

**CITY OF SANTA PAULA**  
**FINANCIAL STATEMENTS**

Year Ended June 30, 2006

**City of Santa Paula**  
**Financial Statements**  
Year Ended June 30, 2006

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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, 2006, 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, 2006, 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 October 19, 2006 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*

October 19, 2006

## CITY OF SANTA PAULA

### Management's Discussion and Analysis For the Year Ended June 30, 2006

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, 2006.

#### Financial Highlights

- The assets of the City of Santa Paula exceeded its liabilities at the close of the recent year by \$34,468,805 (*net assets*). Of this amount, \$8,573,222 (*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 \$4,290,434
- As of the close of the current fiscal year, the City of Santa Paula's governmental funds reported combined ending fund balances of \$9,626,227 an increase of \$1,701,247 from the ending balance of 2005 that was \$7,924,980. A portion of the difference, \$1,190,750 is the result of prior year adjusts that place carry over revenues in the proper year. Approximately \$6,793,341 is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance from the general fund was \$2,300,874 or 21.3 % of the funds total of total general fund expenditures and transfers equaling \$10,790,431. This is an increase of \$376,536 over the prior year, mostly from better than anticipate taxes, licenses and permits and increased charges for services.
- The City of Santa Paula's total liabilities at year-end was \$3,715,109, a decrease of \$82,738 from the prior year. However, the 2005 fiscal year included \$1,858,936 in obligations due to other funds. Those were retired in 2006, and have been replaced with incurred risk claims and judgments of \$1,811,316. Combined with unpaid claims at the beginning of the year of \$1,094,468, total risk liabilities total \$2,905,784

#### 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 an integral part of the *primary government*.

The government-wide financial statements can be found on pages 1 through 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 through 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 through 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 12 through 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 pages 32 through 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 through 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 \$30,062,368 at the close of 2005 and \$34,468,805 at June 30, 2006.

A large portion of the City of Santa Paula's net assets include \$19,751,776 (57.3 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 30,2005			June 30,2006		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>						
Current and other assets	\$10,399,361	\$18,866,772	\$29,266,133	\$14,932,217	\$27,594,978	\$42,527,195
Capital Assets (net of depreciation)	10,528,248	31,784,328	42,312,576	8,551,358	26,405,416	34,956,774
Total Assets	20,927,609	50,651,100	71,578,709	23,483,575	54,000,394	77,483,969
<b>Liabilities</b>						
Long-term liabilities outstanding	5,357,944	32,809,561	38,167,505	6,735,754	30,904,581	37,640,335
Other liabilities	2,636,731	712,105	3,348,836	2,977,294	2,397,535	5,374,829
Total liabilities	7,994,675	33,521,666	41,516,341	9,713,048	33,302,116	43,015,164
<b>Net Assets:</b>						
Invested in capital assets, not of related debt	10,455,958	(891,648)	9,564,310	10,528,016	9,223,760	19,751,776
Restricted For:						
Transportation and other	3,378,158		3,378,158	5,810,161		5,810,161
Debt Services	330,128	7,747,688	8,077,816	333,646		333,646
Unrestricted	(1,231,310)	10,273,394	9,042,084	(2,901,296)	11,474,518	8,573,222
Total net assets	\$12,932,934	\$17,129,434	\$30,062,368	\$13,770,527	\$20,698,278	\$34,468,805

An additional portion of the City of Santa Paula's net assets (13 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$8,573,222 may be used to meet the government's ongoing obligations to citizens and creditors. This is a decrease of \$468,862 or 5.2 percent from prior year.

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

	June 30,2005			June 30,2006		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
<b>Revenues</b>						
Charges for services	\$2,638,886	\$10,438,666	\$13,077,552	\$2,813,342	\$12,678,567	\$15,491,909
Operating grants	729,280		729,280	3,380,242		3,380,242
Capital grants	414,971		414,971	1,116,060		1,116,060
General revenues:						
Property taxes	4,131,258		4,131,258	4,634,028		4,634,028
Tax increment	2,026,040		2,026,040	2,527,794		2,527,794
Sales taxes	1,382,649		1,382,649	1,501,454		1,501,454
Other taxes	620,184		620,184	885,795		885,795
Investments	765,382	310,901	1,076,283	379,716	670,074	1,049,790
Other revenues	913,280		913,280	293,632		293,632
<b>Total Revenues</b>	<b>13,621,930</b>	<b>10,749,567</b>	<b>24,371,497</b>	<b>17,532,063</b>	<b>13,348,641</b>	<b>30,880,704</b>
<b>Expenses</b>						
General administration	1,295,090		1,295,090	2,856,304		2,856,304
Building and safety	619,535		619,535	1,168,990		1,168,990
Community services	813,971		813,971	2,853,097		2,853,097
Financial Services	352,939		352,939	357,410		357,410
Fire	1,433,445		1,433,445	1,868,545		1,868,545
Planning	794,122		794,122	642,782		642,782
Police	4,257,114		4,257,114	4,936,426		4,936,426
Public Works	3,567,103		3,567,103	2,657,149		2,657,149
Economic development	1,612		1,612	130,508		130,508
Non-departmental	937,929		937,929	68,956		68,956
Interest	125,571		125,571			
Refuse		1,099,779	1,099,779		1,424,677	1,424,677
Water		4,609,456	4,609,456		5,572,699	5,572,699
Sewer		2,127,954	2,127,954		1,936,405	1,936,405
<b>Total expenses</b>	<b>14,198,431</b>	<b>7,837,189</b>	<b>22,035,620</b>	<b>17,540,167</b>	<b>8,933,781</b>	<b>26,473,948</b>
Increase in Net Assets before Transfers	(576,501)	2,912,378	2,335,877	(8,104)	4,414,860	4,406,756
Transfers	1,104,165	(1,104,165)		846,016	(846,016)	
<b>Increase in Net Assets</b>	<b>527,664</b>	<b>1,808,213</b>	<b>2,335,877</b>	<b>837,912</b>	<b>3,568,844</b>	<b>4,406,756</b>
Beginning Net Assets	12,405,270	15,321,221	27,726,491	12,932,934	17,129,434	30,062,368
Prior period adjustment				(319)		(319)
<b>Ending Net Assets</b>	<b>\$12,932,934</b>	<b>\$17,129,434</b>	<b>\$30,062,368</b>	<b>\$13,770,527</b>	<b>\$20,698,278</b>	<b>\$34,468,805</b>

At the end of the current fiscal year, the City of Santa Paula is able to report positive balances in all three categories of net assets, both for the government as a whole. Separately, the City's governmental *unrestricted net assets* shows a negative balance of (\$2,901,296), which is an

increase in negative balance from the previous year's figure of (\$1,231,310). This is the result of increases in restricted assets for transportation and other purposes.

The business-type activities *unrestricted net assets* show a positive balance of \$11,474,518, an increase of \$1,201,124 or 11.7 percent from the prior year. The governmental activities showed only a slight increase of \$72,058 for *Invested in Capital Assets*. The business-type activities reported for *Invested in Capital Assets* a net increase from the prior year of \$8,332,112.

There was an increase of \$4,406,756 in total net assets reported in connection with the City of Santa Paula's business-type activities. Governmental activities net assets increased by \$837,913, during the fiscal year. This increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. Key elements of this increase are as follows:

**Governmental activities.** Governmental activities increased the City of Santa Paula's net assets by \$837,912 or thereby accounting for 23.5 percent of the total growth in the net assets of the City of Santa Paula.

Expenses for governmental activities increased from \$14,198,431 in 2005 to \$17,540,167 in 2006, an increase of \$3,341,736 or 23 percent. Increases in claims payable of \$1,811,316 represent 54 percent of the increase in governmental activity. An increase in Redevelopment Agency pass-through of \$891,703 accounts for the other largest increase.

**Business-type activities.** Business-type activities increased the City of Santa Paula's net assets by \$3,568,844 accounting for 81 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

- Total charges for services for business-type activities increased by 21.5 percent or \$2,239,901.
- Sewer enterprise accounts for a significant portion of the increase in charges for services; \$1,315,104 or 58.7 percent was reported for Sewer. This is primarily due to increased sewer rates in preparation for capital investment and bond issuance. Revenues also increased as a result of a slight increase in the number of service units.
- The refuse enterprise had a significant growth of expenses \$324,898 or 29.5 percent, while their receipts from charges for services, increased only \$147,549 or 8.1 percent.
- Water revenues increased by \$777,248 (14.2 %) and expenses increased \$963,243.
- Investment earnings increased for all business-type activities from \$310,901 to \$670,074 in the current period, the largest portion, \$278,102 was generated from the water enterprise from resources made available for capital improvements.

## **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 \$9,626,227.

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 \$2,300,874, while total fund balance reached \$2,680,895. 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 21.4 percent of the total general fund expenditures, while total fund balance represents 24.9 percent of that same amount.

The City of Santa Paula's unreserved general fund, fund balance, increased by \$376,536 during the current fiscal year. This is only slightly larger than the increase in the prior period of \$343,401. This reflects the unbudgeted growth in taxes and charges for services of \$189,645 and \$143,342 respectively. The Public Works department under expended appropriations by \$566,543, mostly the result of carry over capital projects, which also contributed to the fund balance.

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

	Business-Type Activities			Total
	Water	Refuse	Sewer	
Operating Revenues	\$6,231,248	\$1,964,317	\$4,483,002	\$12,678,567
Operating Expenses	3,415,665	1,424,677	1,936,405	\$6,776,747
Operating Income (loss)	2,815,583	539,640	2,546,597	5,901,820
Total non-operating revenues (expenses)	(1,617,211)	13,970	116,281	(1,486,960)
Transfer in	233,115			\$233,115
Transfers out	(326,919)	(395,867)	(356,345)	(\$1,079,131)
<b>Change in Net Assets</b>	1,104,568	157,743	2,306,533	3,568,844
Total Net Assets, Beginning	10,049,116	375,198	6,705,120	17,129,434
Total Net Assets, Ending	<u>\$11,153,684</u>	<u>\$532,941</u>	<u>\$9,011,653</u>	<u>\$20,698,278</u>

**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 \$20,698,278 and increase of \$3,568,844 or 20.8 percent from the prior period. The increase in net assets for each fund was \$1,104,568, \$157,743, and \$2,306,533, respectively. Other factors concerning the finances of these funds are addressed in the discussion of the City of Santa Paula's business-type activities.

