</u>	<u>-</u>
Fund Balances:				
Reserved for:				
Encumbrances	-	34,984	-	-
Loans	-	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	<u>(110,455)</u>	<u>(300,592)</u>	<u>144,880</u>	<u>169,073</u>
Total Fund Balances	<u>(110,455)</u>	<u>(265,608)</u>	<u>144,880</u>	<u>169,073</u>
Total Liabilities and Fund Balances	<u>\$ 2,000</u>	<u>\$ 178,298</u>	<u>\$ 145,015</u>	<u>\$ 169,073</u>

<u>Housing and Community Development I</u>	<u>(CDBG) Housing and Community Development II</u>	<u>CA Oil Museum</u>	<u>Asset Forfeiture</u>	<u>Hillsborough Open Space Assessment</u>	<u>DOJ-BJA Local Law Enforecment 03/04</u>	<u>Local Transportation TDA Article 3</u>
\$ 96,916	\$ -	\$ 10,056	\$ 17,839	\$ -	\$ -	\$ 5,211
357	62,658	240	124	259	-	36
-	-	-	-	-	-	-
-	176,757	-	-	-	-	-
-	64,854	-	-	-	-	-
<u>\$ 97,273</u>	<u>\$ 304,269</u>	<u>\$ 10,296</u>	<u>\$ 17,963</u>	<u>\$ 259</u>	<u>\$ -</u>	<u>\$ 5,247</u>
\$ -	\$ 18,284	\$ 7,719	\$ -	\$ 294	\$ -	\$ 11,742
-	23,783	-	-	642	-	-
-	176,757	-	-	-	-	-
-	218,824	7,719	-	936	-	11,742
-	-	-	-	150	-	-
-	13,521	-	-	-	-	-
<u>97,273</u>	<u>71,924</u>	<u>2,577</u>	<u>17,963</u>	<u>(827)</u>	<u>-</u>	<u>(6,495)</u>
<u>97,273</u>	<u>85,445</u>	<u>2,577</u>	<u>17,963</u>	<u>(677)</u>	<u>-</u>	<u>(6,495)</u>
<u>\$ 97,273</u>	<u>\$ 304,269</u>	<u>\$ 10,296</u>	<u>\$ 17,963</u>	<u>\$ 259</u>	<u>\$ -</u>	<u>\$ 5,247</u>

CONTINUED

City of Santa Paula
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2008

	<u>Weed and Seed Support GRT-DOJ</u>	<u>Traffic Congestion Relief</u>	<u>Congestion Management and Air Quality</u>	<u>Redevelopment Agency Housing Set-Aside</u>
ASSETS				
Cash and Investments	\$ -	\$ -	\$ -	\$ 596,920
Receivables	141,987	602	-	10,084
Due from Other Funds	-	-	-	-
Loans Receivable	-	-	-	-
Cash - Restricted	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 141,987</u>	<u>\$ 602</u>	<u>\$ -</u>	<u>\$ 607,004</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 16,140	\$ -	\$ -	\$ 3,767
Due to Other Funds	80,546	-	-	-
Deferred Revenue	45,301	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>141,987</u>	<u>-</u>	<u>-</u>	<u>3,767</u>
Fund Balances:				
Reserved for:				
Encumbrances	19,846	-	-	-
Loans	-	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	<u>(19,846)</u>	<u>602</u>	<u>-</u>	<u>603,237</u>
Total Fund Balances	<u>-</u>	<u>602</u>	<u>-</u>	<u>603,237</u>
Total Liabilities and Fund Balances	<u>\$ 141,987</u>	<u>\$ 602</u>	<u>\$ -</u>	<u>\$ 607,004</u>

