

CITY OF SANTA PAULA
FINANCIAL STATEMENTS
Year Ended June 30, 2011

**City of Santa Paula
Financial Statements
Year Ended June 30, 2011**

TABLE OF CONTENTS

	Page
Independent Auditors' Report	i - ii
Management Discussion and Analysis	iii - xi
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	1
Statement of Activities	2 - 3
Fund Financial Statements:	
Balance Sheet - Governmental Funds	4 - 5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7 - 8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Assets - Proprietary Funds	10
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	11
Statement of Cash Flows - Proprietary Funds	12 - 13
Notes to Financial Statements	14 - 45
 Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Fund	46
Schedule of Funding Progress for DPHP	47
Notes to Required Supplementary Information	48
 Supplementary Information	
Combining and Individual Fund Statements and Schedules:	49 - 52
Combining Balance Sheet - Nonmajor Governmental Funds	53
Combining Balance Sheet - Nonmajor Special Revenue Funds	54 - 59
Combining Balance Sheet - Nonmajor Capital Projects Funds	60 - 62
Combining Balance Sheet - Nonmajor Debt Service Funds	63
Combining Balance Sheet - Nonmajor Permanent Funds	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	66 - 71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds	72 - 74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds	76

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic 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 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, 2011, 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.

As discussed in Note IV B to the financials statements, there have been recent changes in legislation affecting redevelopment agencies in the State of California which requires the dissolution of redevelopment agencies as of February 1, 2012, including the Santa Paula Redevelopment Agency.

As described in Note I to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2012 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 internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii through xi, budgetary comparison information on page 46, and Schedule of Funding Progress on page 47, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Seaman Ramirez & Smith, Inc.

March 14, 2012

CITY OF SANTA PAULA

Management's Discussion and Analysis For the Year Ended June 30, 2011

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, 2011.

Financial Highlights

- The assets of the City of Santa Paula exceeded its liabilities at the close of FY 2010-11 by \$54,115,628 (*net assets*). Of this amount, \$9,215,824 (*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 \$4,287,161
- As of the close of the current fiscal year, the City of Santa Paula's governmental funds reported combined ending fund balances of \$9,556,913 an increase of \$2,038,780 from the ending balance of 2010 that was \$7,518,133. Approximately \$525,693 (*unassigned fund balance*) and \$8,287,218 (restricted fund balance) is *available for spending with some government discretion*.
- At the end of the current fiscal year, unreserved fund balance from the general fund was \$1,417,385 or 11.5% of the fund total of total general fund expenditures and transfers equaling \$12,327,713. This is an increase of \$491,825 compared to the prior year, mostly due to public works projects related to the bond proceeds and continued salary and overtime cost reductions.
- The City of Santa Paula's governmental funds total current liabilities, excluding advances from other funds, at year-end were \$7,953,269, an increase of \$2,964,593 over the prior year.

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*. Beginning in June of 2011 the Refuse Division was contracted out to a private entity.

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

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

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

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

The City of Santa Paula maintains fifty-nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in the fund balances for the general fund (which is made up of eight separate funds), which is considered to be a major fund. Data from the other fifty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* 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 4-9 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 10-13 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.

The basic Fiduciary fund financial statements can be found on pages 64 and 76 of 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 14-45 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Santa Paula's General Fund Actual to Budget comparison. Required supplementary information can be found on page 46-48 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 49-76 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 \$49,828,467 at the close of 2010 and \$54,115,628 at June 30, 2011.

A large portion (almost all) of the City of Santa Paula's net assets include \$34,755,458 (64 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, 2010			June 30, 2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets						
Current and other Assets	11,253,976	60,952,547	72,206,523	14,477,440	57,143,034	71,620,474
Capital Assets (net of depreciation)	13,566,019	122,307,451	135,873,470	16,891,881	121,824,963	138,716,844
Total Assets	24,819,995	183,259,998	208,079,993	31,369,321	178,967,997	210,337,318
Liabilities						
Long-term liabilities outstanding	8,596,713	141,100,978	149,697,691	10,163,158	135,510,184	145,673,342
Other liabilities	3,407,859	5,145,976	8,553,835	4,508,316	6,040,022	10,548,338
Total Liabilities	12,004,572	146,246,954	158,251,526	14,671,474	141,550,206	156,221,680
Invested in capital assets, net of related debt	10,725,133	38,679,759	49,404,892	16,462,104	18,293,354	34,755,458
Restricted For:						
Transportation and other purposes	4,977,874	-	4,977,874	852,816	-	852,816
Community Development	-	-	-	611,356	-	611,356
Public Safety	-	-	-	126,124	-	126,124
Public Works	-	-	-	1,890,483	-	1,890,483
Low and Moderate Housing	-	-	-	1,534,105	-	1,534,105
Debt Services	331,275	6,708,378	7,039,653	331,042	4,798,420	5,129,462
Unrestricted	(3,218,859)	(8,375,093)	(11,593,952)	(5,110,193)	14,326,017	9,215,824
Total net assets	12,815,423	37,013,044	49,828,467	16,697,837	37,417,791	54,115,628

An additional portion of the City of Santa Paula's net assets (18.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$9,215,824 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Santa Paula is able to report positive balances in two categories of net assets—Investment in capital assets and restricted net assets. Separately, the City's governmental *unrestricted net assets* shows a negative balance of (\$5,110,193), which is an increase in negative balance from the previous year's figure of (\$1,891,334). 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 \$14,326,017, an increase over the prior year's negative balance of (\$8,375,093). The governmental activities showed only an increase of \$5,736,971 for *Invested in Capital Assets*. The business-type activities reported for *Invested in Capital Assets* a net decrease from the prior year of \$20,386,405.

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

	June 30,2010			June 30,2011		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
Revenues						
Charges for services	\$2,215,035	\$14,829,123	\$17,044,158	\$2,186,577	\$18,445,714	\$20,632,291
Operating grants	2,226,794		2,226,794	4,383,278		4,383,278
Capital grants	79,347		79,347	546,264		546,264
General revenues:						
Property taxes	5,348,017		5,348,017	5,286,239		5,286,239
Tax increment	3,575,375		3,575,375	3,299,386		3,299,386
Sales taxes	1,185,467		1,185,467	1,417,271		1,417,271
Other taxes	704,633		704,633	1,067,829		1,067,829
Investments	35,283	98,000	133,283	25,031	69,682	94,713
Other revenues	683,827		683,827	857,698		857,698
Total Assets	16,053,778	14,927,123	30,980,901	19,069,573	18,515,396	37,584,969
Expenses						
General						
administration	2,266,626		2,266,626	3,424,358		3,424,358
Building and safety	708,653		708,653	511,518		511,518
Community services	4,892,234		4,892,234	1,558,858		1,558,858
Financial Services	409,818		409,818	386,682		386,682
Fire	2,048,015		2,048,015	2,110,501		2,110,501
Planning	522,161		522,161	644,007		644,007
Police	5,472,589		5,472,589	5,622,910		5,622,910
Public Works	1,006,256		1,006,256	989,271		989,271
Economic						
development	217,233		217,233	2,795,690		2,795,690
Non-departmental	1,019		1,019	505		505
Interest	217,972		217,972	260,465		260,465
Refuse		1,758,583	1,758,583		1,584,852	1,584,852
Water		4,995,735	4,995,735		5,722,208	5,722,208
Sewer		3,620,806	3,620,806		7,685,983	7,685,983
Total expenses	17,762,576	10,375,124	28,137,700	18,304,765	14,993,043	33,297,808
Increase in Net Assets						
before Transfers	(1,708,798)	4,551,999	2,843,201	764,808	3,522,353	4,287,161
Transfers	1,011,661	(1,011,661)	-	3,117,606	(3,117,606)	-
Increase in Net Assets	(697,137)	3,540,338	2,843,201	3,882,414	404,747	4,287,161
Beginning Net Assets	13,637,429	33,472,706	47,110,135	12,815,423	37,013,044	49,828,467
Prior period						
adjustment	(124,869)		(124,869)	-	-	-
Ending Net Assets	\$12,815,423	\$37,013,044	\$49,828,467	\$16,697,837	\$37,417,791	\$54,115,628

There was an increase of \$404,747 in total net assets reported in connection with the City of Santa Paula's business-type activities. Governmental activities net assets increased by \$3,882,414, during the fiscal year. This majority of this increase represents \$2.6 increase in Grants related revenue. Key elements of this increase are as follows:

Governmental activities. Governmental activities increased the City of Santa Paula's net assets by \$3,882,414 or thereby accounting for 90.5 percent of the total increase in the net assets of the City of Santa Paula.

Expenses for governmental activities increased from \$17,762,576 in 2010 to \$18,304,765 in 2011, an increase of \$542,189.

Business-type activities. Business-type activities increased the City of Santa Paula's net assets by \$404,747 accounting for an additional positive growth in the government's net assets.

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 \$9,556,913.

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 \$1,417,385, while total fund balance reached \$3,021,181. 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 7.74 percent of the total general fund expenditures, while total fund balance represents 16.5 percent of that same amount.

The City of Santa Paula's unreserved general fund, fund balance, increased by \$51,366 during the current fiscal year. This reflects the general fund increase in all revenue types except for other revenue less the increase in expenditures. The Police expenditures budget is more than 30 percent of the general fund expenditures.

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 \$37,417,791 an increase of \$404,747 from the prior period. The net assets for the proprietary funds - water, refuse and sewer increased \$660,504, (\$1,297,226) and \$1,041,469 respectively. Other factors concerning the finances of these funds are addressed in the discussion of the City of Santa Paula's business-type activities.

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

	Business-Type Activities			
	Water	Refuse	Sewer	Total
Operating Revenues	\$6,877,798	\$2,080,708	\$9,227,233	\$18,185,739
Operating Expenses	3,066,137	1,584,852	6,967,601	\$11,618,590
Operating Income (loss)	3,811,661	495,856	2,259,632	6,567,149
Total non-operating revenues (expenses)	(2,516,913)	180,017	(707,900)	(3,044,796)
Transfer in	174,499			\$174,499
Transfers out	(808,743)	(1,973,099)	(510,263)	(\$3,292,105)
Change in Net Assets	660,504	(1,297,226)	1,041,469	404,747
Total Net Assets, Beginning	15,538,952	1,297,226	20,176,866	37,013,044
Total Net Assets, Ending	\$16,199,456	\$0	\$21,218,335	\$37,417,791

General Fund Budgetary Highlights

The original budgeted general fund revenue ended \$1,405,821 over the actual closing amount. There were no fiscal year adjustments to the final revenue budget. The year ended with unbudgeted other revenue of approximately \$600,000 with increases in all categories except investment earnings. Revenues overall were 15.25% higher than the final adjusted budget.

Differences between the final budget and the actual expenditures were not favorable except for the Community Services department. Administration and Police were \$513,624 and \$655,610 over budget respectively. Overall the General Fund expenditures came in over the budget by \$1,900,204 or 18.2%. The majority of the overages are due to increased insurance costs and the use of bond proceeds for capital projects.

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, 2011, amounts to \$138,612,393 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements other than buildings, machinery and equipment, as well as construction in progress.

	Capital Assets		
	Table 4		
	(Net of Depreciation)		
	Governmental Activities	Business-Type Activities	Total
Land	\$504,119	\$6,742,631	\$7,246,750
Water rights	\$0	\$13,834,827	\$13,834,827
Construction in progress	3,540,737	12,365,314	\$15,906,051
Buildings and system	1,790,554	80,522,210	\$82,312,764
Machinery and equipment	832,634	871,248	\$1,703,882
Improvements other than buildings	10,223,837	7,488,733	\$17,712,570
Total Capital Assets	\$16,891,881	\$121,824,963	\$138,716,844

The value of the City's assets has increased by \$2,738,924 during this reporting period. Additional information on the City of Santa Paula's capital assets can be found in note III.C on pages 22 and 23 in this report.

Long-term debt. At the end of the current fiscal year, the City of Santa Paula had total debt outstanding of \$145,401,849, excluding compensated absences and estimated claims, of \$3,450,390. This is a decrease of \$2,977,151 from the prior period's level of \$148,379,000. Governmental activities increased by \$1,677,627 due to an increase in claims payable. Of the current citywide long-term debt \$2,925,043 is secured by tax allocation proceeds. Bonds secured solely by specified revenue sources (i.e., revenue bonds) equal \$68,477,603. The remaining debt is backed by the full faith and credit of the government.

The City of Santa Paula's total outstanding debt includes \$66,895,000 principal amount comprised of three series' of revenue bonds issued during the current fiscal year. Capital leases also decreased by \$411,446 due primarily to the payoff of Refuse Vehicles prior to the sale to the private hauler. Management is still researching the Wastewater Facilities Lease and the treatment of this item since it was fully financed by external sources. Additional information on the City of Santa Paula's long-term debt can be found in note III.E on pages 30 to 38 of this report.