### **General Fund Budgetary Highlights**

Differences between the final budget and the actual expenditures were favorable as all departments were below their allocated budgets. Overall the General Fund expenditures came in under-budget by \$841,283 or 7.2%. However, the largest portion \$566,6543 of the saving occurred in Public Works representing savings due to capital projects being carried over. Although these funds have been designated by Council approval, these funds have not been

legally committed and therefore are reflected as part of the unreserved funds. Revenues overall were 4.6% higher than anticipated, with the categories of Charge for Current Services and Taxes representing \$332,987 of the total \$450,791 in 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, 2006, amounts to \$43,332,017 (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.

	(Net of Depreciation)		
	Governmental Activities	Business- Type Activities	Total
Land	\$523,642	\$1,995,000	\$2,518,642
Construction in progress	1,496,805	4,359,796	\$5,856,601
Buildings and system	1,490,464	11,974,037	\$13,464,501
Machinery and equipment	745,022	679,548	\$1,424,570
Improvements other than buildings	6,315,872	13,751,831	\$20,067,703
Total Capital Assets	<u>\$10,571,805</u>	<u>\$32,760,212</u>	<u>\$43,332,017</u>

The value of assets has increased by \$1,019,441 during this reporting period. An increase in construction in process of \$2,337,106 is off set by a decrease of \$240,360 in buildings and systems and an \$856,015 decrease in improvements other than buildings. Major capital asset events during the current fiscal year included the following:

- The construction of the Green Street Paseo Project for \$220,516
- The continuation of the City's Water Main Replacement Program totaled \$118,363
- 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 and 23 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 \$35,315,749. This is a reduction from prior period's level of \$36,363,266. The governmental activity reduction was \$150,558. The business-type activity debt reduction was \$896,929. 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 \$28,240,000. The remaining \$3,583,536 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	\$3,492,913		\$3,492,913
Capital Lease Payable	43,789	134,518	\$178,307
Lease Revenue Bonds		28,240,000	\$28,240,000
Notes Payable		496,500	\$496,500
Contracts Payable		2,908,029	\$2,908,029
Total	\$3,536,702	\$31,779,047	\$35,315,749

The City of Santa Paula's total outstanding debt decreased \$1,047,487 during the current fiscal year. The largest portion of the reduction was \$600,000 in lease revenues bonds in business-type activities. Capital leases also decreased by \$200,482. Additional information on the City of Santa Paula's long-term debt can be found in note III.E on pages 25 through 28 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 2006) for the City of Santa Paula is 6.1% down from last year's 7.3 percent. The unemployment has drop two consecutive years from a high in 2004 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 the 2005/6 budget year. The 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 raised rates effective July 1, 2006 by an additional 33% for sewer only.

**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, 2006**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 10,914,985	\$ 10,253,384	\$ 21,168,369
Receivables (Net of Allowance)	1,628,443	1,509,623	3,138,066
Deferred Charges	98,475	1,068,496	1,166,971
Internal Balances	(166,084)	166,084	-
Cash - Restricted	435,951	8,242,595	8,678,546
Capital Assets Not Being Depreciated			
Land	523,642	1,995,000	2,518,642
Construction in Progress	1,496,805	4,359,796	5,856,601
Capital Assets Net of Accumulated Depreciation			
Buildings and System	1,490,464	11,974,037	13,464,501
Machinery and Equipment	745,022	679,548	1,424,570
Improvements Other Than Buildings	6,315,872	13,751,831	20,067,703
	<u>23,483,575</u>	<u>54,000,394</u>	<u>77,483,969</u>
Total Assets			
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	2,676,035	1,420,120	4,096,155
Accrued Interest Payable	18,637	-	18,637
Deferred Revenue	144,908	-	144,908
Noncurrent Liabilities			
Due Within One Year	137,714	977,415	1,115,129
Due in More Than One Year	6,735,754	30,904,581	37,640,335
	<u>9,713,048</u>	<u>33,302,116</u>	<u>43,015,164</u>
Total Liabilities			
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	10,528,016	9,223,760	19,751,776
Restricted for:			
Transportation and Other Purposes	5,810,161	-	5,810,161
Debt Service	333,646	-	333,646
Unrestricted	(2,901,296)	11,474,518	8,573,222
	<u>\$ 13,770,527</u>	<u>\$ 20,698,278</u>	<u>\$ 34,468,805</u>
Total Net Assets			

The accompanying notes are an integral part of this statement.

**City of Santa Paula  
Statement of Activities  
For the Year Ended June 30, 2006**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$ 2,856,304	\$ 93,953	\$ -	\$ -
Building and Safety	1,168,990	809,827	601,862	-
Community Services	2,853,097	293,027	295,894	422,233
Financial Services	357,410	20,305	-	-
Fire	1,868,545	83,057	259,050	15,833
Planning	642,782	636,481	-	-
Police	4,936,426	272,192	506,058	16,134
Public Works	2,657,149	481,179	1,677,818	661,860
Economic Development	130,508	-	-	-
Non-departmental	68,956	123,321	39,560	-
<b>Total Governmental Activities</b>	<b>17,540,167</b>	<b>2,813,342</b>	<b>3,380,242</b>	<b>1,116,060</b>
<b>Business-type Activities:</b>				
Refuse	1,424,677	1,964,317	-	-
Water	5,572,699	6,231,248	-	-
Sewer	1,936,405	4,483,002	-	-
<b>Total Business-type Activities</b>	<b>8,933,781</b>	<b>12,678,567</b>	<b>-</b>	<b>-</b>
<b>Total Government</b>	<b>\$ 26,473,948</b>	<b>\$ 15,491,909</b>	<b>\$ 3,380,242</b>	<b>\$ 1,116,060</b>

**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

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
\$ (2,762,351)	\$ -	\$ (2,762,351)
242,699	-	242,699
(1,841,943)	-	(1,841,943)
(337,105)	-	(337,105)
(1,510,605)	-	(1,510,605)
(6,301)	-	(6,301)
(4,142,042)	-	(4,142,042)
163,708	-	163,708
(130,508)	-	(130,508)
93,925	-	93,925
<u>(10,230,523)</u>	<u>-</u>	<u>(10,230,523)</u>
-	539,640	539,640
-	658,549	658,549
-	2,546,597	2,546,597
<u>-</u>	<u>3,744,786</u>	<u>3,744,786</u>
<u>(10,230,523)</u>	<u>3,744,786</u>	<u>(6,485,737)</u>
4,634,028	-	4,634,028
2,527,794	-	2,527,794
1,501,454	-	1,501,454
117,935	-	117,935
433,452	-	433,452
126,055	-	126,055
208,353	-	208,353
379,716	670,074	1,049,790
293,632	-	293,632
846,016	(846,016)	-
<u>11,068,435</u>	<u>(175,942)</u>	<u>10,892,493</u>
837,912	3,568,844	4,406,756
12,932,934	17,129,434	30,062,368
<u>(319)</u>	<u>-</u>	<u>(319)</u>
<u>\$ 13,770,527</u>	<u>\$ 20,698,278</u>	<u>\$ 34,468,805</u>

The accompanying notes are an integral part of this statement.

**City of Santa Paula**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2006**

	General	Redevelopment Debt Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 3,026,995	\$ 1,142,304	\$ 6,745,686	\$ 10,914,985
Cash with Fiscal Agent	-	236,455	97,191	333,646
Receivables	723,950	67,738	836,755	1,628,443
Due from Other Funds	361,957	-	-	361,957
Loans Receivable	-	-	-	-
Cash - Restricted	-	-	102,305	102,305
	<u>4,112,902</u>	<u>1,446,497</u>	<u>7,781,937</u>	<u>13,341,336</u>
Total Assets	<u>\$ 4,112,902</u>	<u>\$ 1,446,497</u>	<u>\$ 7,781,937</u>	<u>\$ 13,341,336</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 1,275,130	\$ 1,143,958	\$ 256,947	\$ 2,676,035
Due to Other Funds	-	-	361,957	361,957
Deferred Revenue	156,877	-	354,156	511,033
Advances From Other Funds	-	66,084	100,000	166,084
	<u>1,432,007</u>	<u>1,210,042</u>	<u>1,073,060</u>	<u>3,715,109</u>
Total Liabilities	<u>1,432,007</u>	<u>1,210,042</u>	<u>1,073,060</u>	<u>3,715,109</u>
Fund Balances:				
Reserved for:				
Encumbrances	362,896	-	1,397,246	1,760,142
Loans	17,125	-	102,278	119,403
Debt Service	-	315,303	68,029	383,332
Unreserved, Reported In:				
General Fund	2,300,874	-	-	2,300,874
Special Revenue Fund	-	-	1,063,260	1,063,260
Capital Projects Fund	-	-	2,827,388	2,827,388
Debt Service Fund	-	(78,848)	32,641	(46,207)
Permanent Funds	-	-	1,218,035	1,218,035
	<u>2,680,895</u>	<u>236,455</u>	<u>6,708,877</u>	<u>9,626,227</u>
Total Fund Balances	<u>2,680,895</u>	<u>236,455</u>	<u>6,708,877</u>	<u>9,626,227</u>
Total Liabilities and Fund Balances	<u>\$ 4,112,902</u>	<u>\$ 1,446,497</u>	<u>\$ 7,781,937</u>	<u>\$ 13,341,336</u>

**City of Sana Paula**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2006**

Fund balances of governmental funds	\$	9,626,227
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.		10,571,805
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		366,125
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		(43,789)
Tax allocation refunding bonds, net of unamortized discount		(3,492,913)
Compensated Absences		(430,982)
Claims payable		(2,905,784)
Accrued interest payable not reported in the funds.		(18,637)
Unamortized issuance costs on the tax allocation bonds has not been reported in the governmental funds.		98,475
Net assets of governmental activities	\$	13,770,527