<u>Cal Home Grant Dept. of HCD</u>	<u>NPDES Storm Water Quality</u>	<u>SLESF-COPS State</u>	<u>CLEEP</u>	<u>COPS State</u>	<u>Beverage Container Recycling</u>	<u>Area Agency on Aging</u>
\$ 10,345	\$ 8,873	\$ 104,408	\$ -	\$ 1,009	\$ 8,855	\$ 1,275
-	150	895	-	-	67	5,806
-	-	-	-	-	-	-
214,441	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 224,786</u>	<u>\$ 9,023</u>	<u>\$ 105,303</u>	<u>\$ -</u>	<u>\$ 1,009</u>	<u>\$ 8,922</u>	<u>\$ 7,081</u>
\$ -	\$ 161	\$ 1,159	\$ -	\$ 1,009	\$ -	\$ 537
-	-	-	-	-	-	-
224,786	-	-	-	-	-	-
<u>224,786</u>	<u>161</u>	<u>1,159</u>	<u>-</u>	<u>1,009</u>	<u>-</u>	<u>537</u>
-	1,950	-	-	-	-	-
-	-	-	-	-	-	-
-	6,912	104,144	-	-	8,922	6,544
-	8,862	104,144	-	-	8,922	6,544
<u>\$ 224,786</u>	<u>\$ 9,023</u>	<u>\$ 105,303</u>	<u>\$ -</u>	<u>\$ 1,009</u>	<u>\$ 8,922</u>	<u>\$ 7,081</u>

CONTINUED

City of Santa Paula
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2008

	State Homeland Security Grant	Federal STP	FEMA Seismic Retrofit Grant	CA Used Oil Block Grant
ASSETS				
Cash and Investments	\$ -	\$ -	\$ 1,541	\$ 1,359
Receivables	-	-	12	10
Due from Other Funds	-	-	-	-
Loans Receivable	-	-	-	-
Cash - Restricted	-	-	-	-
Total Assets	\$ -	\$ -	\$ 1,553	\$ 1,369
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 30	\$ -	\$ -	\$ -
Due to Other Funds	669	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	699	-	-	-
Fund Balances:				
Reserved for:				
Encumbrances	-	-	-	-
Loans	-	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	(699)	-	1,553	1,369
Total Fund Balances	(699)	-	1,553	1,369
Total Liabilities and Fund Balances	\$ -	\$ -	\$ 1,553	\$ 1,369

<u>Cable Television Fund</u>	<u>Stormwater Program</u>	<u>Safe Routes To School</u>	<u>Transportation Enhancement Grant</u>	<u>BJA Vest Grant</u>	<u>Miscellaneous State Grants</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,174,192
4,636	14,034	-	10,078	-	-	436,836
-	-	-	-	-	-	-
-	-	-	-	-	-	391,198
-	-	-	-	-	-	64,854
<u>\$ 4,636</u>	<u>\$ 14,034</u>	<u>\$ -</u>	<u>\$ 10,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,067,080</u>
\$ 476	\$ 8,562	\$ -	\$ -	\$ -	\$ -	\$ 125,866
18,364	961	402	9,644	-	-	635,521
-	-	-	-	-	-	446,844
<u>18,840</u>	<u>9,523</u>	<u>402</u>	<u>9,644</u>	<u>-</u>	<u>-</u>	<u>1,208,231</u>
-	5,042	-	-	-	-	61,972
-	-	-	-	-	-	13,521
<u>(14,204)</u>	<u>(531)</u>	<u>(402)</u>	<u>434</u>	<u>-</u>	<u>-</u>	<u>783,356</u>
<u>(14,204)</u>	<u>4,511</u>	<u>(402)</u>	<u>434</u>	<u>-</u>	<u>-</u>	<u>858,849</u>
<u>\$ 4,636</u>	<u>\$ 14,034</u>	<u>\$ -</u>	<u>\$ 10,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,067,080</u>

