

**CITY OF SANTA PAULA**  
**FINANCIAL STATEMENTS**  
Year Ended June 30, 2012



**City of Santa Paula  
Financial Statements  
Year Ended June 30, 2012**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Independent Auditors' Report</b>	i - ii
<b>Management Discussion and Analysis</b>	iii - xi
<b>Basic Financial Statements:</b>	
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
Statement of Fiduciary Net Assets	13
Statement of Changes in Fiduciary Net Assets	14
Notes to Financial Statements	15 - 48
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Fund	49
Schedule of Funding Progress for DPHP	50
Notes to Required Supplementary Information	51
<b>Supplementary Information</b>	
Combining and Individual Fund Statements and Schedules:	52 - 55
Combining Balance Sheet - Nonmajor Governmental Funds	56
Combining Balance Sheet - Nonmajor Special Revenue Funds	57 - 62
Combining Balance Sheet - Nonmajor Capital Projects Funds	63 - 65
Combining Balance Sheet - Nonmajor Debt Service Funds	66
Combining Balance Sheet - Nonmajor Permanent Funds	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	69 - 74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds	75 - 77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds	79



## 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, 2012, 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

The accompanying financial statements have been prepared assuming that the City will continue as a going concern. As discussed in Note IV F, the City's General Fund's unassigned fund balance decreased significantly during the fiscal year ended June 30, 2012. This condition raises substantial doubt about the City's ability to continue as a going concern. Management's plans regarding this matter are also described at Note IV F. The financial statements do not include any adjustments that might result from the outcome of this matter.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2013 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 49, and Schedule of Funding Progress on page 50, 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.

*Teaman Ramirez & Smith, L.L.C.*

February 5, 2013

## CITY OF SANTA PAULA

### Management's Discussion and Analysis For the Year Ended June 30, 2012

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, 2012.

#### Financial Highlights

- The assets of the City of Santa Paula exceeded its liabilities at the close of FY 2011-12 by \$61,207,263 (*net assets*). Of this amount, \$7,146,009 (*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 \$4,906,735.
- As of the close of the current fiscal year, the City of Santa Paula's governmental funds reported combined ending fund balances of \$11,650,522 an increase of \$2,093,609 from the ending balance of 2011 that was \$9,556,913. Approximately \$450,787 (*unassigned fund balance*) and \$10,300,287 (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 \$661,166 or 4.7% of the fund total of total general fund expenditures and transfers equaling \$14,036,451. This is an increase of \$1,708,738 compared to the prior year, mostly due to public works projects related to the bond proceeds and continued salary and overtime costs.
- The City of Santa Paula's governmental funds total current liabilities, excluding advances from other funds, at year-end were \$4,019,501, an increase of \$3,933,768 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 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 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 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*. Also, as of February 1, 2012 the Santa Paula Redevelopment Agency became the Designated Local Authority for the former Santa Paula Redevelopment Fund, a Successor Agency Private-purpose trust fund with the City reporting as fiduciary funds.

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 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 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 10-12 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 13-14, 66 and 78 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 15-47 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 48-50 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 51-77 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 \$54,115,628 at the close of 2011 and \$61,207,263 at June 30, 2012.

A large portion (almost all) of the City of Santa Paula's net assets include \$43,183,930 (73.5 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, 2011			June 30, 2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>						
Current and other Assets	14,477,440	57,143,034	71,620,474	14,892,020	47,011,134	61,903,154
Capital Assets (net of depreciation)	16,891,881	121,824,963	138,716,844	19,732,502	125,438,835	145,171,337
<b>Total Assets</b>	<b>31,369,321</b>	<b>178,967,997</b>	<b>210,337,318</b>	<b>34,624,522</b>	<b>172,449,969</b>	<b>207,074,491</b>
<b>Liabilities</b>						
Long-term liabilities outstanding	10,163,158	135,510,184	145,673,342	3,903,467	132,190,797	136,094,264
Other liabilities	4,508,316	6,040,022	10,548,338	2,905,703	7,052,847	9,958,550
<b>Total Liabilities</b>	<b>14,671,474</b>	<b>141,550,206</b>	<b>156,221,680</b>	<b>6,809,170</b>	<b>139,243,644</b>	<b>146,052,814</b>
Invested in capital assets, net of related debt	16,462,104	18,293,354	34,755,458	19,480,542	23,703,387	43,183,929
Restricted For:						
Transportation and other purposes	852,816	-	852,816	1,417,203	-	1,417,203
Community Development	611,356	-	611,356	132,935	-	132,935
Public Safety	126,124	-	126,124	132,275	-	132,275
Public Works	1,890,483	-	1,890,483	4,396,491	-	4,396,491
Low and Moderate Housing	1,534,105	-	1,534,105	-	-	-
Debt Services	331,042	4,798,420	5,129,462	-	4,798,420	4,798,420
Unrestricted	(5,110,193)	14,326,017	9,215,824	2,255,906	4,890,103	7,146,009
<b>Total net assets</b>	<b>16,697,837</b>	<b>37,417,791</b>	<b>54,115,628</b>	<b>27,815,352</b>	<b>33,391,910</b>	<b>61,207,262</b>

An additional portion of the City of Santa Paula's net assets (18.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$4,714,988 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 (\$515,115), which is an decrease in negative balance from the previous year's figure of \$4,595,078. This is the result of reclassifying the bond proceeds now listed in restricted assets for transportation.

The business-type activities *unrestricted net assets* show a positive balance of \$4,890,103, a decrease over the prior year's balance of (\$9,095,914). The governmental activities showed an

increase of \$3,018,438 for *Invested in Capital Assets*. The business-type activities reported for *Invested in Capital Assets* an increase from the prior year of \$5,410,033.

<b>Government-Wide Financial Statements</b>						
<b>Table 2: Summary Changes of Net Assets</b>						
	June 30, 2011			June 30, 2012		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
<b>Revenues</b>						
Charges for services	\$2,186,577	\$18,445,714	\$20,632,291	\$1,635,171	\$17,226,725	\$18,861,896
Operating grants	4,383,278		4,383,278	3,804,756		3,804,756
Capital grants	546,264		546,264	2,174,293		2,174,293
General revenues:						
Property taxes	5,286,239		5,286,239	5,839,184		5,839,184
Tax increment	3,299,386		3,299,386	2,413,242		2,413,242
Sales taxes	1,417,271		1,417,271	1,581,390		1,581,390
Other taxes	1,067,829		1,067,829	878,634		878,634
Investments	25,031	69,682	94,713	31,420	39,190	70,610
Other revenues	857,698		857,698	219,749		219,749
<b>Total Assets</b>	<b>19,069,573</b>	<b>18,515,396</b>	<b>37,584,969</b>	<b>18,577,839</b>	<b>17,265,915</b>	<b>35,843,754</b>
<b>Expenses</b>						
General administration	3,424,358		3,424,358	2,535,872		2,535,872
Building and safety	511,518		511,518	421,491		421,491
Community services	1,558,858		1,558,858	1,403,057		1,403,057
Financial Services	386,682		386,682	374,260		374,260
Fire	2,110,501		2,110,501	2,046,782		2,046,782
Planning	644,007		644,007	1,073,414		1,073,414
Police	5,622,910		5,622,910	5,596,022		5,596,022
Public Works	989,271		989,271	1,411,083		1,411,083
Economic development	2,795,690		2,795,690	426,959		426,959
Non-departmental	505		505	10,125		10,125
Interest	260,465		260,465	143,369		143,369
Refuse		1,584,852	1,584,852		0	0
Water		5,722,208	5,722,208		5,825,461	5,825,461
Sewer		7,685,983	7,685,983		8,625,607	8,625,607
<b>Total expenses</b>	<b>18,304,765</b>	<b>14,993,043</b>	<b>33,297,808</b>	<b>15,442,434</b>	<b>14,451,068</b>	<b>29,893,502</b>
Increase in Net Assets before Transfers	764,808	3,522,353	4,287,161	3,135,405	2,814,847	5,950,252
Transfers	3,117,606	(3,117,606)	-	5,827,595	(5,827,595)	-
<b>Increase in Net Assets</b>	<b>3,882,414</b>	<b>404,747</b>	<b>4,287,161</b>	<b>8,963,000</b>	<b>(3,012,748)</b>	<b>5,950,252</b>
Extraordinary Loss	-	-	-	(1,043,517)	-	(1,043,517)
Beginning Net Assets	12,815,423	37,013,044	49,828,467	16,697,837	37,417,791	54,115,628
Prior period adjustment	-	-	-	3,198,032.00	(1,013,132.00)	2,184,900
<b>Ending Net Assets</b>	<b>\$16,697,837</b>	<b>\$37,417,791</b>	<b>\$54,115,628</b>	<b>\$27,815,352</b>	<b>\$33,391,911</b>	<b>\$61,207,263</b>

There was a decrease of \$4,028,880 in total net assets reported in connection with the City of Santa Paula's business-type activities. This decrease is mainly due to the write-down of the Sewer Advance to the General Fund.

**Governmental activities.** Governmental activities increased the City of Santa Paula's net assets by \$11,117,515 or thereby accounting for 156 percent of the total increase in the net assets of the City of Santa Paula.

Expenses for governmental activities decreased from \$18,304,765 in 2011 to \$15,233,174 in 2012, a decrease of \$3,071,591.

**Business-type activities.** Business-type activities decreased the City of Santa Paula's net assets by \$4,025,880.

### **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 \$11,650,522.

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 \$661,166, while total fund balance reached \$5,023,914. 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 4.75 percent of the total general fund expenditures, while total fund balance represents 36 percent of that same amount.