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, 2006**

	General	Redevelopment Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 6,730,918	\$ 2,022,235	\$ 2,193,732	\$ 10,946,885
Licenses and Permits	607,197	-		607,197
Intergovernmental	462,343	-	3,268,170	3,730,513
Charges for Services	1,711,041	-	127,229	1,838,270
Fines and Forfeitures	111,045	-	18,551	129,596
Investment Earnings	379,716	36,810	314,697	731,223
Other Revenues	293,632	-	160,510	454,142
	<u>10,295,892</u>	<u>2,059,045</u>	<u>6,082,889</u>	<u>18,437,826</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,363,165	39,435	14,079	1,416,679
Building and Safety	635,176	-	533,814	1,168,990
Community Services	636,906	-	987,628	1,624,534
Financial Services	346,651	-	10,759	357,410
Fire	1,641,708	-	164,755	1,806,463
Planning	652,651	-	-	652,651
Police	4,502,105	-	396,251	4,898,356
Public Works	938,890	-	1,856,476	2,795,366
Economic Development	-	-	-	-
Non-departmental	50,409	-	18,039	68,448
Pass-thru Payments	-	1,269,392	-	1,269,392
Debt Service:				
Principal	-	65,000	30,000	95,000
Interest	-	168,287	70,269	238,556
	<u>10,767,661</u>	<u>1,542,114</u>	<u>4,082,070</u>	<u>16,391,845</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(471,769)</u>	<u>516,931</u>	<u>2,000,819</u>	<u>2,045,981</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	932,725	-	1,360,917	2,293,642
Transfers Out	(22,770)	(279,286)	(1,145,570)	(1,447,626)
	<u>909,955</u>	<u>(279,286)</u>	<u>215,347</u>	<u>846,016</u>
Net Change in Fund Balances	438,186	237,645	2,216,166	2,891,997
Fund Balances, Beginning	2,117,709	(1,190)	5,808,461	7,924,980
Prior Period Adjustment	<u>125,000</u>	<u>-</u>	<u>(1,315,750)</u>	<u>(1,190,750)</u>
Fund Balances, Ending	<u>\$ 2,680,895</u>	<u>\$ 236,455</u>	<u>\$ 6,708,877</u>	<u>\$ 9,626,227</u>

**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, 2006**

Net change in fund balances-total governmental funds	\$	2,891,997
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 \$675,379 exceeded depreciation of \$550,366 in the current period.		125,013
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(905,763)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		95,000
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		28,501
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		173,718
Claims and Judgments		(1,811,316)
Accrued Interest		247,371
Amortization of bond discounts and issuance costs		(6,609)
		(6,609)
Change in net assets of governmental activities	\$	837,912

The accompanying notes are an integral part of this statement.

**City of Santa Paula  
Statement of Net Assets  
Proprietary Funds  
June 30, 2006**

	Business-Type Activities - Enterprise Funds			
	Water	Refuse	Sewer	Totals
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 5,431,209	\$ 343,875	\$ 4,478,300	\$ 10,253,384
Receivables	918,049	179,115	412,459	1,509,623
Total Current Assets	<u>6,349,258</u>	<u>522,990</u>	<u>4,890,759</u>	<u>11,763,007</u>
Noncurrent Assets:				
Restricted Cash:				
Cash with Fiscal Agents	8,242,595	-	-	8,242,595
Advances to Other Funds	2,100,000	-	66,084	2,166,084
Deferred Charges	1,068,496	-	-	1,068,496
Capital Assets:				
Land	1,965,000	-	30,000	1,995,000
Buildings	11,486,313	57,250	6,915,179	18,458,742
Improvements	13,703,164	-	98,417	13,801,581
Machinery and Equipment	1,001,380	1,196,374	135,682	2,333,436
Construction in Progress	686,576	-	3,673,220	4,359,796
Less: Accumulated Depreciation	<u>(2,743,296)</u>	<u>(1,029,574)</u>	<u>(4,415,473)</u>	<u>(8,188,343)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>26,099,137</u>	<u>224,050</u>	<u>6,437,025</u>	<u>32,760,212</u>
Total Noncurrent Assets	<u>37,510,228</u>	<u>224,050</u>	<u>6,503,109</u>	<u>44,237,387</u>
Total Assets	<u>43,859,486</u>	<u>747,040</u>	<u>11,393,868</u>	<u>56,000,394</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	989,407	56,818	373,895	1,420,120
Compensated Absences	71,866	22,763	8,320	102,949
Bonds Payable - Current	615,000	-	-	615,000
Leases Payable - Current	-	134,518	-	134,518
Contracts Payable - Current	124,948	-	-	124,948
Total Current Liabilities	<u>1,801,221</u>	<u>214,099</u>	<u>382,215</u>	<u>2,397,535</u>
Noncurrent Liabilities:				
Advances from Other Funds	-	-	2,000,000	2,000,000
Bonds Payable	27,625,000	-	-	27,625,000
Notes Payable	496,500	-	-	496,500
Contracts Payable	2,783,081	-	-	2,783,081
Total Noncurrent Liabilities	<u>30,904,581</u>	<u>-</u>	<u>2,000,000</u>	<u>32,904,581</u>
Total Liabilities	<u>32,705,802</u>	<u>214,099</u>	<u>2,382,215</u>	<u>35,302,116</u>
<b>NET ASSETS</b>				
Invested in Capital Assets	2,697,203	89,532	6,437,025	9,223,760
Unrestricted	8,456,481	443,409	2,574,628	11,474,518
Total Net Assets	<u>\$ 11,153,684</u>	<u>\$ 532,941</u>	<u>\$ 9,011,653</u>	<u>\$ 20,698,278</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, 2006**

	Business-Type Activities - Enterprise Funds			
	Water	Refuse	Sewer	Totals
<b>OPERATING REVENUES</b>				
Water Sales	\$ 6,131,461	\$ -	\$ -	\$ 6,131,461
Refuse Sales	-	1,959,179	-	1,959,179
Sewer Sales	-	-	4,482,249	4,482,249
Other Revenues	99,787	5,138	753	105,678
Total Operating Revenues	<u>6,231,248</u>	<u>1,964,317</u>	<u>4,483,002</u>	<u>12,678,567</u>
<b>OPERATING EXPENSES</b>				
Cost of Sales	2,336,580	1,226,374	1,459,527	5,022,481
Administration	697,322	92,017	281,058	1,070,397
Depreciation	342,672	106,286	195,820	644,778
Amortization	39,091	-	-	39,091
Total Operating Expenses	<u>3,415,665</u>	<u>1,424,677</u>	<u>1,936,405</u>	<u>6,776,747</u>
Operating Income (Loss)	<u>2,815,583</u>	<u>539,640</u>	<u>2,546,597</u>	<u>5,901,820</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings	539,823	13,970	116,281	670,074
Interest Expense	(1,266,344)	-	-	(1,266,344)
Loss on Disposal of Capital Assets	(890,690)	-	-	(890,690)
Total Nonoperating Revenues (Expenses)	<u>(1,617,211)</u>	<u>13,970</u>	<u>116,281</u>	<u>(1,486,960)</u>
Income Before Contributions and Transfers	1,198,372	553,610	2,662,878	4,414,860
Transfers In	233,115	-	-	233,115
Transfers Out	(326,919)	(395,867)	(356,345)	(1,079,131)
Change in Net Assets	1,104,568	157,743	2,306,533	3,568,844
Total Net Assets, Beginning	<u>10,049,116</u>	<u>375,198</u>	<u>6,705,120</u>	<u>17,129,434</u>
Total Net Assets, Ending	<u>\$ 11,153,684</u>	<u>\$ 532,941</u>	<u>\$ 9,011,653</u>	<u>\$ 20,698,278</u>

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, 2006**

	Water	Refuse
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers and Users	\$ 5,841,543	\$ 1,949,359
Payments to Suppliers	(1,594,614)	(780,789)
Payments to Employees	(1,296,186)	(551,083)
	2,950,743	617,487
<b>Net Cash Provided (Used) by Operating Activities</b>		
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers In	233,115	-
Advances Received (Paid)	(1,900,000)	-
Transfers Out	(326,919)	(395,867)
	(1,993,804)	(395,867)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>		
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition of Fixed Assets	(446,275)	-
Interest Paid on Capital Debt	(1,266,344)	-
Principal Paid on Capital Debt	(724,948)	(171,981)
	(2,437,567)	(171,981)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Investment Earnings	539,823	13,970
	539,823	13,970
<b>Net Cash Provided (Used) by Investing Activities</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(940,805)	63,609
Cash and Cash Equivalents, Beginning	14,614,609	280,266
<b>Cash and Cash Equivalents, End</b>	\$ 13,673,804	\$ 343,875
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Operating income	\$ 2,815,583	\$ 539,640
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation Expense	342,672	106,286
Amortization Expense	39,091	-
(Increase) Decrease in Receivables	(389,705)	(14,958)
Increase (Decrease) in Accounts Payable	163,477	(2,142)
Increase (Decrease) in Compensated Absences	(20,375)	(11,339)
<b>Net Cash Provided By Operating Activities</b>	\$ 2,950,743	\$ 617,487

<u>Sewer</u>	<u>Total</u>
\$ 4,352,583	\$ 12,143,485
(1,456,253)	(3,831,656)
(168,386)	(2,015,655)
2,727,944	6,296,174
-	233,115
2,165,728	265,728
(356,345)	(1,079,131)
1,809,383	(580,288)
(2,065,076)	(2,511,351)
-	(1,266,344)
-	(896,929)
(2,065,076)	(4,674,624)
116,281	670,074
116,281	670,074
2,588,532	1,711,336
1,889,768	16,784,643
\$ 4,478,300	\$ 18,495,979
\$ 2,546,597	\$ 5,901,820
195,820	644,778
-	39,091
(130,419)	(535,082)
114,868	276,203
1,078	(30,636)
\$ 2,727,944	\$ 6,296,174

**City of Santa Paula**  
**Notes to Financial Statements**  
June 30, 2006

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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**City of Santa Paula**  
**Notes to Financial Statements**  
June 30, 2006

**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, 2006

**I) 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, 2006

**I) 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, 2006

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D) Assets, Liabilities, and Net Assets or Equity - 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, 2006

**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, 2006

**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**

**C) Deficit Fund Equity**

The following funds had a deficit fund balance at June 30, 2006:

Mobile Home Rent Review	\$	74,571
Weed and Seed Support	\$	27,149
Congestion Management and Air Quality	\$	87,079
Office of Traffic Safety	\$	47,887
Transportation Enhancement	\$	47,129

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, 2006

**III) DETAILED NOTES ON ALL FUNDS**

**A) Cash and Investments**

The City's cash and investments consist of the following at June 30, 2006:

Petty Cash	\$	5,100
Deposits		81,435
Investments		<u>21,081,834</u>
 Total Cash and Investments - Unrestricted		 <u>21,168,369</u>
 Cash and Investments with Fiscal Agents		 8,576,241
Other Restricted Cash		<u>102,305</u>
 Total Restricted Cash and Investments		 <u>8,678,546</u>
Total Cash and Investments		<u>\$ 29,846,915</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, 2006