**City of Santa Paula
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2008**

	Redevelopment Agency Exempt	Redevelopment Agency Housing Bond	Library Expansion Facilities	Law Enforcement Facilities	Water Distribution Facilities
ASSETS					
Cash and Investments	\$ 1,321,378	\$ 461,042	\$ 137,117	\$ 26,374	\$ 129,182
Receivables	3,344	3,544	981	377	938
Loans Receivable	34,957	608,714	-	-	-
Property Held for Resale	205,221	-	-	-	-
Total Assets	<u>\$ 1,564,900</u>	<u>\$ 1,073,300</u>	<u>\$ 138,098</u>	<u>\$ 26,751</u>	<u>\$ 130,120</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 12,225	\$ 17,138	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-
Deferred Revenue	-	608,714	-	-	-
Advances From Other Funds	-	-	-	-	-
Total Liabilities	<u>12,225</u>	<u>625,852</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Reserved for:					
Encumbrances	23,233	5,492	-	-	-
Unreserved, Reported in:					
Capital Projects Funds	1,529,442	441,956	138,098	26,751	130,120
Total Fund Balances	<u>1,552,675</u>	<u>447,448</u>	<u>138,098</u>	<u>26,751</u>	<u>130,120</u>
Total Liabilities and Fund Balances	<u>\$ 1,564,900</u>	<u>\$ 1,073,300</u>	<u>\$ 138,098</u>	<u>\$ 26,751</u>	<u>\$ 130,120</u>

<u>Inclusionary Housing Ordinance</u>	<u>Fire Protection Facilities</u>	<u>Public Meeting Facilities</u>	<u>General Government Facilities</u>	<u>Traffic Impact Fees</u>	<u>Parks and Recreation Facilities</u>	<u>Parkland Facilities</u>
\$ 496,175	\$ -	\$ 123,811	\$ 130,707	\$ 495,217	\$ 121,340	\$ 794,269
3,594	238	887	932	3,548	920	5,668
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 499,769</u>	<u>\$ 238</u>	<u>\$ 124,698</u>	<u>\$ 131,639</u>	<u>\$ 498,765</u>	<u>\$ 122,260</u>	<u>\$ 799,937</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,272	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	3,272	-	-	-	-	-
-	-	-	-	-	-	-
499,769	(3,034)	124,698	131,639	498,765	122,260	799,937
499,769	(3,034)	124,698	131,639	498,765	122,260	799,937
<u>\$ 499,769</u>	<u>\$ 238</u>	<u>\$ 124,698</u>	<u>\$ 131,639</u>	<u>\$ 498,765</u>	<u>\$ 122,260</u>	<u>\$ 799,937</u>

CONTINUED

City of Santa Paula
Combining Balance Sheet
Nonmajor Capital Projects Funds - Continued
June 30, 2008

	<u>Corp Yard Facilities</u>	<u>Sewer Collection Facilities</u>	<u>Storm Drain Facilities</u>	<u>Total</u>
ASSETS				
Cash and Investments	\$ 98,004	\$ 25,551	\$ 24,784	\$ 4,384,951
Receivables	778	185	178	26,112
Loans Receivable	-	-	-	643,671
Property Held for Resale	-	-	-	205,221
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 98,782</u>	<u>\$ 25,736</u>	<u>\$ 24,962</u>	<u>\$ 5,259,955</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued				
Liabilities:	\$ 778	\$ -	\$ -	\$ 30,141
Due to Other Funds	-	-	-	3,272
Deferred Revenue	-	-	-	608,714
Advances From Other Funds	100,000	-	-	100,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>100,778</u>	<u>-</u>	<u>-</u>	<u>742,127</u>
Fund Balances:				
Reserved for:				
Encumbrances	-	-	-	28,725
Unreserved, Reported in:				
Capital Projects Funds	(1,996)	25,736	24,962	4,489,103
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>(1,996)</u>	<u>25,736</u>	<u>24,962</u>	<u>4,517,828</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 98,782</u>	<u>\$ 25,736</u>	<u>\$ 24,962</u>	<u>\$ 5,259,955</u>