The City of Santa Paula's unreserved general fund, fund balance, decreased by \$756,219 during the current fiscal year. This reflects a decline in all revenue types except for Capital Grants, Property Taxes and Sales Tax revenues; however, there was a decrease in expenditures. The Police expenditures budget is more than 37 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 and Sewer enterprises at the end of the year amounted to \$33,391,911 a decrease of \$4,025,880 from the prior period. The net assets for the proprietary funds – water increased and sewer decreased \$889,173 and \$(4,915,053) respectively. Other factors concerning the finances of these funds are addressed in the discussion of the City of Santa Paula's business-type activities.

<b>Statement of Revenues, Expenses and Changes in Net Assets</b>			
<b>Table 3: Proprietary Funds</b>			
	Business-Type Activities		
	Water	Sewer	Total
Operating Revenues	7,013,767	10,103,958	17,117,725
Operating Expenses	3,172,671	4,454,144	7,626,815
Operating Income (loss)	3,841,096	5,649,814	9,490,910
Total Non-Operating Revenues (Expenses)	(2,515,161)	(4,160,902)	(6,676,063)
Transfers In	147,771	-	147,771
Transfers Out	(584,533)	(5,390,833)	(5,975,366)
<b>Change in Net Assets</b>	<b>889,173</b>	<b>(3,901,921)</b>	<b>(3,012,748)</b>
Total Net Assets, Beginning	16,199,456	21,218,335	37,417,791
Prior Period Adjustments	-	(1,013,132)	(1,013,132)
Total Net Assets, Ending	17,088,629	16,303,282	33,391,911

### General Fund Budgetary Highlights

The budgeted general fund revenue ended \$119,986 under the actual closing amount. There were no fiscal year adjustments to the final revenue budget. Revenues overall were 1.2% under the final adjusted budget.

Differences between the final budget and the actual expenditures were favorable for the Building & Safety, Community Services and Public Works department. General Government and Police had the largest deviation: \$525,128 and \$337,462 over budget respectively. Overall the General Fund expenditures came in under the budget by \$6 or 4.6%. The majority of the overages are due to increased insurance costs and equipment.

### 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, 2012, amounts to \$145,171,336 (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	7,134,086	7,638,205
Water Rights	-	13,834,827	13,834,827
Construction in progress	959,135	13,974,246	14,933,381
Buildings and System	1,832,388	82,317,851	84,150,239
Machinery and Equipment	1,044,373	814,797	1,859,170
Improvements other than buildings	15,392,486	7,363,028	22,755,514
Total Capital Assets	19,732,501	125,438,835	145,171,336

The value of the City's assets has increased by \$6,454,492 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 \$138,890,440, excluding compensated absences. This is a decrease of \$6,511,409 from the prior period's level of \$145,401,849. Governmental activities decreased by \$3,669,008 primarily due to the transfer of the Redevelopment Tax Allocation Bonds to the Successor Agency. Bonds secured solely by specified revenue sources (i.e., revenue bonds) equal \$66,982,142. The remaining debt is backed by the full faith and credit of the government.

The City of Santa Paula's total outstanding debt includes \$65,455,000 principal amount comprised of three series' of revenue bonds issued during the current fiscal year. Capital leases also decreased by \$143,267 due primarily to the payoff of leased vehicles. 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 31 to 39 of this report.

<b>Outstanding Debt</b>			
<b>Table 5</b>			
	Governmental Activities	Business-Type Activities	Total
Tax Allocation Bonds	-	-	-
Capital Lease Payable	10,610	-	10,610
Lease Revenue Bonds:			
Water 2010	-	53,610,000	53,610,000
Less: Deferred Issuance Premiums	-	1,706,328	1,706,328
Wastewater 2010A	-	5,795,000	5,795,000
Wastewater 2010B	-	6,050,000	6,050,000
Deferred Issuance Discounts	-	(179,186)	(179,186)
Loans Payable	241,350	-	241,350
Notes Payable	-	496,500	496,500
Pension Related Debt	3,063,893	189,266	3,253,159
OPEB Obligations	272,393	-	272,393
Compensated Absences	402,381	44,893	447,274
Wastewater Facilities Lease	-	67,634,286	67,634,286
<b>Total</b>	<b>3,990,627</b>	<b>135,347,087</b>	<b>139,337,714</b>
June 30, 2011	10,430,656	138,421,583	148,852,239
Change in Debt Service	(6,440,029)	(3,074,496)	(9,514,525)

### **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate estimated by the State of California Employment Development Department (November 2012) for the City of Santa Paula is 14.2 percent, down from last year's 15.4 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, 2011 and they are scheduled for another increase in the 2012-13 budget year. A consumption component was added to the sewer rates, 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, Finance Director, P.O. Box 569, Santa Paula, CA 93061.

## **BASIC FINANCIAL STATEMENTS**

**City of Santa Paula**  
**Statement of Net Assets**  
**June 30, 2012**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 9,242,698	\$ 6,055,238	\$ 15,297,936
Receivables (Net of Allowance)	1,418,849	2,143,244	3,562,093
Due from Other Governments	422,955	-	422,955
Loans Receivable, Net	-	-	-
Deferred Charges	-	4,567,442	4,567,442
Internal Balances	(100,000)	100,000	-
Cash - Restricted	3,753,814	34,330,796	38,084,610
Prepays	153,704	-	153,704
Capital Assets Not Being Depreciated			
Land	504,119	7,134,082	7,638,201
Water Rights		13,834,827	13,834,827
Construction in Progress	959,135	13,974,246	14,933,381
Capital Assets Net of Accumulated Depreciation			
Buildings and System	1,832,388	82,317,851	84,150,239
Machinery and Equipment	1,044,373	814,797	1,859,170
Improvements Other Than Buildings	15,392,487	7,363,032	22,755,519
	<u>34,624,522</u>	<u>172,635,555</u>	<u>207,260,077</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	2,818,543	2,640,885	5,459,428
Accrued Interest Payable	-	1,255,672	1,255,672
Noncurrent Liabilities			
Due Within One Year	87,160	3,156,290	3,243,450
Due in More Than One Year	3,903,467	132,190,797	136,094,264
	<u>6,809,170</u>	<u>139,243,644</u>	<u>146,052,814</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	19,480,542	23,703,388	43,183,930
Restricted for:			
Transportation and Other Purposes	1,417,203	-	1,417,203
Community Development	132,935	-	132,935
Public Safety	132,275	-	132,275
Public Works	4,396,491	-	4,396,491
Debt Service	-	4,798,420	4,798,420
Unrestricted	2,255,906	4,890,103	7,146,009
	<u>27,815,352</u>	<u>33,391,911</u>	<u>61,207,263</u>
Total Net Assets	<u>\$ 27,815,352</u>	<u>\$ 33,391,911</u>	<u>\$ 61,207,263</u>

The accompanying notes are an integral part of this statement.

**City of Santa Paula  
Statement of Activities  
For the Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$ 2,535,872	\$ 44,979	\$ -	\$ -
Building and Safety	421,491	234,202	501,841	-
Community Services	1,403,057	317,682	142,263	131,642
Financial Services	374,260	13,284	-	-
Fire	2,046,782	73,227	74,970	43,352
Planning	1,073,414	430,486	-	-
Police	5,596,022	255,665	293,646	45,206
Public Works	1,411,083	133,792	2,792,036	1,954,093
Economic Development	426,959	-	-	-
Non-departmental	10,125	131,854	-	-
Interest on Long-term Debt	143,369	-	-	-
<b>Total Governmental Activities</b>	<b>15,442,434</b>	<b>1,635,171</b>	<b>3,804,756</b>	<b>2,174,293</b>
<b>Business-type Activities:</b>				
Water	5,825,461	7,122,767	-	-
Sewer	8,625,607	10,103,958	-	-
<b>Total Business-type Activities</b>	<b>14,451,068</b>	<b>17,226,725</b>	<b>-</b>	<b>-</b>
<b>Total Government</b>	<b>\$ 29,893,502</b>	<b>\$ 18,861,896</b>	<b>\$ 3,804,756</b>	<b>\$ 2,174,293</b>

General Revenues:  
Property Taxes  
Tax Increment  
Sales Taxes  
Transient Occupancy Taxes  
Franchise Taxes  
Business License Taxes  
Motor Vehicle In-Lieu  
Unrestricted Investment Earnings  
Miscellaneous Revenues  
Transfers  
Total General Revenues and Transfers

Extraordinary Loss

Change in Net Assets

Net Assets - Beginning

Prior Period Adjustments

Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (2,490,893)	\$ -	\$ (2,490,893)
314,552	-	314,552
(811,470)	-	(811,470)
(360,976)	-	(360,976)
(1,855,233)	-	(1,855,233)
(642,928)	-	(642,928)
(5,001,505)	-	(5,001,505)
3,468,838	-	3,468,838
(426,959)	-	(426,959)
121,729	-	121,729
(143,369)	-	(143,369)
<u>(7,828,214)</u>	<u>-</u>	<u>(7,828,214)</u>
-	1,297,306	1,297,306
-	1,478,351	1,478,351
<u>-</u>	<u>2,775,657</u>	<u>2,775,657</u>
<u>(7,828,214)</u>	<u>2,775,657</u>	<u>(5,052,557)</u>
5,839,184	-	5,839,184
2,413,242	-	2,413,242
1,581,390	-	1,581,390
82,864	-	82,864
661,793	-	661,793
119,112	-	119,112
14,865	-	14,865
31,420	39,190	70,610
219,749	-	219,749
5,827,595	(5,827,595)	-
<u>16,791,214</u>	<u>(5,788,405)</u>	<u>11,002,809</u>
<u>(1,043,517)</u>	<u>-</u>	<u>(1,043,517)</u>
7,919,483	(3,012,748)	4,906,735
16,697,837	37,417,791	54,115,628
3,198,032	(1,013,132)	2,184,900
<u>\$ 27,815,352</u>	<u>\$ 33,391,911</u>	<u>\$ 61,207,263</u>

The accompanying notes are an integral part of this statement.