**II) 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	\$ 21,081,834	\$ 21,081,834	\$ -	\$ -	\$ -
Held by Bond Trustees:					
LAIF	7,608,989	7,608,989	-	-	-
Mutual Funds	967,252	967,252	-	-	-
<b>Total</b>	<b>\$ 29,658,075</b>	<b>\$ 29,658,075</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**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	\$ 28,690,823	N/A	\$ -	\$ -	\$ -	\$ 28,690,823
Mutual Funds	967,252	N/A	-	-	-	967,252
<b>Total</b>	<b>\$ 29,658,075</b>		<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,658,075</b>

**City of Santa Paula**  
**Notes to Financial Statements**  
June 30, 2006

**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, 2006

**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:

	General	Water Utility	Refuse Fund	Sewer Utility	Nonmajor and Other Funds	Total
Receivables:						
Interest	\$ 32,064	\$ 72,638	\$ 4,265	\$ 41,739	\$ 82,390	\$ 233,096
Taxes	437,915	-	-	-	-	437,915
Accounts	176,894	845,024	167,087	370,720	255,367	1,815,092
Intergovernmental	59,952	-	7,763	-	558,736	626,451
Miscellaneous	17,125	387	-	-	8,000	25,512
Total Receivables	<u>\$ 723,950</u>	<u>\$ 918,049</u>	<u>\$ 179,115</u>	<u>\$ 412,459</u>	<u>\$ 904,493</u>	<u>\$ 3,138,066</u>

**C) Capital Assets**

Capital asset activity for the year ended June 30, 2006, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 523,642	\$ -	\$ -	\$ 523,642
Construction in Progress	1,421,311	175,494	(100,000)	1,496,805
Total Capital Assets, Not Being Depreciated	1,944,953	175,494	(100,000)	2,020,447
Capital Assets Being Depreciated:				
Buildings and System	1,926,389	175,942	(81,456)*	2,020,875
Machinery and Equipment	1,858,833	142,536	-	2,001,369
Improvements Other Than Buildings	7,590,460	281,407	-	7,871,867
Total Capital Assets Being Depreciated	11,375,682	599,885	(81,456)	11,894,111
Less Accumulated Depreciation:				
Buildings and System	(476,013)	(54,398)	-	(530,411)
Machinery and Equipment	(1,022,614)	(233,733)	-	(1,256,347)
Improvements Other Than Buildings	(1,293,760)	(262,235)	-	(1,555,995)
Total Accumulated Depreciation	(2,792,387)	(550,366)	-	(3,342,753)
Total Capital Assets Being Depreciated, Net	8,583,295	49,519	(81,456)	8,551,358
Governmental Activities Capital Assets, Net	<u>\$ 10,528,248</u>	<u>\$ 225,013</u>	<u>\$ (181,456)</u>	<u>\$ 10,571,805</u>

\*This represents a prior period adjustment for the overstatement of capital assets in previous years.

**City of Santa Paula**  
**Notes to Financial Statements**  
June 30, 2006

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**C) Capital Assets - Continued**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 1,995,000	\$ -	\$ -	\$ 1,995,000
Construction in Progress	2,098,184	2,298,780	(37,168)	4,359,796
Total Capital Assets, Not Being Depreciated	4,093,184	2,298,780	(37,168)	6,354,796
Capital Assets Being Depreciated:				
Buildings and System	18,289,405	169,337	-	18,458,742
Machinery and Equipment	2,287,926	45,510	-	2,333,436
Improvements Other Than Buildings	14,756,343	34,893	(989,655)	13,801,581
Total Capital Assets Being Depreciated	35,333,674	249,740	(989,655)	34,593,759
Less Accumulated Depreciation:				
Buildings and System	(6,034,920)	(449,785)	-	(6,484,705)
Machinery and Equipment	(1,478,285)	(175,603)	-	(1,653,888)
Improvements Other Than Buildings	(129,325)	(19,390)	98,965	(49,750)
Total Accumulated Depreciation	(7,642,530)	(644,778)	98,965	(8,188,343)
Total Capital Assets Being Depreciated, Net	27,691,144	(395,038)	(890,690)	26,405,416
Business-type Activities Capital Assets, Net	\$ 31,784,328	\$ 1,903,742	\$ (927,858)	\$ 32,760,212

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

Governmental Activities:	
General Government	\$ 8,346
Community Services	84,589
Fire	88,574
Planning	658
Police	110,702
Public Works	126,481
Economic Development	130,508
Non-departmental	508
Total Depreciation Expense – Governmental Activities	\$ 550,366
Business-type Activities:	
Water	\$ 342,672
Sewer	195,820
Refuse	106,286
Total Depreciation Expense – Business-type Activities	\$ 644,778

**City of Santa Paula**  
**Notes to Financial Statements**  
June 30, 2006

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**D) Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2006, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 361,957

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
Sewer	Redevelopment Debt Service	<u>66,084</u>
		<u>\$ 2,166,084</u>

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 And Enterprise</u>	<u>Other Governmental Funds</u>	
General Fund	\$ -	\$ -	\$ 22,770	\$ 22,770
Water Fund	326,919	-	-	326,919
Refuse Fund	182,239	116,557	97,071	395,867
Sewer Fund	142,717	116,558	97,070	356,345
Other Governmental Funds	<u>280,850</u>	<u>-</u>	<u>1,144,006</u>	<u>1,424,856</u>
	<u>\$ 932,725</u>	<u>\$ 233,115</u>	<u>\$ 1,360,917</u>	<u>\$ 2,526,757</u>

Transfers were made during the 2005-06 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, 2006

**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, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Tax Allocation Refunding Bonds	\$ 3,615,000	\$ -	\$ (95,000)	\$ 3,520,000	\$ 100,000
Less Deferred Amounts: For Issuance Discounts	<u>(28,513)</u>	<u>1,426</u>	<u>-</u>	<u>(27,087)</u>	<u>-</u>
Total Bonds Payable	3,586,487	1,426	(95,000)	3,492,913	100,000
Compensated Absences	604,700		(173,718)	430,982	-
Claims Payable	1,094,468	1,811,316	-	2,905,784	-
Capital Lease Payable	<u>72,290</u>	<u>-</u>	<u>(28,501)</u>	<u>43,789</u>	<u>37,714</u>
Governmental Activities Long-term Liabilities	<u>\$ 5,357,945</u>	<u>\$ 1,812,742</u>	<u>\$ (297,219)</u>	<u>\$ 6,873,468</u>	<u>\$ 137,714</u>
<b>Business-Type Activities:</b>					
Lease Revenue Bonds	\$ 28,840,000	\$ -	\$ (600,000)	\$ 28,240,000	\$ 615,000
Notes Payable	496,500	-	-	496,500	-
Contracts Payable	3,032,977	-	(124,948)	2,908,029	124,948
Capital Lease Payable	306,499	-	(171,981)	134,518	134,518
Compensated Absences	<u>133,585</u>	<u>-</u>	<u>(30,636)</u>	<u>102,949</u>	<u>102,949</u>
Business-type Activities Long-term Liabilities	<u>\$ 32,809,561</u>	<u>\$ -</u>	<u>\$ (927,565)</u>	<u>\$ 31,881,996</u>	<u>\$ 977,415</u>

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, 2006

**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>
2007	\$ 100,000	\$ 223,645
2008	110,000	217,795
2009	115,000	211,285
2010	120,000	204,225
2011	130,000	196,770
2012-2015	775,000	849,370
2016-2020	1,060,000	568,825
2021-2025	<u>1,110,000</u>	<u>183,450</u>
	<u>\$ 3,520,000</u>	<u>\$ 2,655,365</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>	<u>Business-Type</u> <u>Activities</u>
Asset:		
Machinery and Equipment	\$ 196,192	\$ 447,777
Less: Accumulated Depreciation	<u>(121,308)</u>	<u>(319,840)</u>
Total	<u>\$ 74,884</u>	<u>\$ 127,937</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006 were as follows:

<u>Fiscal</u> <u>Year Ending June 30,</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
2007	\$ 39,156	\$ 137,981
2008	<u>6,399</u>	<u>-</u>
Total Minimum Lease Payments	45,555	137,981
Less: Interest Amounts	<u>(1,766)</u>	<u>(3,463)</u>
Present Value of Minimum Lease Payments	<u>\$ 43,789</u>	<u>\$ 134,518</u>

**City of Santa Paula**  
**Notes to Financial Statements**  
June 30, 2006

**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, 2006 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 Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 680,000	\$ 1,201,013
2008	615,000	1,266,338
2009	625,000	1,254,038
2010	640,000	1,238,413
2011	660,000	1,220,813
2012-2016	3,765,000	5,630,269
2017-2021	4,605,000	4,794,706
2022-2026	5,780,000	3,612,500
2027-2031	7,375,000	2,016,250
2032-2033	<u>3,495,000</u>	<u>264,250</u>
	<u>\$ 28,240,000</u>	<u>\$ 22,498,590</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 Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ -	\$ 25,000
2008	-	25,000
2009	-	25,000
2010	-	25,000
2011	-	25,000
2012-2016	-	365,000
2017-2021	-	365,000
2022-2026	<u>496,500</u>	<u>365,136</u>
	<u>\$ 496,500</u>	<u>\$ 1,220,136</u>

**City of Santa Paula**  
**Notes to Financial Statements**  
June 30, 2006

**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</u> <u>Ending June 30,</u>	<u>Principal</u>
2007	\$ 124,948
2008	124,948
2009	124,948
2010	124,948
2011	124,948
2012-2016	624,738
2017-2021	624,738
2022-2026	556,368
2027-2031	362,002
2032-2036	104,077
2037-2038	<u>11,366</u>
	<u>\$ 2,908,029</u>

**F) Prior Period Adjustments**

Beginning fund balance in the general fund and beginning net assets in the government-wide statement of net assets were increased by \$125,000 for additional revenue in the prior year. Beginning fund balances in the nonmajor funds were decreased by \$1,315,150 for revenues recorded in the prior year that did not meet the “availability” criteria. Beginning net assets were also decreased by \$81,456 for overstatement of capital assets in previous years, and by \$43,862 for revenues reported in the prior year.