**Outstanding Debt
Table 5**

	Governmental Activities	Business-Type Activities	Total
Tax Allocation Bonds	\$2,925,043		\$2,925,043
Capital Lease Payable	153,877		\$153,877
Lease Revenue Bonds:			
Water 2010		54,865,000	\$54,865,000
Less: Deferred Issuance Premiums		1,768,189	\$1,768,189
Wastewater 2101A		5,900,000	\$5,900,000
Wastewater 2101B		6,130,000	\$6,130,000
Deferred Issuance Discounts		(185,586)	(\$185,586)
Loans Payable	275,900		\$275,900
Notes Payable		496,500	\$496,500
Pension Related Debt	3,467,924	202,130	\$3,670,054
OPEB Obligations	199,212		\$199,212
Compensated Absences	428,419	41,690	\$470,109
Wastewater Facilities Lease		69,203,660	\$69,203,660
Claims Payable	2,980,281		\$2,980,281
Total	<u>\$10,430,656</u>	<u>\$138,421,583</u>	<u>\$148,852,239</u>
June 30,2010	\$8,753,029	\$143,958,201	\$152,711,230
Change in debt service	\$1,677,627	(\$5,536,618)	(\$3,858,991)

Economic Factors and Next Year's Budgets and Rates

The unemployment rate estimated by the State of California Employment Development Department (December 2011) for the City of Santa Paula is 15.4 percent, up from last year's 12.2 percent. Unemployment continues to remain lower than the high in 2008 of 17.5 percent.

Both the Water and Sewer rates were increased November 1, 2010 and they are scheduled for another increase in the 2011-12 budget year. The sewer rates were increased by 30 percent for residential customers, while the average increase in the water rates was 12 percent. These rate increases were necessary to cover higher operating expenses and to fund significant capital investments in infrastructure and the new Water Recycling Facility (WRF).

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, Interim Finance Director, P.O. Box 569, Santa Paula, CA 93061.

BASIC FINANCIAL STATEMENTS

City of Santa Paula
Statement of Net Assets
June 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 10,260,080	\$ 10,904,693	\$ 21,164,773
Receivables (Net of Allowance)	3,514,606	1,915,989	5,430,595
Due from Other Governments	422,955	-	422,955
Loans Receivable, Net	24,464	-	24,464
Deferred Charges	72,560	4,775,677	4,848,237
Internal Balances	(4,877,778)	4,877,778	-
Cash - Restricted	4,855,322	34,668,897	39,524,219
Property Held for Resale	205,221	-	205,221
Capital Assets Not Being Depreciated			
Land	504,119	6,742,631	7,246,750
Water Rights		13,834,827	13,834,827
Construction in Progress	3,540,737	12,365,314	15,906,051
Capital Assets Net of Accumulated Depreciation			
Buildings and System	1,790,554	80,522,210	82,312,764
Machinery and Equipment	832,634	871,248	1,703,882
Improvements Other Than Buildings	10,223,837	7,488,733	17,712,570
	<u>31,369,311</u>	<u>178,967,997</u>	<u>210,337,308</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	3,940,105	1,732,854	5,672,959
Accrued Interest Payable	15,713	1,395,769	1,411,482
Unearned Revenue	285,000	-	285,000
Noncurrent Liabilities			
Due Within One Year	267,498	3,096,399	3,363,897
Due in More Than One Year	10,163,158	135,325,184	145,488,342
	<u>14,671,474</u>	<u>141,550,206</u>	<u>156,221,680</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	16,462,104	18,293,354	34,755,458
Restricted for:			
Transportation and Other Purposes	852,816	-	852,816
Community Development	611,356	-	611,356
Public Safety	126,124	-	126,124
Public Works	1,890,483	-	1,890,483
Low and Moderate Housing	1,534,105	-	1,534,105
Debt Service	331,042	4,798,420	5,129,462
Unrestricted	(5,110,193)	14,326,017	9,215,824
	<u>\$ 16,697,837</u>	<u>\$ 37,417,791</u>	<u>\$ 54,115,628</u>

The accompanying notes are an integral part of this statement.

**City of Santa Paula
Statement of Activities
For the Year Ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 3,576,247	\$ 36,567	\$ -	\$ -
Building and Safety	507,391	488,169	354,928	-
Community Services	1,454,868	295,805	162,432	9,294
Financial Services	386,682	11,012	-	-
Fire	2,110,500	110,963	68,851	24,264
Planning	644,007	468,516	-	-
Police	5,622,303	297,565	276,677	8,704
Public Works	946,812	386,384	3,520,390	504,002
Economic Development	2,794,985	-	-	-
Non-departmental	505	91,596	-	-
Interest on Long-term Debt	260,465	-	-	-
Total Governmental Activities	18,304,765	2,186,577	4,383,278	546,264
Business-type Activities:				
Refuse	1,584,852	2,255,683	-	-
Water	5,722,208	6,962,798	-	-
Sewer	7,685,983	9,227,233	-	-
Total Business-type Activities	14,993,043	18,445,714	-	-
Total Government	\$ 33,297,808	\$ 20,632,291	\$ 4,383,278	\$ 546,264

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

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
\$ (3,539,680)	\$ -	\$ (3,539,680)
335,706	-	335,706
(987,337)	-	(987,337)
(375,670)	-	(375,670)
(1,906,422)	-	(1,906,422)
(175,491)	-	(175,491)
(5,039,357)	-	(5,039,357)
3,463,964	-	3,463,964
(2,794,985)	-	(2,794,985)
91,091	-	91,091
(260,465)	-	(260,465)
<u>(11,188,646)</u>	<u>-</u>	<u>(11,188,646)</u>
-	670,831	670,831
-	1,240,590	1,240,590
-	1,541,250	1,541,250
<u>-</u>	<u>3,452,671</u>	<u>3,452,671</u>
<u>(11,188,646)</u>	<u>3,452,671</u>	<u>(7,735,975)</u>
5,286,239	-	5,286,239
3,299,386	-	3,299,386
1,417,271	-	1,417,271
73,504	-	73,504
747,087	-	747,087
110,511	-	110,511
136,727	-	136,727
25,031	69,682	94,713
857,698	-	857,698
3,117,606	(3,117,606)	-
<u>15,071,060</u>	<u>(3,047,924)</u>	<u>12,023,136</u>
3,882,414	404,747	4,287,161
<u>12,815,423</u>	<u>37,013,044</u>	<u>49,828,467</u>
<u>\$ 16,697,837</u>	<u>\$ 37,417,791</u>	<u>\$ 54,115,628</u>

The accompanying notes are an integral part of this statement.

**City of Santa Paula
Balance Sheet
Governmental Funds
June 30, 2011**

	General	Congestion Management and Air Quality Capital Project	Redevelopment Debt Service	Other Governmental Funds
ASSETS				
Cash and Investments	\$ 1,987,332	\$ -	\$ 1,419,681	\$ 6,853,067
Cash with Fiscal Agent	-	-	241,445	89,597
Receivables	804,731	2,057,564	10,400	641,911
Due from Other Funds	2,168,970	-	-	-
Due from Other Governments	422,955	-	-	-
Loans Receivable	13,174	-	-	947,632
Cash - Restricted	4,483,661	-	-	40,619
Property Held for Resale	-	-	-	205,221
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 9,880,823</u>	<u>\$ 2,057,564</u>	<u>\$ 1,671,526</u>	<u>\$ 8,778,047</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 1,360,735	\$ 482,284	\$ 1,915,230	\$ 181,856
Due to Other Funds	-	1,562,858	-	606,112
Deferred Revenue	721,129	-	-	1,123,065
Advances From Other Funds	4,777,778	-	-	100,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>6,859,642</u>	<u>2,045,142</u>	<u>1,915,230</u>	<u>2,011,033</u>
Fund Balances:				
Nonspendable	13,174	-	-	730,828
Restricted	1,590,622	12,422	241,445	6,442,729
Unassigned	1,417,385	-	(485,149)	(406,543)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>3,021,181</u>	<u>12,422</u>	<u>(243,704)</u>	<u>6,767,014</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 9,880,823</u>	<u>\$ 2,057,564</u>	<u>\$ 1,671,526</u>	<u>\$ 8,778,047</u>

The accompanying notes are an integral part of this statement.

Total
Governmental
Funds

\$ 10,260,080
331,042
3,514,606
2,168,970
422,955
960,806
4,524,280
205,221

\$ 22,387,960

\$ 3,940,105
2,168,970
1,844,194
4,877,778

12,831,047

744,002
8,287,218
525,693

9,556,913

\$ 22,387,960

The accompanying notes are an integral part of this statement.

City of Santa Paula
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2011

Fund balances of governmental funds	\$	9,556,913
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.		16,891,881
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		622,852
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		(153,877)
Tax allocation refunding bonds, net of unamortized discount		(2,925,043)
Compensated Absences		(428,419)
Claims payable		(2,980,281)
OPEB Obligation		(199,212)
Loans Payable		(275,900)
Pension Related Debt		(3,467,924)
Accrued interest payable is not reported in the funds.		(15,713)
Unamortized issuance costs on the tax allocation bonds have not been reported in the governmental funds.		72,560
Net assets of governmental activities	\$	16,697,837

The accompanying notes are an integral part of this statement.

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City of Santa Paula
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General	Congestion Management and Air Quality Capital Project	Redevelopment Debt Service	Other Governmental Funds
REVENUES				
Taxes	\$ 7,508,894	\$ -	\$ 2,639,479	\$ 1,300,383
Licenses and Permits	488,773	-	-	-
Intergovernmental	483,513	2,174,157	-	1,607,685
Charges for Services	1,256,729	65	-	147,255
Fines and Forfeitures	177,231	-	-	491
Investment Earnings	2,698	-	3,366	146,462
Other Revenues	706,622	-	-	230,688
	<u>10,624,460</u>	<u>2,174,222</u>	<u>2,642,845</u>	<u>3,432,964</u>
EXPENDITURES				
Current:				
General Government	1,737,677	-	13,113	158,051
Building and Safety	281,561	-	-	224,008
Community Services	957,761	-	-	349,480
Financial Services	382,802	-	-	2,665
Fire	2,125,814	-	-	9,835
Planning	632,583	-	-	1,545
Police	5,486,151	-	-	171,965
Public Works	687,866	2,136,262	-	1,527,719
Economic Development	-	-	-	498,763
Pass-thru Payments	-	-	2,071,489	-
Debt Service:				
Principal	29,377	-	91,000	133,100
Interest	6,121	-	135,608	112,812
	<u>12,327,713</u>	<u>2,136,262</u>	<u>2,311,210</u>	<u>3,189,943</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,703,253)</u>	<u>37,960</u>	<u>331,635</u>	<u>243,021</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	3,335,105	-	-	108,134
Transfers Out	-	-	-	(313,822)
	<u>3,335,105</u>	<u>-</u>	<u>-</u>	<u>(205,688)</u>
Net Change in Fund Balances	1,631,852	37,960	331,635	37,333
Fund Balances, Beginning	<u>1,389,329</u>	<u>(25,538)</u>	<u>(575,339)</u>	<u>6,729,681</u>
Fund Balances, Ending	<u>\$ 3,021,181</u>	<u>\$ 12,422</u>	<u>\$ (243,704)</u>	<u>\$ 6,767,014</u>

The accompanying notes are an integral part of this statement.

Total
Governmental
Funds

\$ 11,448,756
488,773
4,265,355
1,404,049
177,722
152,526
937,310

18,874,491

1,908,841
505,569
1,307,241
385,467
2,135,649
634,128
5,658,116
4,351,847
498,763
2,071,489

253,477
254,541

19,965,128

(1,090,637)

3,443,239
(313,822)

3,129,417

2,038,780

7,518,133

\$ 9,556,913

The accompanying notes are an integral part of this statement.