**City of Santa Paula  
Balance Sheet  
Governmental Funds  
June 30, 2012**

	General	Congestion Management and Air Quality Capital Project	Redevelopment Debt Service	Other Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 2,285,212	\$ -	\$ -	\$ 6,957,486
Receivables	1,170,162	13,060	-	235,627
Due from Other Funds	262,731	-	-	-
Due from Other Governments	422,955	-	-	-
Loans Receivable	13,174	-	-	502,098
Prepays	153,704	-	-	-
Cash - Restricted	3,718,499	-	-	35,315
	<u>8,026,437</u>	<u>13,060</u>	<u>-</u>	<u>7,730,526</u>
Total Assets	<u>\$ 8,026,437</u>	<u>\$ 13,060</u>	<u>\$ -</u>	<u>\$ 7,730,526</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 2,566,394	\$ -	\$ -	\$ 252,149
Due to Other Funds	-	12,976	-	249,755
Deferred Revenue	436,129	-	-	502,098
Advances From Other Funds	-	-	-	100,000
	<u>3,002,523</u>	<u>12,976</u>	<u>-</u>	<u>1,104,002</u>
Total Liabilities	<u>3,002,523</u>	<u>12,976</u>	<u>-</u>	<u>1,104,002</u>
Fund Balances:				
Nonspendable	166,878	-	-	732,570
Restricted	4,195,870	84	-	6,104,333
Unassigned	661,166	-	-	(210,379)
	<u>5,023,914</u>	<u>84</u>	<u>-</u>	<u>6,626,524</u>
Total Fund Balances	<u>5,023,914</u>	<u>84</u>	<u>-</u>	<u>6,626,524</u>
Total Liabilities and Fund Balances	<u>\$ 8,026,437</u>	<u>\$ 13,060</u>	<u>\$ -</u>	<u>\$ 7,730,526</u>

The accompanying notes are an integral part of this statement.

Total  
Governmental  
Funds

---

\$ 9,242,698  
1,418,849  
262,731  
422,955  
515,272  
153,704  

---

3,753,814

\$ 15,770,023

\$ 2,818,543  
262,731  
938,227  

---

100,000

---

4,119,501

899,448  
10,300,287  

---

450,787

---

11,650,522

\$ 15,770,023

The accompanying notes are an integral part of this statement.

This page intentionally left blank

**City of Santa Paula**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2012**

Fund balances of governmental funds	\$	11,650,522
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.		19,732,502
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		422,955
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		(10,610)
Compensated Absences		(402,381)
OPEB Obligation		(272,393)
Loans Payable		(241,350)
Pension Related Debt		(3,063,893)
		(3,063,893)
Net assets of governmental activities	\$	27,815,352

The accompanying notes are an integral part of this statement.

**City of Santa Paula**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	General	Congestion Management and Air Quality Capital Project	Redevelopment Debt Service	Other Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 8,169,419	\$ -	\$ 2,413,242	\$ 2,415,508
Licenses and Permits	258,405	-	-	-
Intergovernmental	354,598	1,103,289	-	2,320,214
Charges for Services	1,047,483	-	-	200,405
Fines and Forfeitures	125,832	-	-	2,212
Investment Earnings	8,198	84	405	44,678
Other Revenues	56,650	-	-	257,113
	<u>10,020,585</u>	<u>1,103,373</u>	<u>2,413,647</u>	<u>5,240,130</u>
<b>EXPENDITURES</b>				
Current:				
General Government	2,339,831	-	12,657	272,937
Building and Safety	207,554	-	-	212,473
Community Services	769,793	-	-	483,029
Financial Services	370,969	-	-	1,827
Fire	2,078,624	-	-	6,068
Planning	593,573	-	-	468,000
Police	5,469,318	-	-	210,278
Public Works	1,956,986	938,686	-	1,673,627
Economic Development	-	-	-	202,467
Non-departmental	10,125	-	-	-
Debt Service:				
Principal	125,208	-	98,000	94,609
Interest	2,692	-	66,529	53,377
	<u>13,924,673</u>	<u>938,686</u>	<u>177,186</u>	<u>3,678,692</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(3,904,088)</u>	<u>164,687</u>	<u>2,236,461</u>	<u>1,561,438</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	6,018,599	9,159	-	463,337
Transfers Out	(111,778)	(186,184)	-	(365,538)
	<u>5,906,821</u>	<u>(177,025)</u>	<u>-</u>	<u>97,799</u>
Extraordinary Loss	<u>-</u>	<u>-</u>	<u>(1,992,757)</u>	<u>(1,799,727)</u>
Net Change in Fund Balances	2,002,733	(12,338)	243,704	(140,490)
Fund Balances, Beginning	<u>3,021,181</u>	<u>12,422</u>	<u>(243,704)</u>	<u>6,767,014</u>
Fund Balances, Ending	<u>\$ 5,023,914</u>	<u>\$ 84</u>	<u>\$ -</u>	<u>\$ 6,626,524</u>

The accompanying notes are an integral part of this statement.

Total  
Governmental  
Funds

\$ 12,998,169  
258,405  
3,778,101  
1,247,888  
128,044  
53,365  
313,763

18,777,735

2,625,425  
420,027  
1,252,822  
372,796  
2,084,692  
1,061,573  
5,679,596  
4,569,299  
202,467  
10,125

317,817  
122,598

18,719,237

58,498

6,491,095  
(663,500)

5,827,595

(3,792,484)

2,093,609

9,556,913

\$ 11,650,522

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, 2012**

Net change in fund balances-total governmental funds \$ 2,093,609

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 \$3,610,527 exceeded depreciation of \$881,625 in the current period. 2,728,902

The net effect of disposals of capital assets is to decrease net assets. (106,032)

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. (14,162)

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	140,000
Principal Paid on Capital Leases	143,267
Principal Paid on Loans Payable	34,550
Decrease in Pension-related Debt	404,031
Increase in OPEB Obligation	(73,181)
Amortization of Bond Discounts and Issuance Costs	(6,609)

Governmental funds do not report certain long-term assets and long-term liabilities that are reflected in the Statement of Net Assets. This amount represents the difference in the extraordinary loss in the governmental funds and the extraordinary loss in the Statement of Activities, due to the dissolution of the Redevelopment Agency. 2,748,967

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. 26,038

Change in net assets of governmental activities \$ 7,919,483

**City of Santa Paula**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Utility Authority</u>		<u>Totals</u>
	<u>Water</u>	<u>Sewer</u>	
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ 3,379,877	\$ 2,675,361	\$ 6,055,238
Receivables	1,145,778	997,466	2,143,244
Total Current Assets	<u>4,525,655</u>	<u>3,672,827</u>	<u>8,198,482</u>
Noncurrent Assets:			
Restricted Cash:			
Cash with Fiscal Agents	26,494,432	7,836,364	34,330,796
Advances to Other Funds	2,100,000	-	2,100,000
Deferred Charges	4,304,351	263,091	4,567,442
Capital Assets:			
Land	2,356,451	4,777,631	7,134,082
Water Rights	13,834,827	-	13,834,827
Buildings	12,178,061	81,211,122	93,389,183
Improvements	7,142,924	866,410	8,009,334
Machinery and Equipment	1,530,887	520,887	2,051,774
Construction in Progress	6,733,637	7,240,609	13,974,246
Less: Accumulated Depreciation	<u>(5,400,353)</u>	<u>(7,554,258)</u>	<u>(12,954,611)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>38,376,434</u>	<u>87,062,401</u>	<u>125,438,835</u>
Total Noncurrent Assets	<u>71,275,217</u>	<u>95,161,856</u>	<u>166,437,073</u>
Total Assets	<u>75,800,872</u>	<u>98,834,683</u>	<u>174,635,555</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	1,696,789	944,096	2,640,885
Interest Payable	968,466	287,206	1,255,672
Compensated Absences	44,893	-	44,893
Bonds Payable - Current	1,295,000	195,000	1,490,000
Capital Lease Payable - Current	-	1,621,397	1,621,397
Total Current Liabilities	<u>4,005,148</u>	<u>3,047,699</u>	<u>7,052,847</u>
Noncurrent Liabilities:			
Advances from Other Funds	-	2,000,000	2,000,000
Bonds Payable	54,021,329	11,470,813	65,492,142
Notes Payable	496,500	-	496,500
Capital Lease Payable	-	66,012,889	66,012,889
Pension Related Debt	189,266	-	189,266
Total Noncurrent Liabilities	<u>54,707,095</u>	<u>79,483,702</u>	<u>134,190,797</u>
Total Liabilities	<u>58,712,243</u>	<u>82,531,401</u>	<u>141,243,644</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	9,451,442	14,251,946	23,703,388
Restricted for:			
Debt Service	3,910,946	887,474	4,798,420
Unrestricted	3,726,241	1,163,862	4,890,103
Total Net Assets	<u>\$ 17,088,629</u>	<u>\$ 16,303,282</u>	<u>\$ 33,391,911</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, 2012**

	Business-Type Activities - Enterprise Funds		
	Utility Authority		Totals
	Water	Sewer	
<b>OPERATING REVENUES</b>			
Water Sales	\$ 6,960,044	\$ -	\$ 6,960,044
Sewer Sales	-	10,090,314	10,090,314
Other Revenues	53,723	13,644	67,367
Total Operating Revenues	<u>7,013,767</u>	<u>10,103,958</u>	<u>17,117,725</u>
<b>OPERATING EXPENSES</b>			
Cost of Sales	1,965,418	3,057,032	5,022,450
Administration	731,514	224,048	955,562
Depreciation	475,739	1,173,064	1,648,803
Total Operating Expenses	<u>3,172,671</u>	<u>4,454,144</u>	<u>7,626,815</u>
Operating Income (Loss)	<u>3,841,096</u>	<u>5,649,814</u>	<u>9,490,910</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Earnings	28,629	10,561	39,190
Interest Expense	(2,652,790)	(4,171,463)	(6,824,253)
Gain/(Loss) on Disposal of Capital Assets	109,000	-	109,000
Total Nonoperating Revenues (Expenses)	<u>(2,515,161)</u>	<u>(4,160,902)</u>	<u>(6,676,063)</u>
Income Before Contributions and Transfers	1,325,935	1,488,912	2,814,847
Transfers In	147,771	-	147,771
Transfers Out	<u>(584,533)</u>	<u>(5,390,833)</u>	<u>(5,975,366)</u>
Change in Net Assets	889,173	(3,901,921)	(3,012,748)
Total Net Assets, Beginning	16,199,456	21,218,335	37,417,791
Prior Period Adjustment	<u>-</u>	<u>(1,013,132)</u>	<u>(1,013,132)</u>
Total Net Assets, Ending	<u>\$ 17,088,629</u>	<u>\$ 16,303,282</u>	<u>\$ 33,391,911</u>

The accompanying notes are an integral part of this statement.