**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 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.

**City of Santa Paula**  
**Notes to Financial Statements**  
June 30, 2006

**IV) OTHER INFORMATION - Continued**

**A) Risk Management - Continued**

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, 2006

**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, 2006, the amount of these liabilities was \$2,905,784. 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, 2006	Year Ended June 30, 2005
Unpaid Claims, Beginner of Year	\$ 1,094,468	\$ 298,300
Incurred Claims	1,811,316	796,168
Claim Payments	-	-
Unpaid Claims, End of Year	\$ 2,905,784	\$ 1,094,468

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 faces potential fines in excess of \$8.5 million due to the inability of its wastewater treatment facility to meet discharge limits set forth in the City's permit. It is unclear how much in total fines the City will ultimately have to pay, but it is estimated they could exceed \$8.5 million. Management expects the bulk of any potential fines to be applied toward the construction of a new wastewater facility that the City is currently planning on constructing by 2008. The current cost projections for a new wastewater treatment facility are \$80 million.

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.

**City of Santa Paula**  
**Notes to Financial Statements**  
June 30, 2006

**IV) OTHER INFORMATION - Continued**

**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), 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 2005-06 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, 2006 was 12.912% for miscellaneous employees and 31.110% 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.

*Annual Pension Cost.* For 2006, the City's annual pension cost of \$1,354,003 for CalPERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.5% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service and (c) 3.75% cost of living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period.

THREE YEAR TREND INFORMATION FOR PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/04	\$ 472,936	100%	\$ -0-
6/30/05	\$ 996,280	100%	\$ -0-
6/30/06	\$ 1,354,003	100%	\$ -0-

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Santa Paula**  
**Notes to Required Supplemental Information**  
June 30, 2006

**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, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 6,102,572	\$ 6,541,273	\$ 6,730,918	\$ 189,645
Licenses & Permits	384,042	560,641	607,197	46,556
Intergovernmental	461,700	431,700	462,343	30,643
Charges for Services	1,303,194	1,567,699	1,711,041	143,342
Fines and Forfeitures	78,000	113,550	111,045	(2,505)
Investment Earnings	335,308	318,808	379,716	60,908
Other Revenues	45,000	311,430	293,632	(17,798)
<b>Total Revenues</b>	<b>8,709,816</b>	<b>9,845,101</b>	<b>10,295,892</b>	<b>450,791</b>
<b>EXPENDITURES</b>				
Current:				
General Government	1,380,822	1,380,822	1,363,165	17,657
Building and Safety	635,783	635,783	635,176	607
Community Services	677,243	676,843	636,906	39,937
Financial Services	495,630	495,630	346,651	148,979
Fire	1,657,436	1,657,436	1,641,708	15,728
Planning	629,803	629,803	652,651	(22,848)
Police	4,555,555	4,555,555	4,502,105	53,450
Public Works	1,354,765	1,505,433	938,890	566,543
Economic Development	2,500	2,500	-	2,500
Non-departmental	69,139	69,139	50,409	18,730
<b>Total Expenditures</b>	<b>11,458,676</b>	<b>11,608,944</b>	<b>10,767,661</b>	<b>841,283</b>
Excess (Deficiency) of Revenues over Expenditures	(2,748,860)	(1,763,843)	(471,769)	1,292,074
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	938,703	938,703	932,725	(5,978)
Transfers Out	(22,770)	(22,770)	(22,770)	-
<b>Total Other Financing Sources (Uses)</b>	<b>915,933</b>	<b>915,933</b>	<b>909,955</b>	<b>(5,978)</b>
<b>Net Change in Fund Balances</b>	<b>(1,832,927)</b>	<b>(847,910)</b>	<b>438,186</b>	<b>1,286,096</b>
Fund Balances, Beginning	2,117,709	2,117,709	2,117,709	-
Prior Period Adjustment	-	-	125,000	125,000
<b>Fund Balances, Ending</b>	<b>\$ 284,782</b>	<b>\$ 1,269,799</b>	<b>\$ 2,680,895</b>	<b>\$ 1,411,096</b>

**City of Santa Paula**  
**Schedule of Funding Progress for PERS**  
Year Ended June 30, 2006

**Funded Status of Miscellaneous Plan**

Valuation Date	Entry Age Normal Accrued Liability (A)	Actuarial Value Of Assets (B)	Unfunded Liability/ (Excess Assets) (A - B)	Funded Status (B/A)	Annual Covered Payroll (C)	UL as a Percentage of Payroll [(A-B)/C]
6/30/03	\$ 317,520,943	\$ 289,439,549	\$ 28,081,394	91.16%	\$ 74,981,463	37.45%
6/30/04	\$ 434,267,445	\$ 379,807,592	\$ 54,459,853	87.46%	\$ 97,227,479	56.00%

**Funded Status of Safety Plan**

Valuation Date	Entry Age Normal Accrued Liability (A)	Actuarial Value Of Assets (B)	Unfunded Liability/ (Excess Assets) (A - B)	Funded Status (B/A)	Annual Covered Payroll (C)	UL as a Percentage of Payroll [(A-B)/C]
6/30/03	\$ 4,270,573,982	\$ 3,577,742,166	\$ 692,831,816	83.8%	\$ 476,089,674	145.5%
6/30/04	\$ 5,383,921,942	\$ 4,424,586,846	\$ 959,335,096	82.2%	\$ 575,296,434	166.8%

There is no information available for June 30, 2002. Since the City has less than 100 employees in at least one valuation period since June 30, 2003 it is now required to participate in a risk pool. The above information is for the risk pool taken as a whole.

## **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.

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.

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

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.

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.

Law Enforcement Equipment Fund - This fund is used to account for grant funds that are legally restricted to expenditures for specific purposes.

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.

Transportation Enhancement Activities Fund - This fund is used to account for the grant for the Railroad Plaza.

**City of Santa Paula**  
**Nonmajor Governmental Funds**

SLESF-COPS (State) Fund 2003-04 - This fund is used to account for grant proceeds from the State that are to be used for additional public safety.

State Park Bond Prop. 12 Fund - This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

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 Assistance to Firefighters Fund - This fund is used to account for grant proceeds for Fire equipment and operation 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.

CA Law Enforcement CLEEP Fund - This fund is used to account for law enforcement equipment.

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.

Office of Traffic Safety Fund - This fund is used to account for traffic safety activities.

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.

Capital Bond Fund - This fund is used to account for the funds for the Tower Theatre seismic retrofit.

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.

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

## **City of Santa Paula Nonmajor Governmental Funds**

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.

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.

Civic Center Facilities Fund - This fund is used to account for the funds for the Civic Center Facilities activities.

### **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, 2006**

	Special Revenue	Capital Projects	Debt Service	Permanent Funds	Total
<b>ASSETS</b>					
Cash and Investments	\$ 2,456,460	\$ 3,078,227	\$ 3,414	\$ 1,207,585	\$ 6,745,686
Cash with Fiscal Agent	-	-	97,191	-	97,191
Receivables	750,819	74,750	160	11,026	836,755
Due From Other Funds	-	-	-	-	-
Cash - Restricted	102,305	-	-	-	102,305
	<u>3,309,584</u>	<u>3,152,977</u>	<u>100,765</u>	<u>1,218,611</u>	<u>7,781,937</u>
Total Assets	<u>\$ 3,309,584</u>	<u>\$ 3,152,977</u>	<u>\$ 100,765</u>	<u>\$ 1,218,611</u>	<u>\$ 7,781,937</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 240,128	\$ 16,148	\$ 95	\$ 576	\$ 256,947
Due to Other Funds	361,957	-	-	-	361,957
Deferred Revenue	354,156	-	-	-	354,156
Advances From Other Funds	-	100,000	-	-	100,000
	<u>956,241</u>	<u>116,148</u>	<u>95</u>	<u>576</u>	<u>1,073,060</u>
Total Liabilities	<u>956,241</u>	<u>116,148</u>	<u>95</u>	<u>576</u>	<u>1,073,060</u>
Fund Balances:					
Reserved for:					
Encumbrances	1,187,805	209,441	-	-	1,397,246
Loans	102,278	-	-	-	102,278
Debt Service	-	-	68,029	-	68,029
Unreserved, Reported in:					
Special Revenue Funds	1,063,260	-	-	-	1,063,260
Capital Project Funds	-	2,827,388	-	-	2,827,388
Debt Service Funds	-	-	32,641	-	32,641
Permanent Funds	-	-	-	1,218,035	1,218,035
	<u>2,353,343</u>	<u>3,036,829</u>	<u>100,670</u>	<u>1,218,035</u>	<u>6,708,877</u>
Total Fund Balances	<u>2,353,343</u>	<u>3,036,829</u>	<u>100,670</u>	<u>1,218,035</u>	<u>6,708,877</u>
Total Liabilities and Fund Balances	<u>\$ 3,309,584</u>	<u>\$ 3,152,977</u>	<u>\$ 100,765</u>	<u>\$ 1,218,611</u>	<u>\$ 7,781,937</u>

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2006**

	Mobile Home Rent Review	State Gas Tax	Local Transportation TDA	Housing and Community Development I
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ 163,686	\$ 485,506	\$ 129,954
Receivables	43,862	97,540	6,866	1,452
Due from Other Funds	-	-	-	-
Cash - Restricted	-	-	-	-
<b>Total Assets</b>	<b>\$ 43,862</b>	<b>\$ 261,226</b>	<b>\$ 492,372</b>	<b>\$ 131,406</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 209	\$ 43,938	\$ 25,802	\$ -
Due to Other Funds	74,362	-	-	-
Deferred Revenue	43,862	-	-	-
<b>Total Liabilities</b>	<b>118,433</b>	<b>43,938</b>	<b>25,802</b>	<b>-</b>
Fund Balances:				
Reserved for:				
Encumbrances	-	33,782	212,228	-
Loans	-	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	(74,571)	183,506	254,342	131,406
<b>Total Fund Balances</b>	<b>(74,571)</b>	<b>217,288</b>	<b>466,570</b>	<b>131,406</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 43,862</b>	<b>\$ 261,226</b>	<b>\$ 492,372</b>	<b>\$ 131,406</b>