City of Santa Paula
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

Net change in fund balances-total governmental funds \$ 2,038,780

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 \$4,366,230 exceeded depreciation of \$1,385,368 in the current period. 2,980,862

Interest expenditures are recognized when paid in the governmental funds. Interest expense is recognized when incurred in the statement of activities. This amount represents the difference between interest paid and interest incurred. 685

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 199,897

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal Paid on Tax Allocation Bonds	130,000
Principal Paid on Capital Leases	54,377
Principal Paid on Loans Payable	69,100
Decrease in Pension-related Debt	281,549
Increase in Capital Leases from Business-type Activities	(89,710)
Increase in OPEB Obligation	(60,736)
Increase in Claims and Judgements Payable	(1,751,197)
Amortization of Bond Discounts and Issuance Costs	(6,609)

Compensated absences 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. The following represents the net change in compensated absences in the current period. 35,416

Change in net assets of governmental activities \$ 3,882,414

City of Santa Paula
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-Type Activities - Enterprise Funds			
	Utility Authority		Refuse	Totals
	Water	Sewer		
ASSETS				
Current Assets:				
Cash and Investments	\$ 7,997,612	\$ 2,907,081	\$ -	\$ 10,904,693
Receivables	982,048	933,941	-	1,915,989
Total Current Assets	<u>8,979,660</u>	<u>3,841,022</u>	<u>-</u>	<u>12,820,682</u>
Noncurrent Assets:				
Restricted Cash:				
Cash with Fiscal Agents	27,504,043	7,164,854	-	34,668,897
Advances to Other Funds	2,100,000	4,777,778	-	6,877,778
Deferred Charges	4,502,952	272,725	-	4,775,677
Capital Assets:				
Land	1,965,000	4,777,631	-	6,742,631
Water Rights	13,834,827	-	-	13,834,827
Buildings	12,178,061	78,037,302	-	90,215,363
Improvements	7,142,923	835,676	-	7,978,599
Machinery and Equipment	1,502,018	492,019	-	1,994,037
Construction in Progress	984,431	11,380,883	-	12,365,314
Less: Accumulated Depreciation	(4,924,614)	(6,381,194)	-	(11,305,808)
Total Capital Assets (Net of Accumulated Depreciation)	<u>32,682,646</u>	<u>89,142,317</u>	<u>-</u>	<u>121,824,963</u>
Total Noncurrent Assets	<u>66,789,641</u>	<u>101,357,674</u>	<u>-</u>	<u>168,147,315</u>
Total Assets	<u>75,769,301</u>	<u>105,198,696</u>	<u>-</u>	<u>180,967,997</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	1,090,919	641,935	-	1,732,854
Interest Payable	1,105,417	290,352	-	1,395,769
Compensated Absences	41,690	-	-	41,690
Bonds Payable - Current	1,255,000	185,000	-	1,440,000
Capital Lease Payable - Current	-	1,614,709	-	1,614,709
Total Current Liabilities	<u>3,493,026</u>	<u>2,731,996</u>	<u>-</u>	<u>6,225,022</u>
Noncurrent Liabilities:				
Advances from Other Funds	-	2,000,000	-	2,000,000
Bonds Payable	55,378,189	11,659,414	-	67,037,603
Notes Payable	496,500	-	-	496,500
Capital Lease Payable	-	67,588,951	-	67,588,951
Pension Related Debt	202,130	-	-	202,130
Total Noncurrent Liabilities	<u>56,076,819</u>	<u>81,248,365</u>	<u>-</u>	<u>137,325,184</u>
Total Liabilities	<u>59,569,845</u>	<u>83,980,361</u>	<u>-</u>	<u>143,550,206</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	3,649,006	14,644,348	-	18,293,354
Restricted for:				
Debt Service	3,910,946	887,474	-	4,798,420
Unrestricted	8,639,504	5,686,513	-	14,326,017
Total Net Assets	<u>\$ 16,199,456</u>	<u>\$ 21,218,335</u>	<u>\$ -</u>	<u>\$ 37,417,791</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, 2011

	Business-Type Activities - Enterprise Funds			Totals
	Utility Authority		Refuse	
	Water	Sewer		
OPERATING REVENUES				
Water Sales	\$ 6,877,798	\$ -	\$ -	\$ 6,877,798
Refuse Sales	-	-	2,076,484	2,076,484
Sewer Sales	-	9,171,410	-	9,171,410
Other Revenues	-	55,823	4,224	60,047
Total Operating Revenues	<u>6,877,798</u>	<u>9,227,233</u>	<u>2,080,708</u>	<u>18,185,739</u>
OPERATING EXPENSES				
Cost of Sales	1,742,438	5,636,054	1,453,822	8,832,314
Administration	846,030	224,876	106,899	1,177,805
Depreciation	477,669	1,106,671	24,131	1,608,471
Total Operating Expenses	<u>3,066,137</u>	<u>6,967,601</u>	<u>1,584,852</u>	<u>11,618,590</u>
Operating Income (Loss)	<u>3,811,661</u>	<u>2,259,632</u>	<u>495,856</u>	<u>6,567,149</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	54,158	10,482	5,042	69,682
Interest Expense	(2,656,071)	(718,382)	-	(3,374,453)
Gain/(Loss) on Disposal of Capital Assets	85,000	-	174,975	259,975
Total Nonoperating Revenues (Expenses)	<u>(2,516,913)</u>	<u>(707,900)</u>	<u>180,017</u>	<u>(3,044,796)</u>
Income Before Contributions and Transfers	1,294,748	1,551,732	675,873	3,522,353
Transfers In	174,499	-	-	174,499
Transfers Out	<u>(808,743)</u>	<u>(510,263)</u>	<u>(1,973,099)</u>	<u>(3,292,105)</u>
Change in Net Assets	660,504	1,041,469	(1,297,226)	404,747
Total Net Assets, Beginning	<u>15,538,952</u>	<u>20,176,866</u>	<u>1,297,226</u>	<u>37,013,044</u>
Total Net Assets, Ending	<u><u>\$ 16,199,456</u></u>	<u><u>\$ 21,218,335</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 37,417,791</u></u>

The accompanying notes are an integral part of this statement.

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**City of Santa Paula
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011**

	Utility Authority	
	Water	Sewer
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 6,717,199	\$ 8,981,349
Payments to Suppliers	(877,016)	(5,791,436)
Payments to Employees	(881,541)	(227,742)
Net Cash Provided (Used) by Operating Activities	<u>4,958,642</u>	<u>2,962,171</u>
Cash Flows from Noncapital Financing Activities		
Transfers In	174,499	-
Advances Received (Paid)	-	166,666
Transfers Out	(808,743)	(510,263)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(634,244)</u>	<u>(343,597)</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets	(265,747)	(1,514,411)
Sale of Property	85,000	-
Interest Paid on Capital Debt	(2,393,551)	(666,861)
Principal Paid on Capital Debt	(3,390,290)	(1,504,253)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,964,588)</u>	<u>(3,685,525)</u>
Cash Flows from Investing Activities		
Investment Earnings	54,158	10,482
Net Cash Provided (Used) by Investing Activities	<u>54,158</u>	<u>10,482</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,586,032)	(1,056,469)
Cash and Cash Equivalents, Beginning	37,087,687	11,128,404
Cash and Cash Equivalents, Ending	<u>\$ 35,501,655</u>	<u>\$ 10,071,935</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income	\$ 3,811,661	\$ 2,259,632
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation Expense	477,669	1,106,671
(Increase) Decrease in Receivables	(160,599)	(245,884)
Increase (Decrease) in Accounts Payable	865,422	(155,382)
Increase (Decrease) in Compensated Absences	(24,785)	(2,866)
Increase (Decrease) in Pension Related Debt	(10,726)	-
Net Cash Provided By Operating Activities	<u>\$ 4,958,642</u>	<u>\$ 2,962,171</u>
Noncash Investing, Capital, and Financing Activities		
Amortization of Bond Issuance Costs	\$ 198,601	\$ 16,214
Amortization of (Premium)/Discount on Bonds	(61,861)	6,574

The accompanying notes are an integral part of this statement.

<u>Refuse</u>	<u>Total</u>
\$ 2,257,833	\$ 17,956,381
(1,465,579)	(8,134,031)
<u>(141,154)</u>	<u>(1,250,437)</u>
651,100	8,571,913
-	174,499
-	166,666
<u>(1,951,159)</u>	<u>(3,270,165)</u>
<u>(1,951,159)</u>	<u>(2,929,000)</u>
-	(1,780,158)
683,875	768,875
-	(3,060,412)
<u>(357,069)</u>	<u>(5,251,612)</u>
<u>326,806</u>	<u>(9,323,307)</u>
<u>5,042</u>	<u>69,682</u>
<u>5,042</u>	<u>69,682</u>
(968,211)	(3,610,712)
<u>968,211</u>	<u>49,184,302</u>
<u>\$ -</u>	<u>\$ 45,573,590</u>
\$ 495,856	\$ 6,567,149
24,131	1,608,471
177,125	(229,358)
(11,757)	698,283
(30,680)	(58,331)
<u>(3,575)</u>	<u>(14,301)</u>
<u>\$ 651,100</u>	<u>\$ 8,571,913</u>
\$ -	\$ 214,815
<u>-</u>	<u>(55,287)</u>

The accompanying notes are an integral part of this statement.

City of Santa Paula
Notes to Financial Statements
June 30, 2011

NOTE	DESCRIPTION	PAGE
I	Summary of Significant Accounting Policies	15 - 21
II	Stewardship, Compliance and Accountability	22
III	Detailed Notes on All Funds	22 - 38
IV	Other Information	38 - 45

City of Santa Paula
Notes to Financial Statements
June 30, 2011

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.

The Santa Paula Utility Authority (the Utility Authority) was established through a Joint Powers Agreement between the City and the Redevelopment Agency. The members of the Board of Directors of the Utility Authority are the members of the City Council of the City. The Utility Authority was established to provide financing, for purposes which are authorized by law and which could lease, own, operate, and maintain the water and wastewater enterprise, and any other utility system or service leased to the Utility Authority by the City or acquired by the Utility Authority. The Utility Authority is reported as enterprise funds.

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.

City of Santa Paula
Notes to Financial Statements
June 30, 2011

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. 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 *Congestion Management and Air Quality Capital Project Fund* is used to account for proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

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.

City of Santa Paula
Notes to Financial Statements
June 30, 2011

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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.

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, 2011

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

2) Receivables and Payables - Continued

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance 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, 2011**

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 materially 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. 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, 2011

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

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of June 30, 2011. Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts that may be specified by the City Council by ordinance or resolution to formally commit part of the City's fund balances or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal City Council action utilizing the same type of action that was originally used.

Assigned Fund Balance - Amounts that are constrained by the Council's intent to use specified financial resources for specific purposes, but are neither restricted nor committed.

City of Santa Paula
Notes to Financial Statements
June 30, 2011

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

7) Fund Equity - Continued

Unassigned Fund Balance - These are either residual positive net resources of fund balance in excess of what can properly be classified in one of the other four categories, or negative balances.

The details of the fund balances as of June 30, 2011 are presented below:

	General Fund	Congestion Management and Air Quality Special Revenue	Redevelopment Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Nonspendable:					
Loans Receivable	\$ 13,174	\$	\$	\$	\$ 13,174
Permanent Endowments				730,828	730,828
Restricted for:					
Refuse Stranded Costs	1,590,622				1,590,622
Debt Service			241,445	188,458	429,903
Street Work		12,422		729,258	741,680
Public Safety				113,702	113,702
Community Development				104,345	104,345
Low/Mod Housing				1,659,460	1,659,460
Miscellaneous Grants				25,055	25,055
Cable Television				10,428	10,428
Hazard Abatement				88,075	88,075
Economic Development				265,690	265,690
Inclusionary Housing Ordinance				509,011	509,011
Development Fees				1,890,033	1,890,033
Harding Park				859,214	859,214
Committed to:					-
Assigned to:					-
Unassigned:	<u>1,417,385</u>		<u>(485,149)</u>	<u>(406,543)</u>	<u>525,693</u>
Total Fund Balance	<u>\$ 3,021,181</u>	<u>\$ 12,422</u>	<u>\$ (243,704)</u>	<u>\$ 6,767,014</u>	<u>\$ 9,556,913</u>

8) Net Assets

Net assets are the differences between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by City legislation or external restrictions by other governments, creditors or grantors.

**City of Santa Paula
Notes to Financial Statements
June 30, 2011**

II) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A) Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2011:

Mobile Home Rent Review	\$ 141,365
CA Oil Museum	\$ 3,031
Hillsborough Open Space Assessment	\$ 7,578
DOJ-BIA Local Law Enforcement 03/04	\$ 10,251
State Homeland Security Grant	\$ 5,624
Federal STP	\$ 155,425
Safe Routes to Schools Fund	\$ 53,941
Transportation Enhancement Grant	\$ 10,440
BJA Vest Grant	\$ 2,571
Miscellaneous State Grant	\$ 14,330
Corp Yard Facilities	\$ 1,987

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

III) DETAILED NOTES ON ALL FUNDS

A) Cash and Investments

The City's cash and investments consist of the following at June 30, 2011:

Petty Cash	\$ 5,600
Deposits	1,286,449
Investments	<u>19,872,724</u>
 Total Cash and Investments - Unrestricted	 <u>21,164,773</u>
 Cash and Investments with Fiscal Agents	 39,483,600
Other Restricted Cash	<u>40,619</u>
 Total Restricted Cash and Investments	 <u>39,524,219</u>
 Total Cash and Investments	 <u>\$ 60,688,992</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.

City of Santa Paula
Notes to Financial Statements
June 30, 2011

III) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

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

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.