**City of Santa Paula
Combining Balance Sheet
Nonmajor Debt Service Funds
Year Ended June 30, 2008**

	<u>Redevelopment Set-Aside Debt Service</u>	<u>Total</u>
ASSETS		
Cash and Investments	\$ 11,439	\$ 11,439
Cash with Fiscal Agent	90,416	90,416
Receivables	-	-
Total Assets	<u>\$ 101,855</u>	<u>\$ 101,855</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 296	\$ 296
Advances From Other Funds	-	-
Total Liabilities	<u>296</u>	<u>296</u>
Fund Balances:		
Reserved for:		
Debt Service	90,416	90,416
Unreserved, Reported in:		
Debt Service	<u>11,143</u>	<u>11,143</u>
Total Fund Balances	<u>101,559</u>	<u>101,559</u>
Total Liabilities and Fund Balances	<u>\$ 101,855</u>	<u>\$ 101,855</u>

**City of Santa Paula
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2008**

	<u>Community Center Endowment</u>	<u>Museum Endowment</u>	<u>Harding Park Trust</u>	<u>Total</u>
ASSETS				
Cash and Investments	\$ 491,343	\$ 209,231	\$ 679,522	\$ 1,380,096
Receivables	<u>3,746</u>	<u>1,595</u>	<u>9,607</u>	<u>14,948</u>
Total Assets	<u>\$ 495,089</u>	<u>\$ 210,826</u>	<u>\$ 689,129</u>	<u>\$ 1,395,044</u>
LIABILITIES AND FUND BALANCES				
Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,754</u>	<u>\$ 1,754</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,754</u>	<u>1,754</u>
Fund Balances:				
Unreserved, Reported in:				
Permanent Funds	<u>495,089</u>	<u>210,826</u>	<u>687,375</u>	<u>1,393,290</u>
Total Liabilities and Fund Balances	<u>\$ 495,089</u>	<u>\$ 210,826</u>	<u>\$ 689,129</u>	<u>\$ 1,395,044</u>

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue	Capital Projects	Debt Service	Permanent Funds	Total
REVENUES					
Taxes	\$ 1,782,224	\$ 541,887	\$ -	\$ -	\$ 2,324,111
Intergovernmental	2,731,070	220,000	-	-	2,951,070
Charges for Services	173,598	11,394	-	-	184,992
Fines and Forfeitures	11,054	-	-	-	11,054
Investment Earnings	63,672	144,053	3,197	58,375	269,297
Other Revenues	130,964	13,993	-	78,251	223,208
Total Revenues	4,892,582	931,327	3,197	136,626	5,963,732
EXPENDITURES					
General Government	39,692	1,999	1,306	-	42,997
Building and Safety	285,275	-	-	-	285,275
Community Services	810,805	635,587	-	28,975	1,475,367
Financial Services	4,737	-	-	-	4,737
Fire	18,123	3,107	-	-	21,230
Police	395,764	26,421	-	-	422,185
Public Works	2,581,018	140,820	-	13,232	2,735,070
Non-departmental	-	4,640	-	-	4,640
Pass-through Payments	-	-	-	-	-
Debt Service:					
Principal	31,074	22,794	33,000	-	86,868
Interest	325	12,704	65,087	-	78,116
Total Expenditures	4,166,813	848,072	99,393	42,207	5,156,485
Excess (Deficiency) of Revenues Over (Under) Expenditures	725,769	83,255	(96,196)	94,419	807,247
OTHER FINANCING SOURCES (USES)					
Transfers In	485,400	1,000,000	107,026	-	1,592,426
Transfers Out	(642,842)	(76,290)	-	-	(719,132)
Total Other Financing Sources (Uses)	(157,442)	923,710	107,026	-	873,294
Net Change in Fund Balances	568,327	1,006,965	10,830	94,419	1,680,541
Fund Balances - Beginning	290,522	3,305,642	90,729	1,298,871	4,985,764
Prior Period Adjustment	-	205,221	-	-	205,221
Fund Balances - Ending	\$ 858,849	\$ 4,517,828	\$ 101,559	\$ 1,393,290	\$ 6,871,526