**City of Santa Paula  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2012**

	Utility Authority		Total
	Water	Sewer	
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers and Users	\$ 6,850,037	\$ 10,040,433	\$ 16,890,470
Payments to Suppliers	(1,105,852)	(2,872,353)	(3,978,205)
Payments to Employees	(994,871)	(106,566)	(1,101,437)
Net Cash Provided (Used) by Operating Activities	<u>4,749,314</u>	<u>7,061,514</u>	<u>11,810,828</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers In	147,771	-	147,771
Transfers Out	(584,533)	(613,055)	(1,197,588)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(436,762)</u>	<u>(613,055)</u>	<u>(1,049,817)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	(6,169,527)	(106,280)	(6,275,807)
Sale of Property	109,000	-	109,000
Interest Paid on Capital Debt	(2,653,000)	(4,158,495)	(6,811,495)
Principal Paid on Capital Debt	(1,255,000)	(1,754,455)	(3,009,455)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(9,968,527)</u>	<u>(6,019,230)</u>	<u>(15,987,757)</u>
<b>Cash Flows from Investing Activities</b>			
Investment Earnings	<u>28,629</u>	<u>10,561</u>	<u>39,190</u>
Net Cash Provided (Used) by Investing Activities	<u>28,629</u>	<u>10,561</u>	<u>39,190</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(5,627,346)	439,790	(5,187,556)
Cash and Cash Equivalents, Beginning	<u>35,501,655</u>	<u>10,071,935</u>	<u>45,573,590</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 29,874,309</u>	<u>\$ 10,511,725</u>	<u>\$ 40,386,034</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income	\$ 3,841,096	\$ 5,649,814	\$ 9,490,910
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation Expense	475,739	1,173,064	1,648,803
(Increase) Decrease in Receivables	(163,730)	(63,525)	(227,255)
Increase (Decrease) in Accounts Payable	605,870	302,161	908,031
Increase (Decrease) in Compensated Absences	3,203	-	3,203
Increase (Decrease) in Pension Related Debt	(12,864)	-	(12,864)
<b>Net Cash Provided By Operating Activities</b>	<u>\$ 4,749,314</u>	<u>\$ 7,061,514</u>	<u>\$ 11,810,828</u>
<b>Noncash Investing, Capital, and Financing Activities</b>			
Amortization of Bond Issuance Costs	\$ 198,601	\$ 195,220	\$ 393,821
Amortization of (Premium)/Discount on Bonds	(61,861)	6,400	(55,461)

The accompanying notes are an integral part of this statement.

**City of Santa Paula**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Fund**  
**June 30, 2012**

	Successor Agency Private-purpose Trust Fund
<b>ASSETS</b>	
Cash and Investments	\$ 3,034,814
Restricted Cash and Investments	331,041
Interest Receivable	2,589
Loans Receivable, Net	19,303
Deferred Charges	67,377
Property Held for Resale	205,221
	3,660,345
Total Assets	
 <b>LIABILITIES</b>	
Accounts Payable	1,582,989
Interest Payable	14,971
Bonds Payable	2,786,469
	4,384,429
Total Liabilities	
 <b>NET ASSETS</b>	
Net assets held in trust for Successor Agency	\$ (724,084)

The accompanying notes are an integral part of this statement.

**City of Santa Paula**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Fund**  
**Year Ended June 30, 2012**

	Successor Agency Private-purpose Trust Fund
<b>ADDITIONS</b>	
Taxes	\$ 314
Interest Income	5,336
Miscellaneous Income	4,000
Total Additions	9,650
<b>DEDUCTIONS</b>	
Administrative Costs	1,701,559
Interest on Bonds	75,692
Total Deductions	1,777,251
Change in Net Assets before Extraordinary Items	(1,767,601)
Extraordinary Gain	1,043,517
Change in Net Assets	(724,084)
Net Assets - Beginning of Year	-
Net Assets - End of Year	\$ (724,084)

The accompanying notes are an integral part of this statement.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

<b>NOTE</b>	<b>DESCRIPTION</b>	<b>PAGE</b>
I	Summary of Significant Accounting Policies	16 - 25
II	Stewardship, Compliance and Accountability	25
III	Detailed Notes on All Funds	26 - 40
IV	Other Information	41 - 48

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

**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. As described in Note IV C to the financial statements, the Santa Paula Redevelopment agency was dissolved as of January 21, 2012 in accordance with AB X126.

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.

Separate financial statements are not prepared for the Santa Paula Public Financing Authority or the Santa Paula Utility Authority.

**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*.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

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

**B) Government-wide and Fund Financial Statements - Continued**

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

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

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*, as are the proprietary funds' and fiduciary fund 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 and sewer funds account for the operation of the City's water distribution system and the City's sewage treatment plant, and sewage pumping stations.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

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

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

The City reports the following fiduciary funds:

The Successor Agency Private-purpose Trust Fund accounts for the wind down activities of the Santa Paula Redevelopment Agency.

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

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

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

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) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements**

Governmental Accounting Standards Board Statement No. 63

In June of 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

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

**D) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued**

Governmental Accounting Standards Board Statement No. 63 - Continued

and related disclosures. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. The City has elected not to early implement GASB No. 63 and has not determined its effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 65

In March of 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in the financial statements. Statement No. 65 is effective for periods beginning after December 15, 2012. The City has elected not to early implement GASB No. 65 and has not determined its effect on the City's financial statements.

Governmental Accounting Standards Board Statement No. 68

In June of 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. This statement was issued to improve the financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. Statement No. 68 is effective for periods beginning after June 15, 2014. The City has elected not to early implement GASB No. 68 and has not determined its effect on the City's financial statements.

**E) 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.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

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

**E) Assets, Liabilities, and Net Assets or Equity - Continued**

**1) Deposits and Investments - Continued**

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."

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.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

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

**E) Assets, Liabilities, and Net Assets or Equity - Continued**

**2) Receivables and Payables - Continued**

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.

**3) Restricted Assets**

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

**4) Capital Assets**

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

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

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

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

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

**E) Assets, Liabilities, and Net Assets or Equity - Continued**

**4) Capital Assets - Continued**

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.

**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.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

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

**E) Assets, Liabilities, and Net Assets or Equity - Continued**

**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.

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.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

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

**E) Assets, Liabilities, and Net Assets or Equity - Continued**

**7) Fund Equity - Continued**

The details of the fund balances as of June 30, 2012 are presented below:

	General Fund	Congestion Management and Air Quality Special Revenue	Redevelopment Debt Service	Total Non-major Governmental Funds	Total Governmental Funds
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
<b>Nonspendable:</b>					
Loans Receivable	\$ 13,174	\$	\$	\$	\$ 13,174
Prepays	153,704				153,704
Permanent Endowments				732,570	732,570
<b>Restricted for:</b>					
Refuse Stranded Costs	477,371				477,371
Street Work	3,718,499	84		1,402,727	5,121,310
Public Safety				132,275	132,275
Community Development				96,297	96,297
Miscellaneous Grants				39,905	39,905
Cable Television				36,638	36,638
Hazard Abatement				132,926	132,926
Inclusionary Housing Ordinance				41,667	41,667
Development Fees				3,337,948	3,337,948
Harding Park				883,950	883,950
<b>Committed to:</b>					-
<b>Assigned to:</b>					-
<b>Unassigned:</b>	<u>661,166</u>			<u>(210,379)</u>	<u>(450,787)</u>
Total Fund Balance	<u>\$ 5,023,914</u>	<u>\$ 84</u>	<u>\$ -</u>	<u>\$ 6,626,524</u>	<u>\$ 11,650,522</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, 2012**

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

**F) Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary loss recognized in the government-wide financial statements is reconciled as follows:

Deferred charges reported in government-wide financial statements	\$ (67,377)
Accrued bond interest reported in the government-wide financial statements	29,875
Long-term debt reported in the government-wide financial statements	<u>2,786,469</u>
Net increase to net assets of the government-wide financial statements	<u>\$ 2,748,967</u>

**II) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A) Deficit Fund Equity**

The following non-major funds had deficit fund balances at June 30, 2012:

Mobile Home Rent Review	\$ 143,862
Housing and Community Development II	\$ 1,477
Hillsborough Open Space Assessment	\$ 3,840
State Homeland Security Grant	\$ 8,021
Federal STP	\$ 42,554
BJA Vest Grant	\$ 8,632
Corp Yard Facilities	\$ 1,993

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

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

**III) DETAILED NOTES ON ALL FUNDS**

**A) Cash and Investments**

The City's cash and investments consist of the following at June 30, 2012:

Petty Cash	\$	5,600
Deposits		141,527
Investments		56,601,274
 Total Cash and Investments		 56,748,401
 Statement of Net Assets:		
Cash and Investments	\$	15,297,936
Restricted Cash and Investments		38,084,610
 Statement of Fiduciary Net Assets:		
Cash and Investments		3,034,814
Restricted Cash and Investments		331,041
 Total Cash and Investments	 \$	 56,748,401

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

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

The City Treasurer has direct oversight over the City's pooled investment fund which covers cash and cash equivalents of the City's governmental funds, enterprise funds, and agency funds which are invested in accordance with the City's investment policy. The investment policy generally complies with California Government Code Section 53601.