(CDBG) Housing and Community Development II	CA Oil Museum	Asset Forfeiture	Hillsborough Open Space Assessment	State Grant	DOJ-BJA Local Law Enforecement 03/04	Local Transportation TDA Article 3
\$ -	\$ 66,595	\$ 45,546	\$ 2,886	\$ 3,104	\$ 17,743	\$ 9,078
217,372	2,890	559	231	34	207	375
-	-	-	-	-	-	-
102,305	-	-	-	-	-	-
<u>\$ 319,677</u>	<u>\$ 69,485</u>	<u>\$ 46,105</u>	<u>\$ 3,117</u>	<u>\$ 3,138</u>	<u>\$ 17,950</u>	<u>\$ 9,453</u>
\$ 51,796	\$ 8,727	\$ -	\$ 103	\$ -	\$ 768	\$ -
95,147	-	-	-	-	-	-
85,253	-	-	-	-	-	-
<u>232,196</u>	<u>8,727</u>	<u>-</u>	<u>103</u>	<u>-</u>	<u>768</u>	<u>-</u>
1,653	-	8,027	-	-	-	-
102,278	-	-	-	-	-	-
<u>(16,450)</u>	<u>60,758</u>	<u>38,078</u>	<u>3,014</u>	<u>3,138</u>	<u>17,182</u>	<u>9,453</u>
<u>87,481</u>	<u>60,758</u>	<u>46,105</u>	<u>3,014</u>	<u>3,138</u>	<u>17,182</u>	<u>9,453</u>
<u>\$ 319,677</u>	<u>\$ 69,485</u>	<u>\$ 46,105</u>	<u>\$ 3,117</u>	<u>\$ 3,138</u>	<u>\$ 17,950</u>	<u>\$ 9,453</u>

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**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Special Revenue Funds (Continued)  
June 30, 2006**

	Weed and Seed Support GRT-DOJ	Traffic Congestion Relief	Congestion Management and Air Quality	Redevelopment Agency Housing Set-Aside
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ 78,887	\$ -	\$ 970,677
Receivables	27,148	37,591	96,526	23,159
Due from Other Funds	-	-	-	-
Cash - Restricted	-	-	-	-
<b>Total Assets</b>	<b>\$ 27,148</b>	<b>\$ 116,478</b>	<b>\$ 96,526</b>	<b>\$ 993,836</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 10,231	\$ 327	\$ 26,743	\$ 3,662
Due to Other Funds	16,918	-	69,783	-
Deferred Revenue	27,148	-	87,079	-
<b>Total Liabilities</b>	<b>54,297</b>	<b>327</b>	<b>183,605</b>	<b>3,662</b>
Fund Balances:				
Reserved for:				
Encumbrances	8,000	49,166	566,065	-
Loans	-	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	(35,149)	66,985	(653,144)	990,174
<b>Total Fund Balances</b>	<b>(27,149)</b>	<b>116,151</b>	<b>(87,079)</b>	<b>990,174</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 27,148</b>	<b>\$ 116,478</b>	<b>\$ 96,526</b>	<b>\$ 993,836</b>

NPDES Storm Water Quality	SLESF-COPS State	Law Enforcement Equipment	COPS State	Beverage Container Recycling	Area Agency on Aging	State Homeland Security Grant
\$ 63,002	\$ 106,267	\$ 15,097	\$ -	\$ 19,942	\$ -	\$ -
26,508	1,634	169	-	223	15,798	44,545
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 89,510</u>	<u>\$ 107,901</u>	<u>\$ 15,266</u>	<u>\$ -</u>	<u>\$ 20,165</u>	<u>\$ 15,798</u>	<u>\$ 44,545</u>
\$ 617	\$ 3,768	\$ -	\$ -	\$ -	\$ 1,585	\$ 834
-	-	-	-	-	8,485	43,711
-	-	-	-	-	15,798	-
<u>617</u>	<u>3,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,868</u>	<u>44,545</u>
-	-	-	-	-	2,600	-
-	-	-	-	-	-	-
<u>88,893</u>	<u>104,133</u>	<u>15,266</u>	<u>-</u>	<u>20,165</u>	<u>(12,670)</u>	<u>-</u>
<u>88,893</u>	<u>104,133</u>	<u>15,266</u>	<u>-</u>	<u>20,165</u>	<u>(10,070)</u>	<u>-</u>
<u>\$ 89,510</u>	<u>\$ 107,901</u>	<u>\$ 15,266</u>	<u>\$ -</u>	<u>\$ 20,165</u>	<u>\$ 15,798</u>	<u>\$ 44,545</u>

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**City of Santa Paula**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds (Continued)**  
**June 30, 2006**

	Transportation Enhancement Activities	State Park Bond Prop. 12	Federal STP	FEMA Assistance to Firefighters
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ -	\$ -	\$ -
Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Cash - Restricted	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Deferred Revenue	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances:				
Reserved for:				
Encumbrances	-	57,284	2,173	-
Loans	-	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	-	(57,284)	(2,173)	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

FEMA Seismic Retrofit Grant	CA Used Oil Block Grant	CA Law Enforcement CLEEP	Cable Television Fund	Stormwater Program	Office of Traffic Safety	Transportation Enhancement Grant
\$ 247,260	\$ 4,832	\$ 21,252	\$ -	\$ 5,146	\$ -	\$ -
2,764	63	237	4,848	3,202	47,887	47,129
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 250,024</u>	<u>\$ 4,895</u>	<u>\$ 21,489</u>	<u>\$ 4,848</u>	<u>\$ 8,348</u>	<u>\$ 47,887</u>	<u>\$ 47,129</u>
\$ -	\$ -	\$ -	\$ 5,703	\$ 8,348	\$ 2,532	\$ 44,435
-	-	-	5,502	-	45,355	2,694
-	-	-	-	-	47,887	47,129
-	-	-	11,205	8,348	95,774	94,258
236,800	-	-	-	2,000	-	-
-	-	-	-	-	-	-
13,224	4,895	21,489	(6,357)	(2,000)	(47,887)	(47,129)
250,024	4,895	21,489	(6,357)	-	(47,887)	(47,129)
<u>\$ 250,024</u>	<u>\$ 4,895</u>	<u>\$ 21,489</u>	<u>\$ 4,848</u>	<u>\$ 8,348</u>	<u>\$ 47,887</u>	<u>\$ 47,129</u>

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**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Special Revenue Funds (Continued)  
June 30, 2006**

	BJA Vest Grant	Miscellaneous State Grants	Total
<b>ASSETS</b>			
Cash and Investments	\$ -	\$ -	\$ 2,456,460
Receivables	-	-	750,819
Due from Other Funds	-	-	-
Cash - Restricted	-	-	102,305
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,309,584</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ 240,128
Due to Other Funds	-	-	361,957
Deferred Revenue	-	-	354,156
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>956,241</b>
Fund Balances:			
Reserved for:			
Encumbrances	8,027	-	1,187,805
Loans	-	-	102,278
Unreserved, Reported in:			
Special Revenue Funds	(8,027)	-	1,063,260
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>2,353,343</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,309,584</b>

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2006**

	Redevelopment Agency Exempt	Redevelopment Agency Housing Bond	Capital Bond	Library Expansion Facilities	Law Enforcement Facilities
<b>ASSETS</b>					
Cash and Investments	\$ 544,470	\$ 1,096,156	\$ -	\$ 71,974	\$ 24,350
Receivables	46,814	12,247	-	792	240
Total Assets	<u>\$ 591,284</u>	<u>\$ 1,108,403</u>	<u>\$ -</u>	<u>\$ 72,766</u>	<u>\$ 24,590</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 16,148	\$ -	\$ -	\$ -	\$ -
Advances From Other Funds	-	-	-	-	-
Total Liabilities	<u>16,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Reserved for:					
Encumbrances	184,441	25,000	-	-	-
Unreserved, Reported in:					
Capital Projects Funds	<u>390,695</u>	<u>1,083,403</u>	<u>-</u>	<u>72,766</u>	<u>24,590</u>
Total Fund Balances	<u>575,136</u>	<u>1,108,403</u>	<u>-</u>	<u>72,766</u>	<u>24,590</u>
Total Liabilities and Fund Balances	<u>\$ 591,284</u>	<u>\$ 1,108,403</u>	<u>\$ -</u>	<u>\$ 72,766</u>	<u>\$ 24,590</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>	<u>Corp Yard Facilities</u>
\$ 40,954	\$ 61,308	\$ 64,142	\$ 312,417	\$ 360,943	\$ 404,373	\$ 97,140
<u>435</u>	<u>669</u>	<u>681</u>	<u>3,194</u>	<u>4,033</u>	<u>4,513</u>	<u>1,132</u>
<u>\$ 41,389</u>	<u>\$ 61,977</u>	<u>\$ 64,823</u>	<u>\$ 315,611</u>	<u>\$ 364,976</u>	<u>\$ 408,886</u>	<u>\$ 98,272</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
-	-	-	-	-	-	-
<u>41,389</u>	<u>61,977</u>	<u>64,823</u>	<u>315,611</u>	<u>364,976</u>	<u>408,886</u>	<u>(1,728)</u>
<u>41,389</u>	<u>61,977</u>	<u>64,823</u>	<u>315,611</u>	<u>364,976</u>	<u>408,886</u>	<u>(1,728)</u>
<u>\$ 41,389</u>	<u>\$ 61,977</u>	<u>\$ 64,823</u>	<u>\$ 315,611</u>	<u>\$ 364,976</u>	<u>\$ 408,886</u>	<u>\$ 98,272</u>

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**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Capital Projects Funds - Continued  
June 30, 2006**

	<u>Civic Center Facilities</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and Investments	\$ -	\$ 3,078,227
Receivables	-	<u>74,750</u>
 Total Assets	 \$ -	 \$ <u>3,152,977</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ -	\$ 16,148
Advances From Other Funds	-	<u>100,000</u>
 Total Liabilities	 -	 <u>116,148</u>
Fund Balances:		
Reserved for:		
Encumbrances	-	209,441
Unreserved, Reported in:		
Capital Projects Funds	-	<u>2,827,388</u>
 Total Fund Balances	 -	 <u>3,036,829</u>
 Total Liabilities and Fund Balances	 \$ -	 \$ <u>3,152,977</u>

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
Year Ended June 30, 2006**

	Redevelopment Set-Aside Debt Service	Total
<b>ASSETS</b>		
Cash and Investments	\$ 3,414	\$ 3,414
Cash with Fiscal Agent	97,191	97,191
Receivables	160	160
	<u>100,765</u>	<u>100,765</u>
Total Assets	<u>\$ 100,765</u>	<u>\$ 100,765</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 95	\$ 95
Advances From Other Funds	-	-
	<u>95</u>	<u>95</u>
Total Liabilities	<u>95</u>	<u>95</u>
Fund Balances:		
Reserved for:		
Debt Service	68,029	68,029
Unreserved, Reported in:		
Debt Service	32,641	32,641
	<u>100,670</u>	<u>100,670</u>
Total Fund Balances	<u>100,670</u>	<u>100,670</u>
Total Liabilities and Fund Balances	<u>\$ 100,765</u>	<u>\$ 100,765</u>