<u>Authorized Investment Type</u>	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment In One Issuer</u>	<u>Minimum Ratings</u>
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

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:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
State Investment Pool - LAIF	\$ 19,569,693	\$ 19,569,693	\$	\$	\$
Certificates of Deposit	303,030	303,030			
Held by Bond Trustees:					
Money Market	39,152,559	39,152,559			
Mutual Funds	331,041	331,041			
Total	\$ 59,356,323	\$ 59,356,323	\$ -	\$ -	\$ -

City of Santa Paula
Notes to Financial Statements
June 30, 2011

III) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code 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	\$ 19,569,693	N/A	\$	\$	\$	\$ 19,569,693
Certificates of Deposit Held by Bond Trustees	303,030	N/A				303,030
Money Market	39,152,559	N/A		39,152,559		
Mutual Funds	331,041	N/A				331,041
Total	\$ 59,356,323		\$ -	\$ 39,152,559	\$ -	\$ 20,203,764

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.

At June 30, 2011, none of the City's deposits with financial institutions in excess of the Federal Depository Insurance Corporation's limits were held in uncollateralized accounts.

City of Santa Paula
Notes to Financial Statements
June 30, 2011

III) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

Custodial Credit Risk - Continued

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.

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	CMAQ Congestion Management/ Air Quality	Redevelopment Debt Service	Water Utility	Sewer Utility	Nonmajor and Other Funds	Total
Receivables:							
Interest	\$ 1,396	\$ -	\$ 1,593	\$ 9,532	\$ 2,512	\$ 7,494	\$ 22,527
Taxes	393,583	-	8,807	-	-	40,960	443,350
Accounts	179,866	-	-	972,516	931,429	21,781	2,105,592
Intergovernmental	229,886	-	-	-	-	555,676	785,562
Miscellaneous	-	2,057,564	-	-	-	16,000	2,073,564
Total Receivables	<u>\$ 804,731</u>	<u>\$ 2,057,564</u>	<u>\$ 10,400</u>	<u>\$ 982,048</u>	<u>\$ 933,941</u>	<u>\$ 641,911</u>	<u>\$ 5,430,595</u>

City of Santa Paula
Notes to Financial Statements
June 30, 2011

III) DETAILED NOTES ON ALL FUNDS - Continued

C) Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 504,119	\$ -	\$ -	\$ 504,119
Construction in Progress	412,680	3,133,987	(5,930)	3,540,737
Total Capital Assets, Not Being Depreciated	<u>916,799</u>	<u>3,133,987</u>	<u>(5,930)</u>	<u>4,044,856</u>
Capital Assets Being Depreciated:				
Buildings and System	2,795,781	95,304	-	2,891,085
Machinery and Equipment	3,158,648	650,201	-	3,808,849
Improvements Other Than Buildings	13,239,735 *	492,668	-	13,732,403
Total Capital Assets Being Depreciated	<u>19,194,164</u>	<u>1,238,173 ⁽¹⁾</u>	<u>-</u>	<u>20,432,337</u>
Less Accumulated Depreciation:				
Buildings and System	(915,507)	(185,024)	-	(1,100,531)
Machinery and Equipment	(2,278,792)	(697,423)	-	(2,976,215)
Improvements Other Than Buildings	(3,005,645)	(502,921)	-	(3,508,566)
Total Accumulated Depreciation	<u>(6,199,944)</u>	<u>(1,385,368) ⁽²⁾</u>	<u>-</u>	<u>(7,585,312)</u>
Total Capital Assets Being Depreciated, Net	<u>12,994,220</u>	<u>(147,195)</u>	<u>-</u>	<u>12,847,025</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,911,019</u>	<u>\$ 2,986,792</u>	<u>\$ (5,930)</u>	<u>\$ 16,891,881</u>

⁽¹⁾⁽²⁾ See footnote on page 25.

* Includes \$345,000 of GHEO Hazard improvements that should have been recorded in prior years. There is no prior period adjustment recorded in financial statements due to loan payable that also should have been recorded.

City of Santa Paula
Notes to Financial Statements
June 30, 2011

III) DETAILED NOTES ON ALL FUNDS - Continued

C) Capital Assets - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 6,742,631	\$ -	\$ -	\$ 6,742,631
Water Rights	13,834,827	-	-	13,834,827
Construction in Progress	11,309,215	1,679,811	(623,712)	12,365,314
Total Capital Assets, Not Being Depreciated	31,886,673	1,679,811	(623,712)	32,942,772
Capital Assets Being Depreciated:				
Buildings and System	90,272,613	-	(57,250)	90,215,363
Machinery and Equipment	3,631,950	-	(1,637,913)	1,994,037
Improvements Other Than Buildings	7,254,540	724,059	-	7,978,599
Total Capital Assets Being Depreciated	101,159,103	724,059	(1,695,163) ⁽¹⁾	100,187,999
Less Accumulated Depreciation:				
Buildings and System	(8,372,224)	(1,378,179)	57,250	(9,693,153)
Machinery and Equipment	(1,996,468)	(85,928)	959,607	(1,122,789)
Improvements Other Than Buildings	(369,633)	(120,233)	-	(489,866)
Total Accumulated Depreciation	(10,738,325)	(1,584,340)	1,016,857 ⁽²⁾	(11,305,808)
Total Capital Assets Being Depreciated, Net	90,420,778	(860,281)	(678,306)	88,882,191
Business-type Activities Capital Assets, Net	\$ 122,307,451	\$ 819,530	\$ (1,302,018)	\$ 121,824,963

⁽¹⁾ Includes \$661,666 of capital assets transferred from the business-type activities to the governmental activities as a result of the dissolution of the Refuse fund.

⁽²⁾ Includes \$521,205 of accumulated depreciation transferred from the business-type activities to the governmental activities as a result of the dissolution of the Refuse fund.

City of Santa Paula
Notes to Financial Statements
June 30, 2011

III) DETAILED NOTES ON ALL FUNDS - Continued

C) Capital Assets - Continued

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

Governmental Activities:		
General Government	\$	20,925
Community Services		142,768
Fire		76,133
Planning		7,450
Police		107,911
Public Works		283,738
Economic Development		224,733
Non-departmental		505
		<hr/>
Total Depreciation Expense – Governmental Activities	\$	<u>864,163</u>
Business-type Activities:		
Water	\$	1,106,671
Sewer		477,669
Refuse		-
		<hr/>
Total Depreciation Expense – Business-type Activities	\$	<u>1,584,340</u>

D) Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 606,112
General Fund	Congestion Management and Air Quality Special Revenue	1,562,858
	Total	<u>\$ 2,168,970</u>

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:

Receivable Fund	Payable Fund	Amount
Water	Sewer	\$ 2,000,000
Water	Nonmajor Governmental Funds	100,000
Sewer	General Fund	4,777,778
	Total	<u>\$ 6,877,778</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.

City of Santa Paula
Notes to Financial Statements
June 30, 2011

III) DETAILED NOTES ON ALL FUNDS - Continued

D) Interfund Receivables, Payables and Transfers - Continued

Sewer Fund Advance

On February 1, 2010 the City of Santa Paula entered into a Water Enterprise Lease Agreement and a Wastewater Enterprise Lease Agreement with the Santa Paula Utility Authority to lease to the Utility Authority the water and wastewater enterprise owned by the City. Under the terms of the agreements, lease payments are to be made from the Water and Sewer funds' (which comprise the Utility Authority) surplus revenues to the City for an amount equal to "Total Rent." Total Rent is defined in the agreements as having an aggregate present value at the date of the agreement of \$77,850,759 and \$18,083,341 for the water and wastewater enterprises respectively. The lease term shall end on February 22, 2065.

As mentioned above, the lease payments by the Utility Authority to the City are contingent upon the surplus revenues generated by the Water and Sewer funds. The amount of the lease rental payments could not be estimated due to the uncertainty of the amount of surplus revenues that may be generated by the Water and Sewer funds. Also, in accordance with FASB Codification section 840-10-25, the lease agreements are determined to be operating leases, and therefore no liability or asset has been recorded.

As provided in the trust agreement of the 2010 Wastewater Revenue Bonds, the Sewer fund of the Utility Authority advanced to the General fund an upfront lease rental payment of \$5,000,000. The advance is to be used by the City to finance certain public capital improvements. At June 30, 2011, of the \$5,000,000 advance, \$4,777,778 was outstanding.

Interfund transfers:

<u>Transfer Out</u>	Transfer In			Total
	General Fund	Water Fund	Other Governmental Funds	
Water Fund	\$ 808,743	\$ -	\$ -	\$ 808,743
Sewer Fund	418,173	87,250	4,840	510,263
Refuse Fund	1,892,822	87,249	4,839	*1,984,910
Other Governmental Funds	215,367	-	98,455	313,822
	<u>\$ 3,335,105</u>	<u>\$ 174,499</u>	<u>\$ 108,134</u>	<u>\$ 3,617,738</u>

* Due to the dissolution of the Refuse fund, capital assets and long-term liabilities were transferred to the governmental activities of the City. Because of the differences in measurement methods between the governmental funds and proprietary funds, the transfers do not balance in the fund financial statements by \$11,811.

Transfers were made during the 2010-11 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, 2011

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, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Tax Allocation Refunding Bonds	\$ 3,075,000	\$ -	\$ (130,000)	\$ 2,945,000	\$ 140,000
Less Deferred Amounts:					
For Issuance Discounts	(21,383)	1,426	-	(19,957)	-
Total Bonds Payable	3,053,617	1,426	(130,000)	2,925,043	140,000
Compensated Absences	463,835	56,752	(92,168)	428,419	42,000
Claims Payable	1,229,084	2,526,219	(775,022)	2,980,281	-
Capital Lease Payable	118,544	89,710	(54,377)	153,877	50,948
Loan Payable	345,000 *	-	(69,100)	275,900	34,550
OPEB Obligation	138,476	60,736	-	199,212	-
Pension Related Debt	3,749,473	67,377	(348,926)	3,467,924	-
Governmental Activities Long-term Liabilities	<u>\$ 9,098,029</u>	<u>\$ 2,802,220</u>	<u>\$ (1,469,593)</u>	<u>\$ 10,430,656</u>	<u>\$ 267,498</u>
Business-Type Activities:					
Revenue Bonds:					
2010 Water Revenue Bonds	\$ 55,715,000	\$ -	\$ (850,000)	\$ 54,865,000	\$ 1,255,000
Less Deferred Amounts:					
For Issuance Premiums	1,830,050	-	(61,861)	1,768,189	-
Wastewater Revenue Bonds - 2010A	5,900,000	-	-	5,900,000	105,000
Wastewater Revenue Bonds - 2010B	6,130,000	-	-	6,130,000	80,000
Add Deferred Amounts:					
For Issuance Discounts	(192,160)	-	6,574	(185,586)	-
Notes Payable	496,500	-	-	496,500	-
Capital Lease Payable	446,779	-	(446,779)	-	-
Wastewater Facilities Lease	70,707,913	-	(1,504,253)	69,203,660	1,614,709
Contracts Payable	2,540,290	-	(2,540,290)	-	-
Compensated Absences	100,021	15,356	(73,687)	41,690	41,690
Pension Related Debt	283,808	-	(81,678)	202,130	-
Business-type Activities Long-term Liabilities	<u>\$ 143,958,201</u>	<u>\$ 15,356</u>	<u>\$ (5,551,974)</u>	<u>\$ 138,421,583</u>	<u>\$ 3,096,399</u>

*Loan Payable should have been recorded in prior years. There is no prior period adjustment needed due to the related capital improvements recorded.

City of Santa Paula
Notes to Financial Statements
June 30, 2011

III) DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt - Continued

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 interest rates ranging from 6.345% to 6.548% 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.

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

Fiscal Year Ending June 30,	Principal	Interest
2012	\$ 140,000	\$ 188,550
2013	150,000	179,650
2014	150,000	170,150
2015	160,000	160,590
2016	175,000	150,430
2017-2021	1,060,000	568,825
2022-2025	1,110,000	183,450
	\$ 2,945,000	\$ 1,601,645

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:

	Governmental Activities
Asset:	
Machinery and Equipment	\$ 472,615
Less: Accumulated Depreciation	(215,704)
Total	\$ 256,911

**City of Santa Paula
Notes to Financial Statements
June 30, 2011**

III) DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt - Continued

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2012	\$ 58,018
2013	58,018
2014	22,520
2015	22,520
2016	11,260
Total Minimum Lease Payments	172,336
Less: Interest Amounts	(18,459)
Present Value of Minimum Lease Payments	\$ 153,877

Loan Payable

In June of 2008, the City entered into a loan agreement with a developer for purposes of financing GEO Hazard abatement improvements. The principal amount of the loan is \$345,000 and is payable in 10 annual installments for an interest rate of 8%.