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

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

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

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

**A) Cash and Investments - Continued**

**Disclosures Relating to Interest Rate Risk**

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

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

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State Investment Pool - LAIF	\$ 18,638,265	\$ 18,638,265	\$	\$	\$
Certificates of Deposit	305,011	305,011			
Held by Bond Trustees:					
Money Market	37,326,957	37,326,957			
Mutual Funds	331,041	331,041			
<b>Total</b>	<b>\$ 56,601,274</b>	<b>\$ 56,601,274</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Disclosures Relating to Credit Risk**

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

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	Aa	Not Rated
State Investment Pool - LAIF	\$ 18,638,265	N/A	\$	\$	\$	\$ 18,638,265
Certificates of Deposit	305,011	N/A				305,011
Held by Bond Trustees:						
Money Market	37,326,957	N/A		37,326,957		
Mutual Funds	331,041	N/A		331,041		
<b>Total</b>	<b>\$ 56,601,274</b>		<b>\$ -</b>	<b>\$37,657,998</b>	<b>\$ -</b>	<b>\$ 18,943,276</b>

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

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

**A) Cash and Investments - Continued**

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

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

At June 30, 2012, none of the City's deposits with financial institutions in excess of the Federal Depository Insurance Corporation's limits were held in uncollateralized accounts.

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

**Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

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

**B) Receivables**

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

	General	CMAQ Congestion Management/ Air Quality	Redevelopment Debt Service	Water Utility	Sewer Utility	Nonmajor and Other Funds	Total
Receivables:							
Interest	\$ 2,091	\$ 84	\$ -	\$ 3,184	\$ 2,697	\$ 5,651	\$ 13,707
Taxes	867,122	-	-	-	-	-	867,122
Accounts	238,578	-	-	1,142,594	994,769	24,239	2,400,180
Intergovernmental	61,689	12,976	-	-	-	197,737	272,402
Miscellaneous	-	-	-	-	-	8,000	8,000
Total Receivables	<u>\$ 1,169,480</u>	<u>\$ 13,060</u>	<u>\$ -</u>	<u>\$ 1,145,778</u>	<u>\$ 997,466</u>	<u>\$ 235,627</u>	<u>\$ 3,561,411</u>

**C) Capital Assets**

Capital asset activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 504,119	\$ -	\$ -	\$ 504,119
Construction in Progress	3,540,737	3,060,201	(5,641,803)	959,135
Total Capital Assets, Not Being Depreciated	<u>4,044,856</u>	<u>3,060,201</u>	<u>(5,641,803)</u>	<u>1,463,254</u>
Capital Assets Being Depreciated:				
Buildings and System	2,891,085	64,909	-	2,955,994
Machinery and Equipment	3,808,849	472,117	(573,271)	3,707,695
Improvements Other Than Buildings	13,732,403	5,655,103	-	19,387,506
Total Capital Assets Being Depreciated	<u>20,432,337</u>	<u>6,192,129</u>	<u>(573,271)</u>	<u>26,051,195</u>
Less Accumulated Depreciation:				
Buildings and System	(1,013,680)	(109,926)	-	(1,123,606)
Machinery and Equipment	(2,882,151)	(248,410)	467,239	(2,663,322)
Improvements Other Than Buildings	(3,471,730)	(523,289)	-	(3,995,019)
Total Accumulated Depreciation	<u>(7,367,561) *</u>	<u>(881,625)</u>	<u>467,239</u>	<u>(7,781,947)</u>
Total Capital Assets Being Depreciated, Net	<u>13,064,776</u>	<u>5,310,504</u>	<u>(106,032)</u>	<u>18,269,248</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,109,632</u>	<u>\$ 8,370,705</u>	<u>\$ (5,747,835)</u>	<u>\$ 19,732,502</u>

\*Beginning balance for accumulated depreciation includes a prior period adjustment of \$217,751 to reflect actual accumulated depreciation at the beginning of the year.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

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

**C) Capital Assets - Continued**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 6,742,631	\$ 391,451	\$ -	\$ 7,134,086
Water Rights	13,834,827	-	-	13,834,827
Construction in Progress	12,365,314	5,804,193	(4,195,261) *	13,974,246
Total Capital Assets, Not Being Depreciated	<u>32,942,772</u>	<u>6,195,644</u>	<u>(4,195,261)</u>	<u>34,943,155</u>
Capital Assets Being Depreciated:				
Buildings and System	90,215,363	3,173,820	-	93,389,183
Machinery and Equipment	1,994,037	57,737	-	2,051,774
Improvements Other Than Buildings	7,978,599	30,735	-	8,009,334
Total Capital Assets Being Depreciated	<u>100,187,999</u>	<u>3,262,292</u>	<u>-</u>	<u>103,450,291</u>
Less Accumulated Depreciation:				
Buildings and System	(9,693,153)	(1,378,179)	-	(11,071,332)
Machinery and Equipment	(1,122,789)	(114,188)	-	(1,236,977)
Improvements Other Than Buildings	(489,866)	(156,436)	-	(646,302)
Total Accumulated Depreciation	<u>(11,305,808)</u>	<u>(1,648,803)</u>	<u>-</u>	<u>(12,954,611)</u>
Total Capital Assets Being Depreciated, Net	<u>88,882,191</u>	<u>1,613,489</u>	<u>-</u>	<u>90,495,680</u>
Business-type Activities Capital Assets, Net	<u>\$ 121,824,963</u>	<u>\$ 7,809,133</u>	<u>\$ (4,195,261)</u>	<u>\$ 125,438,835</u>

\*Includes prior period adjustment to remove \$1,013,132 of assets capitalized in prior years that should have been expensed.

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

Governmental Activities:	
General Government	\$ 20,925
Community Services	145,112
Fire	76,754
Planning	7,450
Police	78,908
Public Works	327,984
Economic Development	<u>224,492</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 881,625</u>
Business-type Activities:	
Water	\$ 475,739
Sewer	<u>1,173,064</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 1,648,803</u>

**City of Santa Paula  
Notes to Financial Statements  
June 30, 2012**

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

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

The composition of interfund balances as of June 30, 2012 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 249,755
General Fund	Congestion Management and Air Quality Special Revenue	12,976
	Total	<u>\$ 262,731</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
	Total	<u>\$ 2,100,000</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.

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 transferred to the General fund an upfront lease rental payment of \$5,000,000. The payment is to be used by the City to finance certain public capital improvements. The unspent balance as of June 30, 2012 is \$3,718,499 and is included in restricted fund balance.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

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

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

Interfund transfers:

<u>Transfer Out</u>	<u>Transfer In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Water Fund</u>	<u>Congestion Management and Air Quality Capital Project Fund</u>	<u>Other Governmental Funds</u>	
Water Fund	\$ 584,533	\$ -	\$ -	\$ -	\$ 584,533
Sewer Fund	5,316,948	73,885	-	-	5,390,833
General Fund	-	73,886	1,043	36,849	111,778
Congestion Management and Air Quality Capital Project	-	-	-	186,184	186,184
Other Governmental Funds	117,118	-	8,116	240,304	365,538
	<u>\$ 6,018,599</u>	<u>\$ 147,771</u>	<u>\$ 9,159</u>	<u>\$ 463,337</u>	<u>\$ 6,638,866</u>

Transfers were made during the 2011-12 fiscal year from the enterprise and other funds to the general fund, to reimburse overhead expenditures. Transfers were made from the General fund and Sewer funds to the Water fund to reimburse various costs. Transfers were made between the Congestion Management and Air Quality Capital Project fund and non-major funds as necessary to properly allocate costs among the funds. In addition, the Sewer Fund had advanced the General Fund in prior years for upfront lease rental payments. In the current year, this advance was reclassified as a transfer.

**E) Long-term Debt**

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>						
Tax Allocation Refunding Bonds	\$ 2,945,000	\$ -	\$ (140,000)	\$ (2,805,000)	\$ -	\$ -
Less Deferred Amounts:						
For Issuance Discounts	(19,957)	-	1,426	18,531	-	-
Total Bonds Payable	2,925,043	-	(138,574)	(2,786,469)	-	-
Compensated Absences	428,419	63,215	(89,253)	-	402,381	42,000
Claims Payable	2,980,281	-	(2,980,281) *	-	-	-
Capital Lease Payable	153,877	-	(143,267)	-	10,610	10,610
Loan Payable	275,900	-	(34,550)	-	241,350	34,550
OPEB Obligation	199,212	73,181	-	-	272,393	-
Pension Related Debt	3,467,924	-	(404,031)	-	3,063,893	-
Governmental Activities Long-term Liabilities	<u>\$ 10,430,656</u>	<u>\$ 136,396</u>	<u>\$ (3,789,956)</u>	<u>(2,786,469)</u>	<u>3,990,627</u>	<u>\$ 87,160</u>

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

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

**E) Long-term Debt - Continued**

Changes in Long-term Debt - Continued

\* Represents a prior period adjustment for claims liabilities. See Note IV, I for additional information.