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Permanent Funds  
June 30, 2006**

	Community Center Endowment	Museum Endowment	Harding Park Trust	Total
<b>ASSETS</b>				
Cash and Investments	\$ 477,637	\$ 209,057	\$ 520,891	\$ 1,207,585
Receivables	534	233	10,259	11,026
	<b>\$ 478,171</b>	<b>\$ 209,290</b>	<b>\$ 531,150</b>	<b>\$ 1,218,611</b>
Total Assets	<b>\$ 478,171</b>	<b>\$ 209,290</b>	<b>\$ 531,150</b>	<b>\$ 1,218,611</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts Payable	\$ -	\$ -	\$ 576	\$ 576
	-	-	576	576
Total Liabilities	-	-	576	576
Fund Balances:				
Unreserved, Reported in:				
Permanent Funds	478,171	209,290	530,574	1,218,035
Total Liabilities and Fund Balances	<b>\$ 478,171</b>	<b>\$ 209,290</b>	<b>\$ 531,150</b>	<b>\$ 1,218,611</b>

**City of Santa Paula**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2006**

	Special Revenue	Capital Projects	Debt Service	Permanent Funds	Total
<b>REVENUES</b>					
Taxes	\$ 1,208,298	\$ 985,434	\$ -	\$ -	\$ 2,193,732
Intergovernmental	3,268,170	-	-	-	3,268,170
Charges for Services	127,109	120	-	-	127,229
Fines and Forfeitures	18,551	-	-	-	18,551
Investment Earnings	85,376	105,600	5,080	118,641	314,697
Other Revenues	158,650	-	-	1,860	160,510
	<u>4,866,154</u>	<u>1,091,154</u>	<u>5,080</u>	<u>120,501</u>	<u>6,082,889</u>
Total Revenues	<u>\$ 4,866,154</u>	<u>\$ 1,091,154</u>	<u>\$ 5,080</u>	<u>\$ 120,501</u>	<u>\$ 6,082,889</u>
<b>EXPENDITURES</b>					
General Government	13,543	-	536	-	14,079
Building and Safety	533,814	-	-	-	533,814
Community Services	407,976	552,997	-	26,655	987,628
Financial Services	10,759	-	-	-	10,759
Fire	164,755	-	-	-	164,755
Police	396,251	-	-	-	396,251
Public Works	1,834,656	19,317	-	2,503	1,856,476
Non-departmental	12,776	5,263	-	-	18,039
Pass-through Payments	-	-	-	-	-
Debt Service:					
Principal	-	-	30,000	-	30,000
Interest	-	-	70,269	-	70,269
	<u>3,374,530</u>	<u>577,577</u>	<u>100,805</u>	<u>29,158</u>	<u>4,082,070</u>
Total Expenditures	<u>3,374,530</u>	<u>577,577</u>	<u>100,805</u>	<u>29,158</u>	<u>4,082,070</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,491,624</u>	<u>513,577</u>	<u>(95,725)</u>	<u>91,343</u>	<u>2,000,819</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	984,631	279,286	97,000	-	1,360,917
Transfers Out	(1,058,628)	(86,942)	-	-	(1,145,570)
	<u>(73,997)</u>	<u>192,344</u>	<u>97,000</u>	<u>-</u>	<u>215,347</u>
Total Other Financing Sources (Uses)	<u>(73,997)</u>	<u>192,344</u>	<u>97,000</u>	<u>-</u>	<u>215,347</u>
Net Change in Fund Balances	1,417,627	705,921	1,275	91,343	2,216,166
Fund Balances - Beginning	2,251,466	2,330,908	99,395	1,126,692	5,808,461
Prior Period Adjustment	(1,315,750)	-	-	-	(1,315,750)
Fund Balances - Ending	<u>\$ 2,353,343</u>	<u>\$ 3,036,829</u>	<u>\$ 100,670</u>	<u>\$ 1,218,035</u>	<u>\$ 6,708,877</u>

**City of Santa Paula**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2006**

	Mobile Home Rent Review	State Gas Tax	Local Transportation TDA	Housing and Community Development I
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 635,088	\$ -
Intergovernmental	-	546,237	72,600	-
Charges for Services	6,765	58,733	-	-
Fines and Forfeitures	-	-	-	-
Investment Earnings	-	546	14,324	4,796
Other Revenues	-	-	1,651	-
<b>Total Revenues</b>	<b>6,765</b>	<b>605,516</b>	<b>723,663</b>	<b>4,796</b>
<b>EXPENDITURES</b>				
General Government	13,543	-	-	-
Building and Safety	-	-	-	-
Community Services	-	-	-	-
Financial Services	-	-	10,673	-
Fire	-	-	-	-
Police	-	-	-	-
Public Works	-	841,190	186,287	-
Non-Departmental	-	-	-	-
<b>Total Expenditures</b>	<b>13,543</b>	<b>841,190</b>	<b>196,960</b>	<b>-</b>
Excess (Deficiency) of Revenues Over Expenditures	(6,778)	(235,674)	526,703	4,796
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	661,063	-	-
Transfers Out	(1,425)	(256,066)	(638,293)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,425)</b>	<b>404,997</b>	<b>(638,293)</b>	<b>-</b>
Net Change in Fund Balances	(8,203)	169,323	(111,590)	4,796
Fund Balances - Beginning	(22,506)	47,965	578,160	126,610
Prior Period Adjustment	(43,862)	-	-	-
<b>Fund Balances - Ending</b>	<b>\$ (74,571)</b>	<b>\$ 217,288</b>	<b>\$ 466,570</b>	<b>\$ 131,406</b>

(CDBG) Housing and Community Development II	CA Oil Museum	Asset Forfeiture	Hillsborough Open Space Assessment	State Grant	DOJ-BJA Local Law Enforecement 03/04	Local Transportation TDA Article 3
\$ -	\$ -	\$ -	\$ 7,191	\$ -	\$ -	\$ 659
590,991	-	-	-	-	12,104	-
31,321	-	-	-	-	-	-
-	-	18,551	-	-	-	-
1,061	10,657	1,644	89	114	717	550
12,776	138,600	-	-	-	-	-
<u>636,149</u>	<u>149,257</u>	<u>20,195</u>	<u>7,280</u>	<u>114</u>	<u>12,821</u>	<u>1,209</u>
-	-	-	-	-	-	-
498,614	-	-	-	-	-	-
9,878	165,857	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	23,379	-	-	12,581	-
210,121	-	-	5,982	-	-	-
12,776	-	-	-	-	-	-
<u>731,389</u>	<u>165,857</u>	<u>23,379</u>	<u>5,982</u>	<u>-</u>	<u>12,581</u>	<u>-</u>
(95,240)	(16,600)	(3,184)	1,298	114	240	1,209
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(95,240)	(16,600)	(3,184)	1,298	114	240	1,209
182,721	77,358	49,289	1,716	3,024	16,942	8,244
-	-	-	-	-	-	-
<u>\$ 87,481</u>	<u>\$ 60,758</u>	<u>\$ 46,105</u>	<u>\$ 3,014</u>	<u>\$ 3,138</u>	<u>\$ 17,182</u>	<u>\$ 9,453</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, 2006**

	Weed and Seed Support GRT-DOJ	Traffic Congestion State	Congestion Management and Air Quality	Redevelopment Agency Housing Set-Aside
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 505,559
Intergovernmental	23,396	130,644	53,827	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Investment Earnings	-	1,714	-	28,447
Other Revenues	-	-	-	-
<b>Total Revenues</b>	<b>23,396</b>	<b>132,358</b>	<b>53,827</b>	<b>534,006</b>
<b>EXPENDITURES</b>				
General Government	-	-	-	-
Building and Safety	-	-	-	-
Community Services	-	-	-	82,785
Financial Services	-	-	-	-
Fire	-	-	-	-
Police	50,545	-	-	-
Public Works	-	16,207	140,906	-
Non-Departmental	-	-	-	-
<b>Total Expenditures</b>	<b>50,545</b>	<b>16,207</b>	<b>140,906</b>	<b>82,785</b>
Excess (Deficiency) of Revenues Over Expenditures	(27,149)	116,151	(87,079)	451,221
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	(120,138)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(120,138)</b>
<b>Net Change in Fund Balances</b>	<b>(27,149)</b>	<b>116,151</b>	<b>(87,079)</b>	<b>331,083</b>
Fund Balances - Beginning	-	-	-	659,091
Prior Period Adjustment	-	-	-	-
<b>Fund Balances - Ending</b>	<b>\$ (27,149)</b>	<b>\$ 116,151</b>	<b>\$ (87,079)</b>	<b>\$ 990,174</b>

NPDES Storm Water Quality	SLESF-COPS State	Law Enforcement Equipment	COPS State	Beverage Container Recycling	Area Agency on Aging	State Homeland Security Grant
\$ 59,801	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	100,000	-	63,000	13,823	1,516	56,335
-	-	-	-	-	-	-
2,041	5,623	557	-	750	4	-
-	-	-	-	-	5,623	-
<u>61,842</u>	<u>105,623</u>	<u>557</u>	<u>63,000</u>	<u>14,573</u>	<u>7,143</u>	<u>56,335</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	19,400	-
-	-	-	-	-	86	-
-	-	-	-	-	-	50,130
-	110,017	-	63,000	-	-	-
27,062	-	-	-	7,174	-	-
-	-	-	-	-	-	-
<u>27,062</u>	<u>110,017</u>	<u>-</u>	<u>63,000</u>	<u>7,174</u>	<u>19,486</u>	<u>50,130</u>
<u>34,780</u>	<u>(4,394)</u>	<u>557</u>	<u>-</u>	<u>7,399</u>	<u>(12,343)</u>	<u>6,205</u>
-	-	-	-	-	-	-
(6,220)	-	-	-	-	-	-
<u>(6,220)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
28,560	(4,394)	557	-	7,399	(12,343)	6,205
60,333	108,527	14,709	-	12,766	2,273	(6,205)
-	-	-	-	-	-	-
<u>\$ 88,893</u>	<u>\$ 104,133</u>	<u>\$ 15,266</u>	<u>\$ -</u>	<u>\$ 20,165</u>	<u>\$ (10,070)</u>	<u>\$ -</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, 2006**