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2008

	Mobile Home Rent Review	State Gas Tax	Local Transportation TDA	Proposition 1B
REVENUES				
Taxes	\$ -	\$ -	\$ 1,011,831	\$ -
Intergovernmental	-	529,829	72,600	469,373
Charges for Services	9,064	18,750	-	-
Fines and Forfeitures	-	-	-	-
Investment Earnings	-	-	3,121	5,201
Other Revenues	-	1,040	-	-
	<u>9,064</u>	<u>549,619</u>	<u>1,087,552</u>	<u>474,574</u>
EXPENDITURES				
General Government	39,692	-	-	-
Building and Safety	-	-	-	-
Community Services	-	-	-	-
Financial Services	-	-	4,737	-
Fire	-	-	-	-
Police	-	-	-	-
Public Works	-	529,568	811,221	305,501
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>39,692</u>	<u>529,568</u>	<u>815,958</u>	<u>305,501</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(30,628)</u>	<u>20,051</u>	<u>271,594</u>	<u>169,073</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	22,770	-	-
Transfers Out	<u>(1,318)</u>	<u>(332,259)</u>	<u>(131,024)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,318)</u>	<u>(309,489)</u>	<u>(131,024)</u>	<u>-</u>
Net Change in Fund Balances	(31,946)	(289,438)	140,570	169,073
Fund Balances - Beginning	<u>(78,509)</u>	<u>23,830</u>	<u>4,310</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (110,455)</u>	<u>\$ (265,608)</u>	<u>\$ 144,880</u>	<u>\$ 169,073</u>

<u>Housing and Community Development I</u>	<u>(CDBG) Housing and Community Development II</u>	<u>CA Oil Museum</u>	<u>Asset Forfeiture</u>	<u>Hillsborough Open Space Assessment</u>	<u>DOJ-BJA Local Law Enforecment 03/04</u>	<u>Local Transportation TDA Article 3</u>
\$ -	\$ -	\$ -	\$ -	\$ 7,462	\$ -	\$ 30,331
-	273,090	-	-	-	-	-
-	44,250	23,545	-	-	-	-
-	-	-	11,054	-	-	-
2,019	3,184	10,250	706	11	-	1,037
-	2,945	111,532	3,084	-	-	-
<u>2,019</u>	<u>323,469</u>	<u>145,327</u>	<u>14,844</u>	<u>7,473</u>	<u>-</u>	<u>31,368</u>
-	-	-	-	-	-	-
-	285,275	-	-	-	-	-
101	132	188,912	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	15,357	-	8	-
-	9,181	-	-	7,296	-	38,276
-	31,074	-	-	-	-	-
-	325	-	-	-	-	-
<u>101</u>	<u>325,987</u>	<u>188,912</u>	<u>15,357</u>	<u>7,296</u>	<u>8</u>	<u>38,276</u>
<u>1,918</u>	<u>(2,518)</u>	<u>(43,585)</u>	<u>(513)</u>	<u>177</u>	<u>(8)</u>	<u>(6,908)</u>
49,782	-	-	-	-	-	-
-	-	(10,000)	-	-	-	-
<u>49,782</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
51,700	(2,518)	(53,585)	(513)	177	(8)	(6,908)
45,573	87,963	56,162	18,476	(854)	8	413
<u>\$ 97,273</u>	<u>\$ 85,445</u>	<u>\$ 2,577</u>	<u>\$ 17,963</u>	<u>\$ (677)</u>	<u>\$ -</u>	<u>\$ (6,495)</u>

CONTINUED

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Continued
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2008

	<u>Weed and Seed Support GRT-DOJ</u>	<u>Traffic Congestion State</u>	<u>Congestion Management and Air Quality</u>	<u>Redevelopment Agency Housing Set-Aside</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 732,250
Intergovernmental	204,569	76,413	234,619	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Investment Earnings	-	3,761	-	25,940
Charges for Services	-	159	-	-
	<u>204,569</u>	<u>80,333</u>	<u>234,619</u>	<u>758,190</u>
Total Revenues				
EXPENDITURES				
General Government	-	-	-	-
Building and Safety	-	-	-	-
Community Services	-	-	-	479,280
Financial Services	-	-	-	-
Fire	-	-	-	-
Police	206,394	-	-	-
Public Works	-	79,731	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>206,394</u>	<u>79,731</u>	<u>-</u>	<u>479,280</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,825)</u>	<u>602</u>	<u>234,619</u>	<u>278,910</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	131,024	-
Transfers Out	-	-	-	(125,225)
	<u>-</u>	<u>-</u>	<u>131,024</u>	<u>(125,225)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	(1,825)	602	365,643	153,685
Fund Balances - Beginning	<u>1,825</u>	<u>-</u>	<u>(365,643)</u>	<u>449,552</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 602</u>	<u>\$ -</u>	<u>\$ 603,237</u>