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

Fiscal Year Ending June 30,	Principal	Interest
2012	\$ 34,550	\$ 22,072
2013	34,550	19,208
2014	34,550	16,544
2015	34,550	13,780
2016	34,550	11,016
2017	34,550	8,252
2018	34,550	5,488
2019	34,050	2,724
	\$ 275,900	\$ 79,184

Wastewater Facilities Lease

The City has entered into a Design, Build, Operate and Finance agreement (DBOF) with Santa Paula Water, LLC, “the Company.” Under the terms of the agreement the Company agreed to design, build, operate and finance a water treatment facility on the City’s behalf. The Company will operate and maintain the facility during the term following the commencement date as described in the agreement. Beginning upon the commencement date of operations, which occurred in May 2010, the City shall pay the Company service fees as set forth in the agreement for 30 years. The service fees payable to the Company are for the operation and maintenance of the facilities in addition to capital recovery, return on capital, and repair and replacement. Upon expiration of the service agreement, title to the facility

City of Santa Paula
Notes to Financial Statements
June 30, 2011

III) DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt - Continued

Wastewater Facilities Lease - Continued

will transfer to the City. The agreement allows for an earlier termination of the service agreement at a buyout price determined in the agreement.

The City shall credit all fees received from sewer customers to the Sewer fund. As collateral security for the performance of its obligations to pay service fees the City grants to the Company a first priority security interest in user fees received by the City for each month to the extent of the unpaid service fees payable to the Company. The City shall deposit into a separate account a reserve amount equal to four months of user fees received. The reserve amount shall be based on the most recent months' user fees.

As mentioned above, in addition to the service fees payable for operations and maintenance the City pays a fixed monthly amount for the design and build component of the DBOF agreement. This monthly fee is to pay for the design and construction costs of the facilities which were financed by the Company. As defined in the DBOF agreement, upon expiration of the Service Agreement term, title to the facility shall transfer to the City. The monthly fixed design and build costs portion of the service fees is considered lease payments for accounting purposes. Therefore, the capital lease has been recorded as the present value of future minimum lease payments as of the inception date.

The Wastewater Facility acquired through this capital lease is as follows:

	Business-Type Activities
Asset:	
Wastewater Facility	\$ 70,911,157
Less: Accumulated Depreciation	(886,389)
Total	\$ 70,024,768

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 are as follows:

Fiscal Year Ending June 30,	Business-Type Activities
2012	\$ 5,030,514
2013	5,197,268
2014	5,369,464
2015	5,547,280
2016	5,730,890
2017-2021	31,624,922
2022-2026	35,709,896
2027-2031	41,145,248
2032-2036	47,089,472
2037-2040	39,048,663
Total Minimum Lease Payments	221,493,617
Less: Interest Amounts	(152,289,957)
Present Value of Minimum Lease Payments	\$ 69,203,660

**City of Santa Paula
Notes to Financial Statements
June 30, 2011**

III) DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt - Continued

Revenue Bonds

2010 Water Revenue Bonds

In February 2010, the Santa Paula Utility Authority, the “Utility Authority” (a component unit of the City of Santa Paula) issued \$55,715,000 aggregate principal amount of Water Enterprise Revenue Bonds, 2010 Series, with proceeds used to effect the advance refunding of \$25,700,000 of outstanding Santa Paula Public Financing Authority Water Revenue Bonds, Series 2003, finance certain improvements to the Authority’s water system, fund a reserve account, fund capitalized interest on the non-refunding portion of the Water Bonds and pay costs of issuance for the Bonds. Of the \$57,570,826 net proceeds from the 2010 Bonds, \$27,483,814 plus an additional \$1,160,572 of 2003 Bonds reserve fund monies were used to purchase U.S. Treasury Securities - State and Local Government Series. Those U.S. Treasury Securities - State and Local Government Series were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2003 Series Bonds. As a result, the 2003 Series Bonds are considered defeased and the liability for those bonds has been removed from the financial statements.

The Water Bonds are payable from net revenues of the Water Enterprise held under the Water Bonds Indenture and investment earnings thereon. Interest is payable semi-annually on August 1st and February 1st of each year with principal maturing on February 1st of each year through 2040. The interest rate on the bonds ranges from 3.00% to 5.25%.

Debt service requirements to maturity for the Water Enterprise Revenue Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2012	\$ 1,255,000	\$ 2,653,000
2013	1,295,000	2,615,350
2014	1,325,000	2,576,500
2015	1,370,000	2,536,750
2016	1,420,000	2,481,950
2017-2021	8,130,000	11,409,400
2022-2026	10,345,000	9,182,250
2027-2031	13,200,000	6,325,500
2032-2036	10,215,000	2,960,763
2037-2040	6,310,000	844,300
	\$ 54,865,000	\$ 43,585,763

2010 Wastewater Revenue Bonds

In February 2010, the Utility Authority issued \$5,900,000 aggregate principal amount of Wastewater Enterprise Revenue Bonds, 2010A Series, Non-Taxable, and \$6,130,000 aggregate principal amount of Wastewater Enterprise Revenue Bonds, 2010B Series, Taxable. Proceeds of the bonds will be used to finance an up-front lease payment to

City of Santa Paula
Notes to Financial Statements
June 30, 2011

III) DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt - Continued

Revenue Bonds - Continued

the City, finance certain improvements to the Utility Authority's wastewater system, fund a reserve account, and pay issuance costs.

The wastewater bonds are payable from Net Revenues of the Wastewater Enterprise. Interest is payable semi-annually on August 1st and February 1st of each year with principal maturing on February 1st of each year through 2040. The interest rate on the bonds ranges from 3.00% to 7.00%.

Debt service requirements to maturity for the Wastewater Enterprise Revenue Bonds, 2010A Series, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2012	\$ 105,000	\$ 285,770
2013	110,000	282,620
2014	110,000	279,320
2015	115,000	275,470
2016	120,000	271,445
2017-2021	675,000	1,292,260
2022-2026	835,000	1,124,375
2027-2031	1,075,000	892,375
2032-2036	1,375,000	586,688
2037-2040	1,380,000	185,587
	<u>\$ 5,900,000</u>	<u>\$ 5,475,910</u>

Debt service requirements to maturity for the Wastewater Enterprise Revenue Bonds, 2010B Series, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2012	\$ 80,000	\$ 411,075
2013	85,000	406,675
2014	90,000	402,000
2015	95,000	397,050
2016	100,000	391,825
2017-2021	585,000	1,870,850
2022-2026	800,000	1,661,375
2027-2031	1,100,000	1,354,250
2032-2036	1,530,000	918,750
2037-2040	1,665,000	301,350
	<u>\$ 6,130,000</u>	<u>\$ 8,115,200</u>

City of Santa Paula
Notes to Financial Statements
June 30, 2011

III) DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt - Continued

Revenue Bonds - Continued

Pursuant to each indenture, the Utility Authority covenants to fix, prescribe, revise, and collect rates, fees, and charges for the respective Enterprise as a whole for the services and improvements furnished by the Enterprise during each fiscal year which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield revenues of that Enterprise sufficient to pay the following amounts in the following priority: a) all anticipated service fees due under the DBOF for such fiscal year in the case of the Wastewater Enterprise only; b) all anticipated operation and maintenance costs of the enterprise for such fiscal year; c) all debt service payments as they become due and payable during such fiscal year, without preference or priority, except to the extent such debt service payments are payable from the proceeds of the bonds or from any other source of legally available funds of the Utility Authority which have been deposited for such purpose prior to the commencement of such fiscal year; d) the amount, if any, required to restore the amount in the reserve account to the full amount of the reserve requirement; and e) all other payments required to meet any other obligations of the Utility Authority which are charges, liens, encumbrances upon or payable from the revenues during such fiscal year.

The Utility Authority also covenants under the Indenture to fix, prescribe, revise and collect, or cause to be fixed, prescribed, revised and collected, rates, fees and charges for the services and improvements furnished by the Enterprise during each fiscal year that are sufficient to yield net revenues that are at least equal to one hundred twenty percent (120%) of the total debt service payments coming due and payable in such fiscal year.

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 on January 2, 2026. Debt Service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2012	\$ -	\$ 73,000
2013	-	73,000
2014	-	73,000
2015	-	73,000
2016	-	73,000
2017-2021	-	365,000
2022-2026	496,500	365,136
	\$ 496,500	\$ 1,095,136

City of Santa Paula
Notes to Financial Statements
June 30, 2011

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. In the 2010-11 fiscal year the City paid off the remaining contracts of \$2,540,290.

Pension-Related Debt

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

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

Year Ending June 30,	Pension-related Debt		Total
	Principal	Interest	
2012	\$ 108,281	\$ 123,064	\$ 231,345
2013	124,477	114,387	238,864
2014	142,182	104,444	246,626
2015	161,522	93,120	254,642
2016	182,630	80,288	262,918
2017	205,654	65,809	271,463
2018	230,750	49,535	280,285
2019	258,089	31,306	289,395
2020	287,854	10,946	298,800
Total	<u>\$ 1,701,439</u>	<u>\$ 672,899</u>	<u>\$ 2,374,338</u>

City of Santa Paula
Notes to Financial Statements
June 30, 2011

III) DETAILED NOTES ON ALL FUNDS - Continued

F) Long-Term Debt – Continued

Pension-Related Debt - Continued

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

Year Ending June 30,	Pension-related Debt		Total
	Principal	Interest	
2012	\$ 308,614	\$ 135,673	\$ 444,287
2013	347,520	111,206	458,726
2014	389,929	83,706	473,635
2015	436,127	52,901	489,028
2016	486,425	18,497	504,922
Total	<u>\$ 1,968,615</u>	<u>\$ 401,983</u>	<u>\$ 2,370,598</u>

IV) OTHER INFORMATION

A) Risk Management

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

The City of Santa Paula is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 121 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.

2. Self-Insurance Programs of the Authority

Liability - In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10

City of Santa Paula
Notes to Financial Statements
June 30, 2011

IV) OTHER INFORMATION - Continued

A) Risk Management - Continued

2. Self-Insurance Programs of the Authority - Continued

million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2010-11 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Cost of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

Workers Compensation - In the workers' compensation program, claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which established the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$4 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$4 million to \$10 million are pooled.

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. The City of Santa Paula's property currently has all-risk property insurance protection in the amount of \$50,139,573. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

City of Santa Paula
Notes to Financial Statements
June 30, 2011

IV) OTHER INFORMATION - Continued

A) Risk Management - Continued

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.

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, 2011, the amount of these liabilities was \$2,980,281. 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, 2011	Year Ended June 30, 2010
Unpaid Claims, Beginner of Year	\$ 1,229,084	\$ 861,351
Incurred Claims	2,526,219	367,733
Claim Payments	(775,022)	-
Unpaid Claims, End of Year	\$ 2,980,281	\$ 1,229,084

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 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, 2011

IV) OTHER INFORMATION - Continued

B) Contingent Liabilities - Continued

Contingencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend (effective July 1, 2011) nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each local government would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the city, special district or county "may use any available funds not otherwise obligated for other uses" to make this payment. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

In the event that Assembly Bill X1 26 is upheld, the receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency would become uncollectible with a loss recognized to the City. Additionally, the City would be impacted by the elimination of reimbursements previously paid to the City by the redevelopment agency for shared administrative services.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that they violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011.

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in AB X1 26.

**City of Santa Paula
Notes to Financial Statements
June 30, 2011**

IV) OTHER INFORMATION - Continued

B) Contingent Liabilities - Continued

Contingencies - Continued

As of December 29, 2011, the Supreme Court of California upheld the provisions of Assembly Bill X1 26 and invalidated Assembly Bill X1 27. The ruling provides for the wind up and dissolution of redevelopment agencies as of February 1, 2012.

C) Employee Retirement Systems and Pension Plans

Defined Benefit Pension Plan

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

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

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

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2011 was 16.344% for miscellaneous employees and 31.746% for safety employees. The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Three Year Trend Information for the Miscellaneous and Safety Plans:

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percentage Contributed</u>
6/30/09	\$ 1,547,880	100%
6/30/10	\$ 1,534,872	100%
6/30/11	\$ 1,446,862	100%

City of Santa Paula
Notes to Financial Statements
June 30, 2011

IV) OTHER INFORMATION - Continued

D) Post Employment Benefits

Plan Description. The City of Santa Paula's defined benefit postemployment healthcare plan, (DPHP), provides medical benefits to eligible retired City employees. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. DPHP selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through City resolution. The DPHP does not issue a publicly available report.

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by the Council. The City contributed \$101 per employee per month through December 31, 2010. As of January 1, 2011, the City contributed \$108 per employee per month.