	Transportation Enhancement Activities	State Park Bond Prop. 12	Federal STP	FEMA Assistance to Firefighters
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	412,000	247,000	696,385	114,300
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Investment Earnings	-	-	-	325
Other Revenues	-	-	-	-
<b>Total Revenues</b>	<b>412,000</b>	<b>247,000</b>	<b>696,385</b>	<b>114,625</b>
<b>EXPENDITURES</b>				
General Government	-	-	-	-
Building and Safety	-	-	-	-
Community Services	-	63,671	-	-
Financial Services	-	-	-	-
Fire	-	-	-	114,625
Police	-	-	-	-
Public Works	-	-	19,826	-
Non-Departmental	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>63,671</b>	<b>19,826</b>	<b>114,625</b>
Excess (Deficiency) of Revenues Over Expenditures	412,000	183,329	676,559	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	412,000	183,329	676,559	-
Fund Balances - Beginning	-	-	-	-
Prior Period Adjustment	(412,000)	(183,329)	(676,559)	-
Fund Balances - Ending	\$ (412,000)	\$ -	\$ -	\$ -

<u>FEMA Seismic Retrofit Grant</u>	<u>CA Used Oil Block Grant</u>	<u>CA Law Enforcement CLEEP</u>	<u>Cable Television Fund</u>	<u>Stormwater Program Fund</u>	<u>Office of Traffic Safety</u>	<u>Transportation Enhancement Grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	886	-	-	-	37,958	49,653
-	-	-	19,265	11,025	-	-
-	-	-	-	-	-	-
9,810	316	783	508	-	-	-
-	-	-	-	-	-	-
<u>9,810</u>	<u>1,202</u>	<u>783</u>	<u>19,773</u>	<u>11,025</u>	<u>37,958</u>	<u>49,653</u>
-	-	-	-	-	-	-
35,200	-	-	-	-	-	-
-	-	-	66,385	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	91,214	-
-	6,315	-	-	277,581	-	96,005
-	-	-	-	-	-	-
<u>35,200</u>	<u>6,315</u>	<u>-</u>	<u>66,385</u>	<u>277,581</u>	<u>91,214</u>	<u>96,005</u>
<u>(25,390)</u>	<u>(5,113)</u>	<u>783</u>	<u>(46,612)</u>	<u>(266,556)</u>	<u>(53,256)</u>	<u>(46,352)</u>
-	-	-	-	323,568	-	-
-	-	-	-	<u>(36,486)</u>	-	-
-	-	-	-	<u>287,082</u>	-	-
<u>(25,390)</u>	<u>(5,113)</u>	<u>783</u>	<u>(46,612)</u>	<u>20,526</u>	<u>(53,256)</u>	<u>(46,352)</u>
275,414	10,008	20,706	40,255	(20,526)	5,369	(777)
-	-	-	-	-	-	-
<u>\$ 250,024</u>	<u>\$ 4,895</u>	<u>\$ 21,489</u>	<u>\$ (6,357)</u>	<u>\$ -</u>	<u>\$ (47,887)</u>	<u>\$ (47,129)</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, 2006**

	BJA Vest Grant	Miscellaneous State Grants	Total
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 1,208,298
Intergovernmental	16,515	29,000	3,268,170
Charges for Services	-	-	127,109
Fines and Forfeiture	-	-	18,551
Investment Earnings	-	-	85,376
Other Revenues	-	-	158,650
<b>Total Revenues</b>	<b>16,515</b>	<b>29,000</b>	<b>4,866,154</b>
<b>EXPENDITURES</b>			
General Government	-	-	13,543
Building and Safety	-	-	533,814
Community Services	-	-	407,976
Financial Services	-	-	10,759
Fire	-	-	164,755
Police	16,515	29,000	396,251
Public Works	-	-	1,834,656
Non-Departmental	-	-	12,776
<b>Total Expenditures</b>	<b>16,515</b>	<b>29,000</b>	<b>3,374,530</b>
Excess (Deficiency) of Revenues Over Expenditures	-	-	1,491,624
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	984,631
Transfers Out	-	-	(1,058,628)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(73,997)</b>
Net Change in Fund Balances	-	-	1,417,627
Fund Balances - Beginning	-	-	2,251,466
Prior Period Adjustment	-	-	(1,315,750)
Fund Balances - Ending	\$ -	\$ -	\$ 2,353,343

**City of Santa Paula**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Capital Project Funds**  
**For the Year Ended June 30, 2006**

	Redevelopment Agency Exempt	Redevelopment Agency Housing Bond	Capital Bond	Library Expansion Facilities	Law Enforcement Facilities
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 43,910	\$ 16,134
Charges for Services	120	-	-	-	-
Investment Earnings	23,781	40,792	12	2,397	691
Other Revenues	-	-	-	-	-
Total Revenues	<u>23,901</u>	<u>40,792</u>	<u>12</u>	<u>46,307</u>	<u>16,825</u>
<b>EXPENDITURES</b>					
General Government	-	-	-	-	-
Building and Safety	-	-	-	-	-
Community Services	526,908	15,000	2,070	-	-
Public Works	2,650	-	-	-	-
Non-Departmental	-	-	-	-	-
Total Expenditures	<u>529,558</u>	<u>15,000</u>	<u>2,070</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(505,657)</u>	<u>25,792</u>	<u>(2,058)</u>	<u>46,307</u>	<u>16,825</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	279,286	-	-	-	-
Transfers Out	<u>(86,942)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>192,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(313,313)	25,792	(2,058)	46,307	16,825
Fund Balances - Beginning	<u>888,449</u>	<u>1,082,611</u>	<u>2,058</u>	<u>26,459</u>	<u>7,765</u>
Fund Balances - Ending	<u><u>\$ 575,136</u></u>	<u><u>\$ 1,108,403</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 72,766</u></u>	<u><u>\$ 24,590</u></u>

Fire Protection Facilities	Public Meeting Facilities	General Government Facilities	Traffic Impact Fee	Parks and Recreation Facilities	Parkland Facilities	Corp Yard Facilities
\$ 15,833	\$ 36,898	\$ 42,822	\$ 218,897	\$ 358,562	\$ 252,378	\$ -
-	-	-	-	-	-	-
1,347	2,019	2,023	8,875	6,377	13,449	3,837
-	-	-	-	-	-	-
<u>17,180</u>	<u>38,917</u>	<u>44,845</u>	<u>227,772</u>	<u>364,939</u>	<u>265,827</u>	<u>3,837</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	9,019	-
-	-	-	-	5,571	9,368	1,728
-	-	-	-	-	-	4,550
-	-	-	-	5,571	18,387	6,278
<u>17,180</u>	<u>38,917</u>	<u>44,845</u>	<u>227,772</u>	<u>359,368</u>	<u>247,440</u>	<u>(2,441)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>17,180</u>	<u>38,917</u>	<u>44,845</u>	<u>227,772</u>	<u>359,368</u>	<u>247,440</u>	<u>(2,441)</u>
<u>24,209</u>	<u>23,060</u>	<u>19,978</u>	<u>87,839</u>	<u>5,608</u>	<u>161,446</u>	<u>713</u>
<u>\$ 41,389</u>	<u>\$ 61,977</u>	<u>\$ 64,823</u>	<u>\$ 315,611</u>	<u>\$ 364,976</u>	<u>\$ 408,886</u>	<u>\$ (1,728)</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, 2006**

	Civic Center Facilities	Total
<b>REVENUES</b>		
Taxes	\$ -	\$ 985,434
Charges for Services	-	120
Investment Earnings	-	105,600
Other Revenues	-	-
	-	-
Total Revenues	-	1,091,154
<b>EXPENDITURES</b>		
General Government	-	-
Building and Safety	-	-
Community Services	-	552,997
Public Works	-	19,317
Non-Departmental	713	5,263
	713	5,263
Total Expenditures	713	577,577
Excess (Deficiency) of Revenues Over Expenditures	(713)	513,577
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	-	279,286
Transfers Out	-	(86,942)
	-	(86,942)
Total Other Financing Sources (Uses)	-	192,344
Net Change in Fund Balances	(713)	705,921
Fund Balances - Beginning	713	2,330,908
Fund Balances - Ending	\$ -	\$ 3,036,829

**City of Santa Paula**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Debt Service Funds**  
**For the Year Ended June 30, 2006**

	Redevelopment Set-Aside Debt Service	Total
<b>REVENUES</b>		
Taxes	\$ -	\$ -
Investment Earnings	5,080	5,080
Total Revenues	5,080	5,080
<b>EXPENDITURES</b>		
General Government	536	536
Debt Service:		
Principal	30,000	30,000
Interest	70,269	70,269
Total Expenditures	100,805	100,805
Excess (Deficiency) of Revenues Over Expenditures	(95,725)	(95,725)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	97,000	97,000
Transfers Out	-	-
Total Other Financing Sources (Uses)	97,000	97,000
Net Change in Fund Balances	1,275	1,275
Fund Balances - Beginning	99,395	99,395
Fund Balances - Ending	\$ 100,670	\$ 100,670

**City of Santa Paula**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Permanent Funds**  
**For the Year Ended June 30, 2006**

	Community Center Endowment	Museum Endowment	Harding Park Trust	Total
<b>REVENUES</b>				
Investment Earnings	\$ 17,778	\$ 7,799	\$ 93,064	\$ 118,641
Other Revenues	1,860	-	-	1,860
Total Revenues	<u>19,638</u>	<u>7,799</u>	<u>93,064</u>	<u>120,501</u>
<b>EXPENDITURES</b>				
Community Services	18,519	8,136	-	26,655
Public Works	-	-	2,503	2,503
Total Expenditures	<u>18,519</u>	<u>8,136</u>	<u>2,503</u>	<u>29,158</u>
Excess (Deficiency) of Revenues Over Expenditures	1,119	(337)	90,561	91,343
Fund Balances - Beginning	<u>477,052</u>	<u>209,627</u>	<u>440,013</u>	<u>1,126,692</u>
Fund Balances - Ending	<u><u>\$ 478,171</u></u>	<u><u>\$ 209,290</u></u>	<u><u>\$ 530,574</u></u>	<u><u>\$ 1,218,035</u></u>