<u>CAL Home Grant Dept. of HCD</u>	<u>NPDES Storm Water Quality</u>	<u>SLESF-COPS State</u>	<u>CLEEP</u>	<u>COPS State</u>	<u>Beverage Container Recycling</u>	<u>Area Agency on Aging</u>
\$ -	\$ 350	\$ -	\$ -	\$ -	\$ -	\$ -
104,094	-	200,000	-	63,000	22,089	16,649
-	-	-	-	-	-	-
-	2,776	4,933	-	-	608	-
-	1	-	1,348	-	-	10,855
<u>104,094</u>	<u>3,127</u>	<u>204,933</u>	<u>1,348</u>	<u>63,000</u>	<u>22,697</u>	<u>27,504</u>
-	-	-	-	-	-	-
104,342	-	-	-	-	-	20,034
-	-	-	-	-	-	-
-	-	102,279	-	63,030	-	-
-	83,837	-	-	-	13,894	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>104,342</u>	<u>83,837</u>	<u>102,279</u>	<u>-</u>	<u>63,030</u>	<u>13,894</u>	<u>20,034</u>
<u>(248)</u>	<u>(80,710)</u>	<u>102,654</u>	<u>1,348</u>	<u>(30)</u>	<u>8,803</u>	<u>7,470</u>
-	-	-	-	-	-	-
-	(6,098)	-	-	-	-	-
-	(6,098)	-	-	-	-	-
(248)	(86,808)	102,654	1,348	(30)	8,803	7,470
248	95,670	1,490	(1,348)	30	119	(926)
<u>\$ -</u>	<u>\$ 8,862</u>	<u>\$ 104,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,922</u>	<u>\$ 6,544</u>

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City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Continued
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2008

	State Homeland Security Grant	Federal STP	FEMA Seismic Retrofit Grant	CA Used Oil Block Grant
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	43,595	408,291	-	1,490
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Investment Earnings	-	-	66	59
Other Revenues	-	-	-	-
Total Revenues	43,595	408,291	66	1,549
EXPENDITURES				
General Government	-	-	-	-
Building and Safety	-	-	-	-
Community Services	-	-	-	-
Financial Services	-	-	-	-
Fire	18,123	-	-	-
Police	7,405	-	-	-
Public Works	-	408,291	-	180
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	25,528	408,291	-	180
Excess (Deficiency) of Revenues Over Expenditures	18,067	-	66	1,369
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	18,067	-	66	1,369
Fund Balances - Beginning	(18,766)	-	1,487	-
Fund Balances - Ending	<u>\$ (699)</u>	<u>\$ -</u>	<u>\$ 1,553</u>	<u>\$ 1,369</u>