Annual OPEB Cost. For 2011, the City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	102,042
Interest on net OPEB obligation		6,924
Adjustment to annual required contribution		(9,008)
Annual OPEB cost (expense)		99,958
Contributions made		(39,222)
Increase in net OPEB obligation		60,736
Net OPEB obligation – beginning of the year		138,476
Net OPEB obligation – end of the year		\$ 199,212

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending June 30, 2011 and the two preceding fiscal years as follows:

THREE-YEAR TREND INFORMATION FOR CERBT			
Fiscal Year	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$ 99,958	39.2%	199,212
6/30/10	\$ 100,964	33.8%	138,476
6/30/09	\$ 102,042	29.8%	71,639

City of Santa Paula
Notes to Financial Statements
June 30, 2011

IV) OTHER INFORMATION - Continued

D) Post Employment Benefits - Continued

Funded Status and Funding Progress. As of June 30, 2009, the actuarial valuation accrued liability for benefits was \$1,115,534, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,199,767 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 50 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Valuation Date	June 30, 2009
Discount Rate	0.05
Ultimate Trend Rate	0.05
HealthCare trend rates	0.06
Dental	0.04
Vision (tied to dental)	0.04
Other (tied to dental)	0.04
Age-adjustment factor	0
Cap inflator	
(neg = full inflation, 0 = frozen)	0.04
Percent of Retirees with Spouses)	0.6

E) Loans Receivable

An allowance for doubtful accounts has been established for the loans receivable balance in the governmental activities section of the statement of net assets for \$936,343. The loans receivable balance of \$24,464 is net of the allowance.

F) Construction Commitments

The estimated amount of remaining construction contract obligations at year-end is \$2,250,818.

City of Santa Paula
Notes to Financial Statements
June 30, 2011

IV) OTHER INFORMATION - Continued

G) General Fund Financial Condition

In the current year the City's General Fund expenditures exceeded revenues by approximately \$1.7 million. Although the General Fund had transfers in of \$3,335,105 in the current year, approximately \$1.625 million of these transfers represented transfers of residual balances from the Refuse Fund upon dissolution. There will be no transfers from the Refuse Fund in future years due to the dissolution of the fund. The City is actively working to reduce expenditures to be more in line with revenues. It is unclear if the City will be able to cut expenditures as necessary.

REQUIRED SUPPLEMENTARY INFORMATION

City of Santa Paula
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 7,244,934	\$ 7,244,934	\$ 7,508,894	\$ 263,960
Licenses & Permits	256,794	256,794	488,773	231,979
Intergovernmental	271,000	271,000	483,513	212,513
Charges for Services	1,136,611	1,037,261	1,256,729	219,468
Fines and Forfeitures	176,000	176,000	177,231	1,231
Investment Earnings	9,700	109,050	2,698	(106,352)
Other Revenues	123,600	123,600	706,622	583,022
	<u>9,218,639</u>	<u>9,218,639</u>	<u>10,624,460</u>	<u>1,405,821</u>
EXPENDITURES				
Current:				
General Government	1,224,053	1,224,053	1,737,677	(513,624)
Building and Safety	256,940	256,940	281,561	(24,621)
Community Services	969,000	969,000	957,761	11,239
Financial Services	374,338	374,338	382,802	(8,464)
Fire	1,894,848	1,895,348	2,125,814	(230,466)
Planning	438,152	438,152	632,583	(194,431)
Police	4,654,851	4,830,541	5,486,151	(655,610)
Public Works	275,684	65,144	687,866	(622,722)
Debt Service:				
Principal	26,000	29,000	29,377	(377)
Interest	10,000	6,550	6,121	429
	<u>10,123,866</u>	<u>10,089,066</u>	<u>12,327,713</u>	<u>(2,238,647)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(905,227)</u>	<u>(870,427)</u>	<u>(1,703,253)</u>	<u>(832,826)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,008,882	1,008,882	3,335,105	2,326,223
Transfers Out	-	-	-	-
	<u>1,008,882</u>	<u>1,008,882</u>	<u>3,335,105</u>	<u>2,326,223</u>
Net Change in Fund Balances	103,655	138,455	1,631,852	1,493,397
Fund Balances, Beginning	<u>1,389,329</u>	<u>1,389,329</u>	<u>1,389,329</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 1,492,984</u>	<u>\$ 1,527,784</u>	<u>\$ 3,021,181</u>	<u>\$ 1,493,397</u>

City of Santa Paula
Schedule of Funding Progress for DPHP
Year Ended June 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
06/30/09	\$ -	\$ 1,115,534	\$ 1,115,534	0%	\$ 2,199,767	50.71%

City of Santa Paula
Notes to Required Supplementary Information
June 30, 2011

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.

Excess of expenditures over appropriations in individual major funds are as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund	\$ 2,238,647

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.

SUPPLEMENTARY INFORMATION

City of Santa Paula
Nonmajor Governmental Funds
June 30, 2011

Special Revenue Funds

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

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

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

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

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

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

CA Oil Museum Fund - Revenues from fundraising, membership and interest from endowment. Used to cover operating costs of museum.

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.

JAG (Justice Assistance Grant) - 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.

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

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

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

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

City of Santa Paula
Nonmajor Governmental Funds - Continued
June 30, 2011

Special Revenue Funds - Continued

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

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

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

Area Agency on Aging Fund - This fund is used to account or 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.

Office of Traffic Safety Fund - This fund is used to account for grant proceeds from the state that are used to to reduce traffic deaths, injuries, and economic losses.

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

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

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

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

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

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

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

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

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

EPA Grant Fund - This fund is used to account for grants received from the Environmental Protection Agency.

GHAD-GEO Hazardous Abatement District Fund - This fund is used to account for the Geological Hazard Abatement District #5606.

City of Santa Paula
Nonmajor Governmental Funds
June 30, 2011

Capital Project Funds

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

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

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

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

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

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

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

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

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

Traffic Impact Fees 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 prior developer fees collected to be used for Parks and Recreation Facilities related projects. This fund is legally restricted to capital acquisition or related debt service.

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

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

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

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

City of Santa Paula
Nonmajor Governmental Funds
June 30, 2011

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, 2011**

	Special Revenue	Capital Projects	Debt Service	Permanent Funds	Total
ASSETS					
Cash and Investments	\$ 2,442,601	\$ 2,726,204	\$ 99,500	\$ 1,584,762	\$ 6,853,067
Cash with Fiscal Agent	-	-	89,597	-	89,597
Receivables	633,214	3,277	-	5,420	641,911
Due From Other Funds	-	-	-	-	-
Loans Receivable	474,892	472,740	-	-	947,632
Cash - Restricted	40,619	-	-	-	40,619
Property Held for Resale	-	205,221	-	-	205,221
	<u> </u>				
Total Assets	<u>\$ 3,591,326</u>	<u>\$ 3,407,442</u>	<u>\$ 189,097</u>	<u>\$ 1,590,182</u>	<u>\$ 8,778,047</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued					
Liabilities	\$ 110,014	\$ 71,063	\$ 639	\$ 140	\$ 181,856
Due to Other Funds	606,112	-	-	-	606,112
Deferred Revenue	674,788	448,277	-	-	1,123,065
Advances From Other Funds	-	100,000	-	-	100,000
	<u> </u>				
Total Liabilities	<u>1,390,914</u>	<u>619,340</u>	<u>639</u>	<u>140</u>	<u>2,011,033</u>
Fund Balances:					
Nonspendable	-	-	-	730,828	730,828
Restricted	2,604,968	2,790,089	188,458	859,214	6,442,729
Unassigned	(404,556)	(1,987)	-	-	(406,543)
	<u> </u>				
Total Fund Balances	<u>2,200,412</u>	<u>2,788,102</u>	<u>188,458</u>	<u>1,590,042</u>	<u>6,767,014</u>
	<u> </u>				
Total Liabilities and Fund Balances	<u>\$ 3,591,326</u>	<u>\$ 3,407,442</u>	<u>\$ 189,097</u>	<u>\$ 1,590,182</u>	<u>\$ 8,778,047</u>

**City of Santa Paula
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011**

	<u>Mobile Home Rent Review</u>	<u>State Gas Tax</u>	<u>Local Transportation TDA</u>	<u>Proposition 1B</u>	<u>Housing and Community Development I</u>
ASSETS					
Cash and Investments	\$ -	\$ 149,058	\$ 311,475	\$ -	\$ 69,137
Receivables	-	92,521	-	-	76
Loans Receivable	-	-	-	-	-
Cash - Restricted	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ 241,579</u>	<u>\$ 311,475</u>	<u>\$ -</u>	<u>\$ 69,213</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 134	\$ 16,509	\$ 13,748	\$ -	\$ -
Due to Other Funds	141,231	-	-	-	-
Deferred Revenue	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>141,365</u>	<u>16,509</u>	<u>13,748</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	-	225,070	297,727	-	69,213
Unassigned	(141,365)	-	-	-	-
	<u>(141,365)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(141,365)</u>	<u>225,070</u>	<u>297,727</u>	<u>-</u>	<u>69,213</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 241,579</u>	<u>\$ 311,475</u>	<u>\$ -</u>	<u>\$ 69,213</u>

<u>(CDBG) Housing and Community Development II</u>	<u>CA Oil Museum</u>	<u>Asset Forfeiture</u>	<u>Hillsborough Open Space Assessment</u>	<u>DOJ-BJA Local Law Enforcement 03/04</u>	<u>Local Transportation TDA Article 3</u>	<u>Weed and Seed Support GRT-DOJ</u>
\$ -	\$ 1,726	\$ 8,039	\$ -	\$ -	\$ 416	\$ -
80,160	-	9	324	10,251	-	-
258,343	-	-	-	-	-	-
40,619	-	-	-	-	-	-
<u>\$ 379,122</u>	<u>\$ 1,726</u>	<u>\$ 8,048</u>	<u>\$ 324</u>	<u>\$ 10,251</u>	<u>\$ 416</u>	<u>\$ -</u>
\$ 4,835	\$ 4,757	\$ -	\$ 452	\$ -	\$ 416	\$ -
96,375	-	-	7,450	10,251	-	-
258,343	-	-	-	10,251	-	-
<u>359,553</u>	<u>4,757</u>	<u>-</u>	<u>7,902</u>	<u>20,502</u>	<u>416</u>	<u>-</u>
19,569	-	8,048	-	-	-	-
-	(3,031)	-	(7,578)	(10,251)	-	-
<u>19,569</u>	<u>(3,031)</u>	<u>8,048</u>	<u>(7,578)</u>	<u>(10,251)</u>	<u>-</u>	<u>-</u>
<u>\$ 379,122</u>	<u>\$ 1,726</u>	<u>\$ 8,048</u>	<u>\$ 324</u>	<u>\$ 10,251</u>	<u>\$ 416</u>	<u>\$ -</u>

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**City of Santa Paula
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2011**

	Traffic Congestion Relief	Redevelopment Agency Housing Set-Aside	Cal Home Grant Dept. of HCD	NPDES Storm Water Quality	SLESF-COPS State
ASSETS					
Cash and Investments	\$ 24,865	\$ 1,533,897	\$ 8,312	\$ 77,359	\$ 95,893
Receivables	149	4,021	-	38,524	25,119
Loans Receivable	-	-	216,549	-	-
Cash - Restricted	-	-	-	-	-
Total Assets	\$ 25,014	\$ 1,537,918	\$ 224,861	\$ 115,883	\$ 121,012
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 3,219	\$ 3,813	\$ -	\$ 2	\$ 2,936
Due to Other Funds	-	-	-	-	-
Deferred Revenue	-	-	216,549	-	-
Total Liabilities	3,219	3,813	216,549	2	2,936
Fund Balances:					
Restricted	21,795	1,534,105	8,312	115,881	118,076
Unassigned	-	-	-	-	-
Total Fund Balances	21,795	1,534,105	8,312	115,881	118,076
Total Liabilities and Fund Balances	\$ 25,014	\$ 1,537,918	\$ 224,861	\$ 115,883	\$ 121,012

<u>CLEEP</u>	<u>COPS State</u>	<u>Beverage Container Recycling</u>	<u>Area Agency on Aging</u>	<u>State Homeland Security Grant</u>	<u>Office of Traffic Safety</u>	<u>Federal STP</u>
\$ -	\$ -	\$ 1,537	\$ 5,157	\$ -	\$ -	\$ -
-	-	8,170	3,000	5,624	-	156,680
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,707</u>	<u>\$ 8,157</u>	<u>\$ 5,624</u>	<u>\$ -</u>	<u>\$ 156,680</u>
\$ -	\$ -	\$ 2,304	\$ 906	\$ -	\$ -	\$ -
-	-	-	-	5,624	-	155,425
-	-	-	-	5,624	-	156,680
-	-	2,304	906	11,248	-	312,105
-	-	7,403	7,251	-	-	-
-	-	-	-	(5,624)	-	(155,425)
-	-	7,403	7,251	(5,624)	-	(155,425)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,707</u>	<u>\$ 8,157</u>	<u>\$ 5,624</u>	<u>\$ -</u>	<u>\$ 156,680</u>