	Beginning Balance	Additions	Reductions	Transfers	Ending Balance	Due Within One Year
<b>Business-type Activities:</b>						
Revenue Bonds:						
2010 Water Revenue						
Bonds	\$ 54,865,000	\$ -	\$ (1,255,000)	\$ -	\$ 53,610,000	\$ 1,295,000
Add Deferred Amounts:						
For Issuance Premiums	1,768,189	-	(61,861)	-	1,706,328	-
Wastewater Revenue						
Bonds - 2010A	5,900,000	-	(105,000)	-	5,795,000	110,000
Bonds -2010B	6,130,000	-	(80,000)	-	6,050,000	85,000
Add Deferred Amounts:						
For Issuance Discounts	(185,586)	-	6,400	-	(179,186)	-
Notes Payable	496,500	-	-	-	496,500	-
Wastewater Facilities Lease	69,203,660	-	(1,569,374)	-	67,634,286	1,621,397
Compensated Absences	41,690	23,331	(20,128)	-	44,893	44,893
Pension Related Debt	202,130	-	(12,864)	-	189,266	-
<b>Business-type Activities</b>						
Long-term Liabilities	<u>\$ 138,421,583</u>	<u>\$ 23,331</u>	<u>\$ (3,097,827)</u>	<u>\$ -</u>	<u>\$ 135,347,087</u>	<u>\$ 3,156,290</u>

Capital Leases

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

Assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and Equipment	\$ 345,772
Improvements Other than Buildings	345,000
Less: Accumulated Depreciation	<u>(281,480)</u>
<b>Total</b>	<u>\$ 409,292</u>

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

**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, 2012 are as follows:

Fiscal Year Ending June 30,	Governmental Activities
2013	\$ 10,890
Total Minimum Lease Payments	10,890
Less: Interest Amounts	(280)
Present Value of Minimum Lease Payments	\$ 10,610

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 with 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
2013	\$ 34,550	\$ 19,308
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
	\$ 241,350	\$ 77,112

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

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

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

**E) Long-term Debt - Continued**

Wastewater Facilities Lease - Continued

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	(1,772,779)
Total	\$ 69,138,378

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 are as follows:

Fiscal Year Ending June 30,	Business-type Activities
2013	\$ 5,190,132
2014	5,364,095
2015	5,539,671
2016	5,723,032
2017	5,912,379
2018-2022	32,600,685
2023-2027	34,490,938
2028-2032	42,217,780
2033-2037	47,980,392
2038-2040	29,621,251
Total Minimum Lease Payments	214,640,355
Less: Interest Amounts	(147,006,069)
Present Value of Minimum Lease Payments	\$ 67,634,286

**City of Santa Paula  
Notes to Financial Statements  
June 30, 2012**

**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 1<sup>st</sup> and February 1<sup>st</sup> of each year with principal maturing on February 1<sup>st</sup> 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
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	1,485,000	2,425,150
2018-2022	8,520,000	11,017,750
2023-2027	10,860,000	8,665,000
2028-2032	13,860,000	5,663,138
2033-2037	8,625,000	2,436,237
2038-2040	4,850,000	514,938
	\$ 53,610,000	\$ 40,932,763

**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, 2012**

**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 1<sup>st</sup> and February 1<sup>st</sup> of each year with principal maturing on February 1<sup>st</sup> 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
2013	\$ 110,000	\$ 282,620
2014	110,000	279,320
2015	115,000	275,470
2016	120,000	271,445
2017	125,000	267,245
2018-2022	700,000	1,265,740
2023-2027	880,000	1,082,625
2028-2032	1,125,000	838,038
2033-2037	1,450,000	514,500
2038-2040	1,060,000	113,137
	<u>\$ 5,795,000</u>	<u>\$ 5,190,140</u>

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

Fiscal Year Ending June 30,	Principal	Interest
2013	\$ 85,000	\$ 406,675
2014	90,000	402,000
2015	95,000	397,050
2016	100,000	391,825
2017	105,000	386,325
2018-2022	620,000	1,837,050
2023-2027	850,000	1,607,375
2028-2032	1,175,000	1,279,375
2033-2037	1,640,000	811,650
2038-2040	1,290,000	184,800
	<u>\$ 6,050,000</u>	<u>\$ 7,704,125</u>

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

**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
2013	\$ -	\$ 73,000
2014	-	73,000
2015	-	73,000
2016	-	73,000
2017	-	73,000
2018-2022	-	365,000
2023-2026	496,500	292,136
	\$ 496,500	\$ 1,022,136

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

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

**E) Long-term Debt – Continued**

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	
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>\$ 1,593,158</u>	<u>\$ 549,835</u>	<u>\$ 2,142,993</u>

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

Year Ending June 30,	Pension-related Debt		Total
	Principal	Interest	
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>\$ 1,660,001</u>	<u>\$ 266,310</u>	<u>\$ 1,926,311</u>

**City of Santa Paula  
Notes to Financial Statements  
June 30, 2012**

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

**E) Long-term Debt – Continued**

**Fiduciary Fund**

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
2013	\$ 150,000	\$ 179,650
2014	150,000	170,150
2015	160,000	160,590
2016	175,000	150,430
2017	185,000	139,300
2018-2022	1,130,000	500,775
2023-2025	855,000	112,200
	\$ 2,805,000	\$ 1,413,095

Changes in Long-term Debt

The following is a schedule of changes in long-term debt of the Successor Agency for the fiscal year ended June 30, 2012.

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance	Due Within One Year
Bonds Payable:						
Tax Allocation Refunding Bonds	\$ -	\$ -	\$ -	\$ 2,805,000	\$ 2,805,000	\$ 150,000
Unamortized Discount	-	-	-	(18,531)	(18,531)	-
	\$ -	\$ -	\$ -	\$ 2,786,469	2,786,469	\$ 150,000

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

**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 over 100 California public entities and is organized under a joint powers agreement pursuant to California Government 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 nine-member Executive Committee.

The City does not have an equity interest in the Authority; therefore, no amount has been reported in the Statement of Net Assets. However, the City does have an ongoing financial interest because the City is able to influence the operations of the Authority so that the Authority uses its resources on behalf of the City. Also, an ongoing financial responsibility exists because the Authority is dependent on continued funding from the City. The condensed financial information of the Authority has not been reproduced in this report, but is available from the Authority.

2. Self Insurance Programs of the Authority

Beginning coverage period 2010/11, the Authority implemented a new funding and cost allocation formula, from retrospective funding model to a prospective funding model and increased the funding estimate goal to 75 percent confidence level. This change aims to improve the Authority's long-term financial viability by sufficiently pre-funding each period to cover expected claims and expenditures. Under the new formula, the General Liability and Workers' Compensation annual contributions are separately calculated for public safety and non-public safety categories based on the member's exposure and experience factors. Exposure factor is determined by the annual reported payroll, with the minimum imputed payroll of \$420,000 for the liability formula. Experience factors are defined by loss layer weighting ratio equivalent to 50 percent on the agency's first layer losses (\$0 to \$30,000 for liability and \$0 to \$50,000 for worker's compensation) and 50 percent on its second layer of losses (\$30,000 to \$750,000 for liability and \$50,000 to \$100,000 for worker's compensation). A credibility weighting component, ranging from 80 percent to 20 percent, is applied to determine the portion of the member's cost attributable to its own loss experience relative to its payroll size. The annual contribution is subject to 0 percent-35 percent volatility band, so that no member will pay more than 35 percent or pay less than prior year amount.

General Liability: Costs of claims above \$5,000,000 are currently paid by reinsurance. The Protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

Workers Compensation: Members retain the first \$50,000 of each claim. Losses up to \$2,000,000 are pooled by members and excess coverage is purchased by statutory limits. Administrative expenses are paid from the Authority's investment earnings.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

**IV) OTHER INFORMATION - Continued**

**A) Risk Management - Continued**

3. Purchased Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$50,139,573. There is a \$5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

4. Adequacy of Protection

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

5. Claims and Judgments

The City accounts for uninsured, material claims and judgments and associated legal and administrative costs when it is probable that the liability claim has been incurred and the amount of the loss can be reasonably estimated. Included therein are claims incurred but not reported, which consists of (a) known loss events expected to be presented as claims later, (b) unknown loss events that are expected to become claims, and (c) expected future development on claims already reported. This is based upon historical actual results that have established a reliable pattern supplemented by specific information about current matters. Small dollar claims and judgments are recorded as expenditures when paid.

**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.

**C) Successor Agency Trust for Assets of Former Redevelopment Agency**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Santa Paula that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

**IV) OTHER INFORMATION - Continued**

**C) Successor Agency Trust for Assets of Former Redevelopment Agency - Continued**

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 11, 2012, the City Council elected not to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 6771.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

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

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Although the City elected not to become the Successor Agency for the former Santa Paula Redevelopment Agency, as of June 30, 2012, the assets have not been transferred to the County. Therefore, they are reported in a fiduciary fund.

Prior to that date, the final several months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

**IV) OTHER INFORMATION - Continued**

**C) Successor Agency Trust for Assets of Former Redevelopment Agency - Continued**

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in governmental funds - increase to net assets of the Successor Agency Trust Fund.	\$ 3,792,484
Accrued bond interest reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund.	(29,875)
Unamortized bond issuance costs reported in the government - increase to net assets of the Successor Agency Trust Fund.	67,377
Long-term debt reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund.	<u>(2,786,469)</u>
Net increase to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary loss reported in the government-wide financial statements of the City).	<u><u>\$ 1,043,517</u></u>

**D) Employee Retirement Systems and Pension Plans**

Defined Benefit Pension Plan

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

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

**City of Santa Paula  
Notes to Financial Statements  
June 30, 2012**

**IV) OTHER INFORMATION - Continued**

**D) Employee Retirement Systems and Pension Plans - Continued**

*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, 2012 was 20.342% and 10.059% for Tier 1 and Tier 2 for miscellaneous employees and 36.856% 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:

Fiscal Year	Required Contributions	Percentage Contributed
6/30/10	\$ 1,534,872	100%
6/30/11	\$ 1,446,862	100%
6/30/12	\$ 1,465,197	100%

**E) 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 contributes \$112 per employee per month.

*Annual OPEB Cost.* For 2012, 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.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

**IV) OTHER INFORMATION - Continued**

**E) Post Employment Benefits - Continued**

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	\$	111,683
Interest on net OPEB obligation		9,961
Adjustment to annual required contribution		(12,959)
Annual OPEB cost (expense)		108,685
Contributions made		(35,504)
Increase in net OPEB obligation		73,181
Net OPEB obligation – beginning of the year		199,212
Net OPEB obligation – end of the year	\$	272,393

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, 2012 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
6/30/12	\$ 108,685	32.6%	272,393
6/30/11	\$ 99,958	39.2%	199,212
6/30/10	\$ 100,964	33.8%	138,476

*Funded Status and Funding Progress.* As of July 1, 2012, the actuarial valuation accrued liability for benefits was \$1,174,307, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,126,370 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

**City of Santa Paula  
Notes to Financial Statements  
June 30, 2012**

**IV) OTHER INFORMATION - Continued**

**E) Post Employment Benefits - Continued**

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	July 1, 2012
Discount Rate	0.05
Ultimate Trend Rate	0.05
HealthCare trend rates: Initial, Ultimate	.08, .05
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

**F) 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 \$515,272. The loans receivable balance of \$0 is net of the allowance.