Cable Television Fund	Stormwater Program Fund	Safe Routes To School	Transportation Enhancement Grant	BJA Vest Grant	Miscellaneous State Grants	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,782,224
-	-	-	10,078	-	1,291	2,731,070
18,477	59,512	-	-	-	-	173,598
-	-	-	-	-	-	11,054
-	-	-	-	-	-	63,672
-	-	-	-	-	-	130,964
<u>18,477</u>	<u>59,512</u>	<u>-</u>	<u>10,078</u>	<u>-</u>	<u>1,291</u>	<u>4,892,582</u>
-	-	-	-	-	-	39,692
-	-	-	-	-	-	285,275
17,602	-	402	-	-	-	810,805
-	-	-	-	-	-	4,737
-	-	-	-	-	-	18,123
-	-	-	-	-	1,291	395,764
-	294,042	-	-	-	-	2,581,018
-	-	-	-	-	-	31,074
-	-	-	-	-	-	325
<u>17,602</u>	<u>294,042</u>	<u>402</u>	<u>-</u>	<u>-</u>	<u>1,291</u>	<u>4,166,813</u>
<u>875</u>	<u>(234,530)</u>	<u>(402)</u>	<u>10,078</u>	<u>-</u>	<u>-</u>	<u>725,769</u>
-	281,824	-	-	-	-	485,400
-	(36,918)	-	-	-	-	(642,842)
-	244,906	-	-	-	-	(157,442)
875	10,376	(402)	10,078	-	-	568,327
(15,079)	(5,865)	-	(9,644)	-	-	290,522
<u>\$ (14,204)</u>	<u>\$ 4,511</u>	<u>\$ (402)</u>	<u>\$ 434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 858,849</u>

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Project Funds
For the Year Ended June 30, 2008

	Redevelopment Agency Exempt	Redevelopment Agency Housing Bond	Library Expansion Facilities	Law Enforcement Facilities	Water Distribution Facilities
REVENUES					
Taxes	\$ -	\$ -	\$ 34,100	\$ 16,952	\$ 84,099
Intergovernmental	-	-	-	-	-
Charges for Services	11,394	-	-	-	-
Investment Earnings	30,556	21,043	4,728	1,713	2,942
Other Revenues	493	13,500	-	-	-
Total Revenues	42,443	34,543	38,828	18,665	87,041
EXPENDITURES					
General Government	-	-	701	-	-
Building and Safety	-	-	-	-	-
Community Services	523,878	109,032	-	-	-
Fire	-	-	-	-	-
Police	-	-	-	26,421	-
Public Works	-	-	-	-	584
Non-Departmental	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	523,878	109,032	701	26,421	584
Excess (Deficiency) of Revenues Over Expenditures	(481,435)	(74,489)	38,127	(7,756)	86,457
OTHER FINANCING SOURCES (USES)					
Transfers In	1,000,000	-	-	-	-
Transfers Out	(74,444)	(1,846)	-	-	-
Total Other Financing Sources (Uses)	925,556	(1,846)	-	-	-
Net Change in Fund Balances	444,121	(76,335)	38,127	(7,756)	86,457
Fund Balances - Beginning	903,333	523,783	99,971	34,507	43,663
Prior Period Adjustments	205,221	-	-	-	-
Fund Balances - Ending	\$ 1,552,675	\$ 447,448	\$ 138,098	\$ 26,751	\$ 130,120

<u>Inclusionary Housing Ordinance</u>	<u>Fire Protection Facilities</u>	<u>Public Meeting Facilities</u>	<u>General Government Facilities</u>	<u>Traffic Impact Fee</u>	<u>Parks and Recreation Facilities</u>	<u>Parkland Facilities</u>
\$ 34,887	\$ 14,884	\$ 34,033	\$ 33,468	\$ 79,265	\$ -	\$ 178,924
-	-	-	-	-	-	220,000
-	-	-	-	-	-	-
19,919	1,008	4,241	4,486	18,561	8,681	20,510
-	-	-	-	-	-	-
<u>54,806</u>	<u>15,892</u>	<u>38,274</u>	<u>37,954</u>	<u>97,826</u>	<u>8,681</u>	<u>419,434</u>
-	-	631	667	-	-	-
-	-	-	-	-	-	-
2,677	-	-	-	-	-	-
-	3,107	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	2,606	120,617	16,778
-	-	-	-	-	-	-
-	22,794	-	-	-	-	-
-	12,704	-	-	-	-	-
<u>2,677</u>	<u>38,605</u>	<u>631</u>	<u>667</u>	<u>2,606</u>	<u>120,617</u>	<u>16,778</u>
<u>52,129</u>	<u>(22,713)</u>	<u>37,643</u>	<u>37,287</u>	<u>95,220</u>	<u>(111,936)</u>	<u>402,656</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
52,129	(22,713)	37,643	37,287	95,220	(111,936)	402,656
447,640	19,679	87,055	94,352	403,545	234,196	397,281
<u>\$ 499,769</u>	<u>\$ (3,034)</u>	<u>\$ 124,698</u>	<u>\$ 131,639</u>	<u>\$ 498,765</u>	<u>\$ 122,260</u>	<u>\$ 799,937</u>