CONTINUED

City of Santa Paula
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2011

	FEMA Seismic Retrofit Grant	CA Used Oil Block Grant	Cable Television Fund	Stormwater Program	Safe Routes To School
ASSETS					
Cash and Investments	\$ -	\$ 17,664	\$ 3,632	\$ 46,502	\$ -
Receivables	-	18	8,219	9,871	162,951
Loans Receivable	-	-	-	-	-
Cash - Restricted	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ 17,682</u>	<u>\$ 11,851</u>	<u>\$ 56,373</u>	<u>\$ 162,951</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ -	\$ 30	\$ 1,423	\$ 10	\$ 54,477
Due to Other Funds	-	-	-	-	162,415
Deferred Revenue	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>30</u>	<u>1,423</u>	<u>10</u>	<u>216,892</u>
Fund Balances:					
Restricted	-	17,652	10,428	56,363	-
Unassigned	-	-	-	-	(53,941)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,941)</u>
Total Fund Balances	<u>-</u>	<u>17,652</u>	<u>10,428</u>	<u>56,363</u>	<u>(53,941)</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 17,682</u>	<u>\$ 11,851</u>	<u>\$ 56,373</u>	<u>\$ 162,951</u>

<u>Transportation Enhancement Grant</u>	<u>BJA Vest Grant</u>	<u>Miscellaneous State Grants</u>	<u>EPA Grant</u>	<u>GHAD-GEO Hazardous Abatement Dist</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 87,932	\$ 2,442,601
10,440	2,571	14,330	-	186	633,214
-	-	-	-	-	474,892
-	-	-	-	-	40,619
<u>\$ 10,440</u>	<u>\$ 2,571</u>	<u>\$ 14,330</u>	<u>\$ -</u>	<u>\$ 88,118</u>	<u>\$ 3,591,326</u>
\$ -	\$ -	\$ -	\$ -	\$ 43	\$ 110,014
10,440	2,571	14,330	-	-	606,112
10,440	2,571	14,330	-	-	674,788
<u>20,880</u>	<u>5,142</u>	<u>28,660</u>	<u>-</u>	<u>43</u>	<u>1,390,914</u>
-	-	-	-	88,075	2,604,968
<u>(10,440)</u>	<u>(2,571)</u>	<u>(14,330)</u>	<u>-</u>	<u>-</u>	<u>(404,556)</u>
<u>(10,440)</u>	<u>(2,571)</u>	<u>(14,330)</u>	<u>-</u>	<u>88,075</u>	<u>2,200,412</u>
<u>\$ 10,440</u>	<u>\$ 2,571</u>	<u>\$ 14,330</u>	<u>\$ -</u>	<u>\$ 88,118</u>	<u>\$ 3,591,326</u>

**City of Santa Paula
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2011**

	Redevelopment Agency Exempt	Redevelopment Agency Housing Bond	Library Expansion Facilities	Law Enforcement Facilities	Water Distribution Facilities
ASSETS					
Cash and Investments	\$ 36,938	\$ 126,685	\$ 156,764	\$ 35,673	\$ 197,853
Receivables	124	139	171	39	216
Loans Receivable	24,463	448,277	-	-	-
Property Held for Resale	205,221	-	-	-	-
	<u>205,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 266,746</u>	<u>\$ 575,101</u>	<u>\$ 156,935</u>	<u>\$ 35,712</u>	<u>\$ 198,069</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 1,056	\$ 1,469	\$ -	\$ -	\$ -
Deferred Revenue	-	448,277	-	-	-
Advances From Other Funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,056</u>	<u>449,746</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	265,690	125,355	156,935	35,712	198,069
Unassigned	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>265,690</u>	<u>125,355</u>	<u>156,935</u>	<u>35,712</u>	<u>198,069</u>
Total Liabilities and Fund Balances	<u>\$ 266,746</u>	<u>\$ 575,101</u>	<u>\$ 156,935</u>	<u>\$ 35,712</u>	<u>\$ 198,069</u>

<u>Inclusionary Housing Ordinance</u>	<u>Fire Protection Facilities</u>	<u>Public Meeting Facilities</u>	<u>General Government Facilities</u>	<u>Traffic Impact Fees</u>	<u>Parks and Recreation Facilities</u>	<u>Parkland Facilities</u>
\$ 508,455	\$ 10,276	\$ 142,872	\$ 183,317	\$ 149,552	\$ 126,075	\$ 863,069
556	-	156	189	385	139	945
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 509,011</u>	<u>\$ 10,276</u>	<u>\$ 143,028</u>	<u>\$ 183,506</u>	<u>\$ 149,937</u>	<u>\$ 126,214</u>	<u>\$ 864,014</u>
\$ -	\$ -	\$ -	\$ -	\$ 68,538	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	68,538	-	-
509,011	10,276	143,028	183,506	81,399	126,214	864,014
-	-	-	-	-	-	-
<u>509,011</u>	<u>10,276</u>	<u>143,028</u>	<u>183,506</u>	<u>81,399</u>	<u>126,214</u>	<u>864,014</u>
<u>\$ 509,011</u>	<u>\$ 10,276</u>	<u>\$ 143,028</u>	<u>\$ 183,506</u>	<u>\$ 149,937</u>	<u>\$ 126,214</u>	<u>\$ 864,014</u>

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**City of Santa Paula
Combining Balance Sheet
Nonmajor Capital Projects Funds - Continued
June 30, 2011**

	Corp Yard Facilities	Sewer Collection Facilities	Storm Drain Facilities	Total
ASSETS				
Cash and Investments	\$ 97,893	\$ 40,458	\$ 50,324	\$ 2,726,204
Receivables	120	43	55	3,277
Loans Receivable	-	-	-	472,740
Property Held for Resale	-	-	-	205,221
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 98,013</u>	<u>\$ 40,501</u>	<u>\$ 50,379</u>	<u>\$ 3,407,442</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued				
Liabilities:	\$ -	\$ -	\$ -	\$ 71,063
Deferred Revenue	-	-	-	448,277
Advances From Other Funds	100,000	-	-	100,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>619,340</u>
Fund Balances:				
Restricted	-	40,501	50,379	2,790,089
Unassigned	(1,987)	-	-	(1,987)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>(1,987)</u>	<u>40,501</u>	<u>50,379</u>	<u>2,788,102</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 98,013</u>	<u>\$ 40,501</u>	<u>\$ 50,379</u>	<u>\$ 3,407,442</u>

**City of Santa Paula
Combining Balance Sheet
Nonmajor Debt Service Funds
Year Ended June 30, 2011**

	<u>Redevelopment Set-Aside Debt Service</u>	<u>Total</u>
ASSETS		
Cash and Investments	\$ 99,500	\$ 99,500
Cash with Fiscal Agent	<u>89,597</u>	<u>89,597</u>
Total Assets	<u>\$ 189,097</u>	<u>\$ 189,097</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable and Accrued Liabilities	<u>\$ 639</u>	<u>\$ 639</u>
Total Liabilities	<u>639</u>	<u>639</u>
Fund Balances:		
Restricted	<u>188,458</u>	<u>188,458</u>
Total Fund Balances	<u>188,458</u>	<u>188,458</u>
Total Liabilities and Fund Balances	<u>\$ 189,097</u>	<u>\$ 189,097</u>

**City of Santa Paula
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2011**

	<u>Community Center Endowment</u>	<u>Museum Endowment</u>	<u>Harding Park Trust</u>	<u>Total</u>
ASSETS				
Cash and Investments	\$ 518,752	\$ 211,277	\$ 854,733	\$ 1,584,762
Receivables	568	231	4,621	5,420
	<u>568</u>	<u>231</u>	<u>4,621</u>	<u>5,420</u>
Total Assets	<u>\$ 519,320</u>	<u>\$ 211,508</u>	<u>\$ 859,354</u>	<u>\$ 1,590,182</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 140	\$ 140
	<u>-</u>	<u>-</u>	<u>140</u>	<u>140</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>140</u>	<u>140</u>
Fund Balances:				
Nonspendable	519,320	211,508	-	730,828
Restricted	-	-	859,214	859,214
	<u>-</u>	<u>-</u>	<u>859,214</u>	<u>859,214</u>
Total Liabilities and Fund Balances	<u>\$ 519,320</u>	<u>\$ 211,508</u>	<u>\$ 859,354</u>	<u>\$ 1,590,182</u>

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue	Capital Projects	Debt Service	Permanent Funds	Total
REVENUES					
Taxes	\$ 1,031,347	\$ 269,036	\$ -	\$ -	\$ 1,300,383
Intergovernmental	1,607,685	-	-	-	1,607,685
Charges for Services	147,255	-	-	-	147,255
Fines and Forfeitures	491	-	-	-	491
Investment Earnings	124,029	15,172	217	7,044	146,462
Other Revenues	149,759	-	-	80,929	230,688
	<u>3,060,566</u>	<u>284,208</u>	<u>217</u>	<u>87,973</u>	<u>3,432,964</u>
Total Revenues					
EXPENDITURES					
General Government	155,845	1,219	987	-	158,051
Building and Safety	224,008	-	-	-	224,008
Community Services	316,623	12,447	-	20,410	349,480
Financial Services	2,665	-	-	-	2,665
Fire	9,809	26	-	-	9,835
Planning	-	1,545	-	-	1,545
Police	171,802	163	-	-	171,965
Public Works	1,220,619	307,100	-	-	1,527,719
Economic Development	92,912	405,851	-	-	498,763
Debt Service:					
Principal	94,100	-	39,000	-	133,100
Interest	54,695	-	58,117	-	112,812
	<u>2,343,078</u>	<u>728,351</u>	<u>98,104</u>	<u>20,410</u>	<u>3,189,943</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over Expenditures	<u>717,488</u>	<u>(444,143)</u>	<u>(97,887)</u>	<u>67,563</u>	<u>243,021</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	9,679	-	98,455	-	108,134
Transfers Out	(219,311)	(94,511)	-	-	(313,822)
	<u>(209,632)</u>	<u>(94,511)</u>	<u>98,455</u>	<u>-</u>	<u>(205,688)</u>
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	507,856	(538,654)	568	67,563	37,333
Fund Balances - Beginning	<u>1,692,556</u>	<u>3,326,756</u>	<u>187,890</u>	<u>1,522,479</u>	<u>6,729,681</u>
Fund Balances - Ending	<u>\$ 2,200,412</u>	<u>\$ 2,788,102</u>	<u>\$ 188,458</u>	<u>\$ 1,590,042</u>	<u>\$ 6,767,014</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, 2011

	<u>Mobile Home Rent Review</u>	<u>State Gas Tax</u>	<u>Local Transportation TDA</u>	<u>Proposition 1B</u>	<u>Housing and Community Development I</u>
REVENUES					
Taxes	\$ -	\$ -	\$ 324,367	\$ -	\$ -
Intergovernmental	-	806,708	-	-	-
Charges for Services	13,130	10,577	-	-	-
Fines and Forfeitures	-	-	-	-	-
Investment Earnings	-	144	153	-	313
Other Revenues	-	-	-	-	-
Total Revenues	<u>13,130</u>	<u>817,429</u>	<u>324,520</u>	<u>-</u>	<u>313</u>
EXPENDITURES					
General Government	4,552	-	-	-	-
Building and Safety	-	-	-	-	-
Community Services	-	-	-	-	-
Financial Services	-	-	2,665	-	-
Fire	-	-	-	-	-
Police	-	-	-	-	-
Public Works	-	492,100	31,642	-	-
Economic Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>4,552</u>	<u>492,100</u>	<u>34,307</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,578</u>	<u>325,329</u>	<u>290,213</u>	<u>-</u>	<u>313</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	(66,599)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(66,599)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	8,578	258,730	290,213	-	313
Fund Balances - Beginning	<u>(149,943)</u>	<u>(33,660)</u>	<u>7,514</u>	<u>-</u>	<u>68,900</u>
Fund Balances - Ending	<u>\$ (141,365)</u>	<u>\$ 225,070</u>	<u>\$ 297,727</u>	<u>\$ -</u>	<u>\$ 69,213</u>