**G) Construction Commitments**

The estimated amount of remaining construction contract obligations at year-end is \$4,177,959.

**H) General Fund Financial Condition**

In the current year the City's General Fund expenditures exceeded revenues by approximately \$3.9 million. This resulted in a reduction to unassigned fund balance of approximately \$756,000 in the current year. As of June 30, 2012, the City's unassigned fund balance is \$661,166. Although the General Fund had transfers in of \$6 million in the current year, approximately \$4.8 million of these transfers represented the reclassification of the advance from the Sewer fund which is restricted for public improvements and is included in restricted fund balance.

Management's plan is to continue the 3 year plan which was adopted in the spring of 2011 which includes savings and revenue generation from the sale of the Refuse division. The savings should begin showing in fiscal year 2012-13. In addition, the City is continually looking at revenue enhancements with fee increases scheduled incrementally over the next few years. The City is continuing to review all vacant positions to determine whether the positions are considered revenue neutral positions. Also, in the current year, the General Fund incurred expenditures of approximately \$1.75 million for street related projects that are funded by a bond issuance in prior years which increased the total expenditures in the current year.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2012**

**IV) OTHER INFORMATION - Continued**

**I) Prior Period Adjustments**

The prior period adjustment in the Statement of Activities for the Governmental Activities of \$3,198,032 is due to a combination of the following adjustments:

Adjustment to the beginning accumulated depreciation for capital assets as of July 1, 2011.	\$ 217,751
Adjustment to the claims liabilities balance. The City is part of a risk pool and has transferred the risk of loss. This amount represents the claims liability at June 30, 2011 that was recorded incorrectly.	<u>2,980,281</u>
Total prior period adjustment	<u><u>\$ 3,198,032</u></u>

**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 7,817,996	\$ 7,817,996	\$ 8,169,419	\$ 351,423
Licenses & Permits	441,873	441,873	258,405	(183,468)
Intergovernmental	350,920	350,920	354,598	3,678
Charges for Services	1,236,392	1,256,907	1,047,483	(209,424)
Fines and Forfeitures	87,425	87,425	125,832	38,407
Investment Earnings	2,830	72,800	8,198	(64,602)
Other Revenues	112,650	112,650	56,650	(56,000)
	<u>10,050,086</u>	<u>10,140,571</u>	<u>10,020,585</u>	<u>(119,986)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,812,203	1,814,703	2,339,831	(525,128)
Building and Safety	253,978	253,978	207,554	46,424
Community Services	828,690	828,690	769,793	58,897
Financial Services	356,577	356,577	370,969	(14,392)
Fire	1,983,656	1,983,656	2,078,624	(94,968)
Planning	511,848	511,848	593,573	(81,725)
Police	5,185,268	5,131,856	5,469,318	(337,462)
Public Works	3,608,494	3,670,665	1,956,986	1,713,679
Debt Service:				
Principal	26,000	26,000	125,208	(99,208)
Interest	10,000	10,000	2,692	7,308
	<u>14,576,714</u>	<u>14,587,973</u>	<u>13,924,673</u>	<u>663,300</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,526,628)</u>	<u>(4,447,402)</u>	<u>(3,904,088)</u>	<u>543,314</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,021,885	1,021,885	6,018,599	4,996,714
Transfers Out	-	-	(111,778)	(111,778)
	<u>1,021,885</u>	<u>1,021,885</u>	<u>5,906,821</u>	<u>4,884,936</u>
Net Change in Fund Balances	(3,504,743)	(3,425,517)	2,002,733	5,428,250
Fund Balances, Beginning	<u>3,021,181</u>	<u>3,021,181</u>	<u>3,021,181</u>	<u>-</u>
Fund Balances, Ending	<u>\$ (483,562)</u>	<u>\$ (404,336)</u>	<u>\$ 5,023,914</u>	<u>\$ 5,428,250</u>

**City of Santa Paula**  
**Schedule of Funding Progress for DPHP**  
**Year Ended June 30, 2012**

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%
07/01/12	\$ -	\$ 1,174,307	\$ 1,174,307	0%	\$ 2,126,370	55.23%

**City of Santa Paula**  
**Notes to Required Supplementary Information**  
**June 30, 2012**

**Budgetary Information**

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

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

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

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

## **SUPPLEMENTARY INFORMATION**

**City of Santa Paula**  
**Nonmajor Governmental Funds**  
**June 30, 2012**

**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, 2012**

**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, 2012**

**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, 2012**

**Capital Project Funds - continued**

Harding Park Improvements Fund - This fund is used to account for the funds used for the improvements to Harding Park from the Harding Park Trust Permanent fund.

Air Quality Impact Fee - This fund is used to account for developers fees collected to be used for air quality management.

**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, 2012**

	Special Revenue	Capital Projects	Debt Service	Permanent Funds	Total
<b>ASSETS</b>					
Cash and Investments	\$ 1,729,978	\$ 3,623,543	\$ -	\$ 1,603,965	\$ 6,957,486
Receivables	219,563	2,996	-	13,068	235,627
Loans Receivable	502,098	-	-	-	502,098
Cash - Restricted	35,315	-	-	-	35,315
<b>Total Assets</b>	<b>\$ 2,486,954</b>	<b>\$ 3,626,539</b>	<b>\$ -</b>	<b>\$ 1,617,033</b>	<b>\$ 7,730,526</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 102,719	\$ 148,917	\$ -	\$ 513	\$ 252,149
Due to Other Funds	249,755	-	-	-	249,755
Deferred Revenue	502,098	-	-	-	502,098
Advances From Other Funds	-	100,000	-	-	100,000
<b>Total Liabilities</b>	<b>854,572</b>	<b>248,917</b>	<b>-</b>	<b>513</b>	<b>1,104,002</b>
Fund Balances:					
Nonspendable	-	-	-	732,570	732,570
Restricted	1,840,768	3,379,615	-	883,950	6,104,333
Unassigned	(208,386)	(1,993)	-	-	(210,379)
<b>Total Fund Balances</b>	<b>1,632,382</b>	<b>3,377,622</b>	<b>-</b>	<b>1,616,520</b>	<b>6,626,524</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,486,954</b>	<b>\$ 3,626,539</b>	<b>\$ -</b>	<b>\$ 1,617,033</b>	<b>\$ 7,730,526</b>

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2012**

	<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>
<b>ASSETS</b>					
Cash and Investments	\$ -	\$ 697,559	\$ 505,713	\$ -	\$ 69,394
Receivables	-	92,208	339	-	58
Loans Receivable	-	-	-	-	-
Cash - Restricted	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ 789,767</u>	<u>\$ 506,052</u>	<u>\$ -</u>	<u>\$ 69,452</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 159	\$ 9,435	\$ 38,887	\$ -	\$ -
Due to Other Funds	143,703	-	-	-	-
Deferred Revenue	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>143,862</u>	<u>9,435</u>	<u>38,887</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	-	780,332	467,165	-	69,452
Unassigned	(143,862)	-	-	-	-
	<u>(143,862)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(143,862)</u>	<u>780,332</u>	<u>467,165</u>	<u>-</u>	<u>69,452</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 789,767</u>	<u>\$ 506,052</u>	<u>\$ -</u>	<u>\$ 69,452</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>
\$ -	\$ 15,244	\$ 7,877	\$ -	\$ -	\$ 5,673	\$ -
29,520	-	7	-	-	2	-
285,549	-	-	-	-	-	-
35,315	-	-	-	-	-	-
<u>\$ 350,384</u>	<u>\$ 15,244</u>	<u>\$ 7,884</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,675</u>	<u>\$ -</u>
\$ 3,280	\$ 4,763	\$ -	\$ 390	\$ -	\$ -	\$ -
63,032	-	-	3,450	-	-	-
285,549	-	-	-	-	-	-
<u>351,861</u>	<u>4,763</u>	<u>-</u>	<u>3,840</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	10,481	7,884	-	-	5,675	-
(1,477)	-	-	(3,840)	-	-	-
<u>(1,477)</u>	<u>10,481</u>	<u>7,884</u>	<u>(3,840)</u>	<u>-</u>	<u>5,675</u>	<u>-</u>
<u>\$ 350,384</u>	<u>\$ 15,244</u>	<u>\$ 7,884</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,675</u>	<u>\$ -</u>

CONTINUED

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Special Revenue Funds (Continued)  
June 30, 2012**