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City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Continued
Nonmajor Capital Project Funds
For the Year Ended June 30, 2008

	Corp Yard Facilities	Sewer Collection Facilities	Storm Drain Facilities	Total
REVENUES				
Taxes	\$ -	\$ 17,846	\$ 13,429	\$ 541,887
Intergovernmental	-	-	-	220,000
Charges for Services	-	-	-	11,394
Investment Earnings	4,372	626	667	144,053
Other Revenues	-	-	-	13,993
	<u>4,372</u>	<u>18,472</u>	<u>14,096</u>	<u>931,327</u>
EXPENDITURES				
General Government	-	-	-	1,999
Building and Safety	-	-	-	-
Community Services	-	-	-	635,587
Fire	-	-	-	3,107
Police	-	-	-	26,421
Public Works	-	118	117	140,820
Non-Departmental	4,640	-	-	4,640
Debt Service:				
Principal	-	-	-	22,794
Interest	-	-	-	12,704
	<u>4,640</u>	<u>118</u>	<u>117</u>	<u>848,072</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(268)</u>	<u>18,354</u>	<u>13,979</u>	<u>83,255</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	1,000,000
Transfers Out	-	-	-	(76,290)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>923,710</u>
Net Change in Fund Balances	(268)	18,354	13,979	1,006,965
Fund Balances - Beginning	(1,728)	7,382	10,983	3,305,642
Prior Period Adjustment				<u>205,221</u>
Fund Balances - Ending	<u>\$ (1,996)</u>	<u>\$ 25,736</u>	<u>\$ 24,962</u>	<u>\$ 4,517,828</u>

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended June 30, 2008

	<u>Redevelopment Set-Aside Debt Service</u>	<u>Total</u>
REVENUES		
Taxes	\$ -	\$ -
Investment Earnings	<u>3,197</u>	<u>3,197</u>
Total Revenues	<u>3,197</u>	<u>3,197</u>
EXPENDITURES		
General Government	1,306	1,306
Debt Service:		
Principal	33,000	33,000
Interest	<u>65,087</u>	<u>65,087</u>
Total Expenditures	<u>99,393</u>	<u>99,393</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(96,196)</u>	<u>(96,196)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	107,026	107,026
Transfers Out	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>107,026</u>	<u>107,026</u>
Net Change in Fund Balances	10,830	10,830
Fund Balances - Beginning	<u>90,729</u>	<u>90,729</u>
Fund Balances - Ending	<u><u>\$ 101,559</u></u>	<u><u>\$ 101,559</u></u>

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Funds
For the Year Ended June 30, 2008

	Community Center Endowment	Museum Endowment	Harding Park Trust	Total
REVENUES				
Investment Earnings	\$ 21,315	\$ 9,185	\$ 27,875	\$ 58,375
Other Revenues	10,416	-	67,835	78,251
	<u>31,731</u>	<u>9,185</u>	<u>95,710</u>	<u>136,626</u>
EXPENDITURES				
Community Services	20,249	8,726	-	28,975
Public Works	-	-	13,232	13,232
	<u>20,249</u>	<u>8,726</u>	<u>13,232</u>	<u>42,207</u>
Excess (Deficiency) of Revenues Over Expenditures	11,482	459	82,478	94,419
Fund Balances - Beginning	<u>483,607</u>	<u>210,367</u>	<u>604,897</u>	<u>1,298,871</u>
Fund Balances - Ending	<u>\$ 495,089</u>	<u>\$ 210,826</u>	<u>\$ 687,375</u>	<u>\$ 1,393,290</u>