(CDBG) Housing and Community Development II	CA Oil Museum	Asset Forfeiture	Hillsborough Open Space Assessment	DOJ-BJA Local Law Enforecement 03/04	Local Transportation TDA Article 3	Weed and Seed Support GRT-DOJ
\$ -	\$ -	\$ -	\$ 8,220	\$ -	\$ 416	\$ -
326,185	-	-	-	-	-	17,227
12,384	21,984	-	-	-	-	-
-	-	491	-	-	-	-
7,551	861	49	-	-	-	-
8,808	124,184	-	-	-	-	-
<u>354,928</u>	<u>147,029</u>	<u>540</u>	<u>8,220</u>	<u>-</u>	<u>416</u>	<u>17,227</u>
-	151,282	-	-	-	-	-
223,303	-	-	-	-	-	-
8,132	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	8,963	-	9,822	-	13,931
100,441	-	-	9,301	-	416	-
-	-	-	-	-	-	-
25,000	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>356,876</u>	<u>151,282</u>	<u>8,963</u>	<u>9,301</u>	<u>9,822</u>	<u>416</u>	<u>13,931</u>
<u>(1,948)</u>	<u>(4,253)</u>	<u>(8,423)</u>	<u>(1,081)</u>	<u>(9,822)</u>	<u>-</u>	<u>3,296</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(1,948)	(4,253)	(8,423)	(1,081)	(9,822)	-	3,296
21,517	1,222	16,471	(6,497)	(429)	-	(3,296)
<u>\$ 19,569</u>	<u>\$ (3,031)</u>	<u>\$ 8,048</u>	<u>\$ (7,578)</u>	<u>\$ (10,251)</u>	<u>\$ -</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, 2011

	Traffic Congestion Relief	Redevelopment Agency Housing Set-Aside	CAL Home Grant Dept. of HCD	NPDES Storm Water Quality	SLESF-COPS State
REVENUES					
Taxes	\$ -	\$ 659,906	\$ -	\$ 38,438	\$ -
Intergovernmental	-	-	-	-	100,000
Charges for Services	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Investment Earnings	1,071	5,947	-	437	512
Charges for Services	4,035	-	-	-	-
Total Revenues	5,106	665,853	-	38,875	100,512
EXPENDITURES					
General Government	-	-	-	-	-
Building and Safety	-	705	-	-	-
Community Services	-	-	-	-	-
Financial Services	-	-	-	-	-
Fire	-	-	-	-	-
Police	-	-	-	-	100,402
Public Works	262,347	-	-	37,983	-
Economic Development	-	92,912	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	262,347	93,617	-	37,983	100,402
Excess (Deficiency) of Revenues Over Expenditures	(257,241)	572,236	-	892	110
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	(145,331)	-	(5,318)	-
Total Other Financing Sources (Uses)	-	(145,331)	-	(5,318)	-
Net Change in Fund Balances	(257,241)	426,905	-	(4,426)	110
Fund Balances - Beginning	279,036	1,107,200	8,312	120,307	117,966
Fund Balances - Ending	<u>\$ 21,795</u>	<u>\$ 1,534,105</u>	<u>\$ 8,312</u>	<u>\$ 115,881</u>	<u>\$ 118,076</u>

<u>CLEEP</u>	<u>COPS State</u>	<u>Beverage Container Recycling</u>	<u>Area Agency on Aging</u>	<u>State Homeland Security Grant</u>	<u>Office of Traffic Safety</u>	<u>Federal STP</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	14,481	18,509	19,765	6,627	101,174
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	117	12	-	-	200
-	-	-	12,732	-	-	-
-	-	14,598	31,253	19,765	6,627	101,374
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	31,000	29,013	-	-	-
-	-	-	-	-	-	-
-	-	-	-	9,809	-	-
-	-	-	-	15,099	6,684	-
-	-	2,760	-	-	-	243,102
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	33,760	29,013	24,908	6,684	243,102
-	-	(19,162)	2,240	(5,143)	(57)	(141,728)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(19,162)	2,240	(5,143)	(57)	(141,728)
-	-	26,565	5,011	(481)	57	(13,697)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,403</u>	<u>\$ 7,251</u>	<u>\$ (5,624)</u>	<u>\$ -</u>	<u>\$ (155,425)</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, 2011

	FEMA Seismic Retrofit Grant	CA Used Oil Block Grant	Cable Television Fund	Stormwater Program Fund	Safe Routes To School
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	16,985	-	-	180,024
Charges for Services	-	-	33,521	55,659	-
Fines and Forfeitures	-	-	-	-	-
Investment Earnings	-	58	-	-	-
Other Revenues	-	-	-	-	-
Total Revenues	-	17,043	33,521	55,659	180,024
EXPENDITURES					
General Government	11	-	-	-	-
Building and Safety	-	-	-	-	-
Community Services	-	-	14,513	-	233,965
Financial Services	-	-	-	-	-
Fire	-	-	-	-	-
Police	-	-	-	-	-
Public Works	-	10,260	-	14,739	-
Economic Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	11	10,260	14,513	14,739	233,965
Excess (Deficiency) of Revenues Over Expenditures	(11)	6,783	19,008	40,920	(53,941)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	9,679	-
Transfers Out	-	-	-	(2,063)	-
Total Other Financing Sources (Uses)	-	-	-	7,616	-
Net Change in Fund Balances	(11)	6,783	19,008	48,536	(53,941)
Fund Balances - Beginning	11	10,869	(8,580)	7,827	-
Fund Balances - Ending	\$ -	\$ 17,652	\$ 10,428	\$ 56,363	\$ (53,941)

<u>Transportation Enhancement Grant</u>	<u>BJA Vest Grant</u>	<u>Miscellaneous State Grants</u>	<u>EPA Grant</u>	<u>GHAD-GEO Hazardous Abatement Dist</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,031,347
-	-	-	-	-	1,607,685
-	-	-	-	-	147,255
-	-	-	-	-	491
-	-	-	7	106,597	124,029
-	-	-	-	-	149,759
<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>106,597</u>	<u>3,060,566</u>
-	-	-	-	-	155,845
-	-	-	-	-	224,008
-	-	-	-	-	316,623
-	-	-	-	-	2,665
-	-	-	-	-	9,809
-	2,571	14,330	-	-	171,802
10,440	-	-	5,028	60	1,220,619
-	-	-	-	-	92,912
-	-	-	-	69,100	94,100
-	-	-	-	54,695	54,695
<u>10,440</u>	<u>2,571</u>	<u>14,330</u>	<u>5,028</u>	<u>123,855</u>	<u>2,343,078</u>
<u>(10,440)</u>	<u>(2,571)</u>	<u>(14,330)</u>	<u>(5,021)</u>	<u>(17,258)</u>	<u>717,488</u>
-	-	-	-	-	9,679
-	-	-	-	-	(219,311)
-	-	-	-	-	(209,632)
(10,440)	(2,571)	(14,330)	(5,021)	(17,258)	507,856
-	-	-	5,021	105,333	1,692,556
<u>\$ (10,440)</u>	<u>\$ (2,571)</u>	<u>\$ (14,330)</u>	<u>\$ -</u>	<u>\$ 88,075</u>	<u>\$ 2,200,412</u>

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Project Funds
For the Year Ended June 30, 2011

	Redevelopment Agency Exempt	Redevelopment Agency Housing Bond	Library Expansion Facilities	Law Enforcement Facilities	Water Distribution Facilities
REVENUES					
Taxes	\$ -	\$ -	\$ 6,290	\$ 8,547	\$ 26,719
Investment Earnings	1,960	859	706	157	882
Total Revenues	<u>1,960</u>	<u>859</u>	<u>6,996</u>	<u>8,704</u>	<u>27,601</u>
EXPENDITURES					
General Government	-	-	427	-	-
Community Services	-	-	-	-	-
Fire	-	-	-	-	-
Planning	-	-	-	-	-
Police	-	-	-	163	-
Public Works	-	-	-	-	172
Economic Development	296,414	109,437	-	-	-
Total Expenditures	<u>296,414</u>	<u>109,437</u>	<u>427</u>	<u>163</u>	<u>172</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(294,454)</u>	<u>(108,578)</u>	<u>6,569</u>	<u>8,541</u>	<u>27,429</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	(94,363)	(148)	-	-	-
Total Other Financing Sources (Uses)	<u>(94,363)</u>	<u>(148)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(388,817)	(108,726)	6,569	8,541	27,429
Fund Balances - Beginning	<u>654,507</u>	<u>234,081</u>	<u>150,366</u>	<u>27,171</u>	<u>170,640</u>
Fund Balances - Ending	<u>\$ 265,690</u>	<u>\$ 125,355</u>	<u>\$ 156,935</u>	<u>\$ 35,712</u>	<u>\$ 198,069</u>

<u>Inclusionary Housing Ordinance</u>	<u>Fire Protection Facilities</u>	<u>Public Meeting Facilities</u>	<u>General Government Facilities</u>	<u>Traffic Impact Fees</u>	<u>Parks and Recreation Facilities</u>	<u>Parkland Facilities</u>
\$ -	\$ 24,264	\$ 6,190	\$ 41,200	\$ 92,763	\$ -	\$ 38,256
2,298	-	643	732	1,624	570	3,884
<u>2,298</u>	<u>24,264</u>	<u>6,833</u>	<u>41,932</u>	<u>94,387</u>	<u>570</u>	<u>42,140</u>
-	-	385	407	-	-	-
-	-	-	-	-	-	12,447
-	26	-	-	-	-	-
1,545	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	306,141	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,545</u>	<u>26</u>	<u>385</u>	<u>407</u>	<u>306,141</u>	<u>-</u>	<u>12,447</u>
<u>753</u>	<u>24,238</u>	<u>6,448</u>	<u>41,525</u>	<u>(211,754)</u>	<u>570</u>	<u>29,693</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
753	24,238	6,448	41,525	(211,754)	570	29,693
<u>508,258</u>	<u>(13,962)</u>	<u>136,580</u>	<u>141,981</u>	<u>293,153</u>	<u>125,644</u>	<u>834,321</u>
<u>\$ 509,011</u>	<u>\$ 10,276</u>	<u>\$ 143,028</u>	<u>\$ 183,506</u>	<u>\$ 81,399</u>	<u>\$ 126,214</u>	<u>\$ 864,014</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, 2011

	Corp Yard Facilities	Sewer Collection Facilities	Storm Drain Facilities	Total
REVENUES				
Taxes	\$ -	\$ 4,677	\$ 20,130	\$ 269,036
Investment Earnings	477	180	200	15,172
Total Revenues	<u>477</u>	<u>4,857</u>	<u>20,330</u>	<u>284,208</u>
EXPENDITURES				
General Government	-	-	-	1,219
Community Services	-	-	-	12,447
Fire	-	-	-	26
Planning	-	-	-	1,545
Police	-	-	-	163
Public Works	630	80	77	307,100
Economic Development	-	-	-	405,851
Total Expenditures	<u>630</u>	<u>80</u>	<u>77</u>	<u>728,351</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(153)</u>	<u>4,777</u>	<u>20,253</u>	<u>(444,143)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	(94,511)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94,511)</u>
Net Change in Fund Balances	(153)	4,777	20,253	(538,654)
Fund Balances - Beginning	<u>(1,834)</u>	<u>35,724</u>	<u>30,126</u>	<u>3,326,756</u>
Fund Balances - Ending	<u>\$ (1,987)</u>	<u>\$ 40,501</u>	<u>\$ 50,379</u>	<u>\$ 2,788,102</u>

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended June 30, 2011

	Redevelopment Set-Aside Debt Service	Total
REVENUES		
Taxes	\$ -	\$ -
Investment Earnings	217	217
	217	217
Total Revenues	217	217
EXPENDITURES		
General Government	987	987
Debt Service:		
Principal	39,000	39,000
Interest	58,117	58,117
	98,104	98,104
Total Expenditures	98,104	98,104
Excess (Deficiency) of Revenues Over Expenditures	(97,887)	(97,887)
OTHER FINANCING SOURCES (USES)		
Transfers In	98,455	98,455
Transfers Out	-	-
	98,455	98,455
Total Other Financing Sources (Uses)	98,455	98,455
Net Change in Fund Balances	568	568
Fund Balances - Beginning	187,890	187,890
Fund Balances - Ending	\$ 188,458	\$ 188,458

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Funds
For the Year Ended June 30, 2011

	Community Center Endowment	Museum Endowment	Harding Park Trust	Total
REVENUES				
Investment Earnings	\$ 2,320	\$ 957	\$ 3,767	\$ 7,044
Other Revenues	12,932	-	67,997	80,929
Total Revenues	<u>15,252</u>	<u>957</u>	<u>71,764</u>	<u>87,973</u>
EXPENDITURES				
Community Services	2,088	862	17,460	20,410
Public Works	-	-	-	-
Total Expenditures	<u>2,088</u>	<u>862</u>	<u>17,460</u>	<u>20,410</u>
Excess (Deficiency) of Revenues Over Expenditures	13,164	95	54,304	67,563
Fund Balances - Beginning	<u>506,156</u>	<u>211,413</u>	<u>804,910</u>	<u>1,522,479</u>
Fund Balances - Ending	<u>\$ 519,320</u>	<u>\$ 211,508</u>	<u>\$ 859,214</u>	<u>\$ 1,590,042</u>