	Traffic Congestion Relief	Redevelopment Agency Housing Set-Aside	Cal Home Grant Dept. of HCD	NPDES Storm Water Quality	SLESF-COPS State
<b>ASSETS</b>					
Cash and Investments	\$ -	\$ -	\$ 8,312	\$ 67,842	\$ 100,364
Receivables	-	-	-	39,732	25,104
Loans Receivable	-	-	216,549	-	-
Cash - Restricted	-	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 224,861</b>	<b>\$ 107,574</b>	<b>\$ 125,468</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 1,077
Due to Other Funds	-	-	-	-	-
Deferred Revenue	-	-	216,549	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>216,549</b>	<b>-</b>	<b>1,077</b>
Fund Balances:					
Restricted	-	-	8,312	107,574	124,391
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>8,312</b>	<b>107,574</b>	<b>124,391</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 224,861</b>	<b>\$ 107,574</b>	<b>\$ 125,468</b>

<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>
\$ -	\$ -	\$ 16,181	\$ 8,604	\$ -	\$ -	\$ -
-	-	12	809	12,786	-	7,968
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,193</u>	<u>\$ 9,413</u>	<u>\$ 12,786</u>	<u>\$ -</u>	<u>\$ 7,968</u>
\$ -	\$ -	\$ -	\$ 1,361	\$ 114	\$ -	\$ 42,554
-	-	-	-	20,693	-	7,968
-	-	-	-	-	-	-
-	-	-	1,361	20,807	-	50,522
-	-	16,193	8,052	-	-	-
-	-	-	-	(8,021)	-	(42,554)
-	-	16,193	8,052	(8,021)	-	(42,554)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,193</u>	<u>\$ 9,413</u>	<u>\$ 12,786</u>	<u>\$ -</u>	<u>\$ 7,968</u>

CONTINUED

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Special Revenue Funds (Continued)  
June 30, 2012**

	FEMA Seismic Retrofit Grant	CA Used Oil Block Grant	Cable Television Fund	Stormwater Program	Safe Routes To School
<b>ASSETS</b>					
Cash and Investments	\$ -	\$ 23,697	\$ 28,752	\$ 41,937	\$ -
Receivables	-	18	8,585	38	2,277
Loans Receivable	-	-	-	-	-
Cash - Restricted	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 23,715</u>	<u>\$ 37,337</u>	<u>\$ 41,975</u>	<u>\$ 2,277</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ -	-	\$ 699	\$ -	\$ -
Due to Other Funds	-	-	-	-	2,277
Deferred Revenue	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>699</u>	<u>-</u>	<u>2,277</u>
Fund Balances:					
Restricted	-	23,715	36,638	41,975	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>23,715</u>	<u>36,638</u>	<u>41,975</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 23,715</u>	<u>\$ 37,337</u>	<u>\$ 41,975</u>	<u>\$ 2,277</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>
\$ -	\$ -	\$ -	\$ -	\$ 132,829	\$ 1,729,978
3	-	-	-	97	219,563
-	-	-	-	-	502,098
-	-	-	-	-	35,315
<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,926</u>	<u>\$ 2,486,954</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,719
-	8,632	-	-	-	249,755
-	-	-	-	-	502,098
-	8,632	-	-	-	854,572
3	-	-	-	132,926	1,840,768
-	(8,632)	-	-	-	(208,386)
3	(8,632)	-	-	132,926	1,632,382
<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,926</u>	<u>\$ 2,486,954</u>

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2012**

	<u>Redevelopment Agency Exempt</u>	<u>Redevelopment Agency Housing Bond</u>	<u>Library Expansion Facilities</u>	<u>Law Enforcement Facilities</u>	<u>Water Distribution Facilities</u>
<b>ASSETS</b>					
Cash and Investments	\$ -	\$ -	\$ 282,494	\$ 45,203	\$ 702,309
Receivables	-	-	236	38	588
	<u>-</u>	<u>-</u>	<u>282,730</u>	<u>45,241</u>	<u>702,897</u>
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,730</u>	<u>\$ 45,241</u>	<u>\$ 702,897</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Accrued					
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Advances From Other Funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	-	-	282,730	45,241	702,897
Unassigned	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>282,730</u>	<u>45,241</u>	<u>702,897</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,730</u>	<u>\$ 45,241</u>	<u>\$ 702,897</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>
\$ 51,624 43	\$ 53,583 45	\$ 271,683 228	\$ 180,994 157	\$ 296,373 193	\$ 125,914 106	\$ 1,264,788 1,063
<u>\$ 51,667</u>	<u>\$ 53,628</u>	<u>\$ 271,911</u>	<u>\$ 181,151</u>	<u>\$ 296,566</u>	<u>\$ 126,020</u>	<u>\$ 1,265,851</u>
\$ 10,000 -	\$ - -	\$ - -	\$ 316 -	\$ - -	\$ - -	\$ 138,601 -
<u>10,000</u>	<u>-</u>	<u>-</u>	<u>316</u>	<u>-</u>	<u>-</u>	<u>138,601</u>
41,667 -	53,628 -	271,911 -	180,835 -	296,566 -	126,020 -	1,127,250 -
<u>41,667</u>	<u>53,628</u>	<u>271,911</u>	<u>180,835</u>	<u>296,566</u>	<u>126,020</u>	<u>1,127,250</u>
<u>\$ 51,667</u>	<u>\$ 53,628</u>	<u>\$ 271,911</u>	<u>\$ 181,151</u>	<u>\$ 296,566</u>	<u>\$ 126,020</u>	<u>\$ 1,265,851</u>

CONTINUED

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Capital Projects Funds - Continued  
June 30, 2012**

	Corp Yard Facilities	Sewer Collection Facilities	Storm Drain Facilities	Harding Park Improvements	Air Quality Impact Fee	Total
<b>ASSETS</b>						
Cash and Investments	\$ 97,917	\$ 125,070	\$ 85,284	\$ -	\$ 40,307	\$ 3,623,543
Receivables	90	104	71	-	34	2,996
Total Assets	<u>\$ 98,007</u>	<u>\$ 125,174</u>	<u>\$ 85,355</u>	<u>\$ -</u>	<u>\$ 40,341</u>	<u>\$ 3,626,539</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable and Accrued						
Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148,917
Advances From Other Funds	100,000	-	-	-	-	100,000
Total Liabilities	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,917</u>
Fund Balances:						
Restricted	-	125,174	85,355	-	40,341	3,379,615
Unassigned	(1,993)	-	-	-	-	(1,993)
Total Fund Balances	<u>(1,993)</u>	<u>125,174</u>	<u>85,355</u>	<u>-</u>	<u>40,341</u>	<u>3,377,622</u>
Total Liabilities and Fund Balances	<u>\$ 98,007</u>	<u>\$ 125,174</u>	<u>\$ 85,355</u>	<u>\$ -</u>	<u>\$ 40,341</u>	<u>\$ 3,626,539</u>

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Permanent Funds  
June 30, 2012**

	<u>Community Center Endowment</u>	<u>Museum Endowment</u>	<u>Harding Park Trust</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Investments	\$ 520,552	\$ 211,405	\$ 872,008	\$ 1,603,965
Receivables	436	177	12,455	13,068
	<u>520,988</u>	<u>211,582</u>	<u>884,463</u>	<u>1,617,033</u>
Total Assets	<u>\$ 520,988</u>	<u>\$ 211,582</u>	<u>\$ 884,463</u>	<u>\$ 1,617,033</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 513	\$ 513
	<u>-</u>	<u>-</u>	<u>513</u>	<u>513</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>513</u>	<u>513</u>
Fund Balances:				
Nonspendable	520,988	211,582	-	732,570
Restricted	<u>-</u>	<u>-</u>	<u>883,950</u>	<u>883,950</u>
	<u>520,988</u>	<u>211,582</u>	<u>883,950</u>	<u>1,616,520</u>
Total Fund Balance	<u>520,988</u>	<u>211,582</u>	<u>883,950</u>	<u>1,616,520</u>
Total Liabilities and Fund Balances	<u>\$ 520,988</u>	<u>\$ 211,582</u>	<u>\$ 884,463</u>	<u>\$ 1,617,033</u>

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
Year Ended June 30, 2012**

	<u>Redevelopment Set-Aside Debt Service</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and Investments	\$ -	\$ -
Cash with Fiscal Agent	-	-
	<u>          </u>	<u>          </u>
Total Assets	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ -	\$ -
	<u>          </u>	<u>          </u>
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balances:		
Restricted	-	-
	<u>          </u>	<u>          </u>
Total Fund Balances	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>

**City of Santa Paula**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2012**

	Special Revenue	Capital Projects	Debt Service	Permanent Funds	Total
<b>REVENUES</b>					
Taxes	\$ 538,115	\$ 1,877,393	\$ -	\$ -	\$ 2,415,508
Intergovernmental	2,320,214	-	-	-	2,320,214
Charges for Services	200,405	-	-	-	200,405
Fines and Forfeitures	2,212	-	-	-	2,212
Investment Earnings	25,491	13,490	134	5,563	44,678
Other Revenues	166,135	-	-	90,978	257,113
	<u>3,252,572</u>	<u>1,890,883</u>	<u>134</u>	<u>96,541</u>	<u>5,240,130</u>
Total Revenues					
<b>EXPENDITURES</b>					
General Government	167,149	105,788	-	-	272,937
Building and Safety	212,473	-	-	-	212,473
Community Services	57,650	402,926	-	22,453	483,029
Financial Services	1,827	-	-	-	1,827
Fire	6,068	-	-	-	6,068
Planning	-	468,000	-	-	468,000
Police	174,602	35,676	-	-	210,278
Public Works	1,629,918	43,709	-	-	1,673,627
Economic Development	56,964	145,503	-	-	202,467
Debt Service:					
Principal	52,609	-	42,000	-	94,609
Interest	24,865	-	28,512	-	53,377
	<u>2,384,125</u>	<u>1,201,602</u>	<u>70,512</u>	<u>22,453</u>	<u>3,678,692</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over Expenditures	<u>868,447</u>	<u>689,281</u>	<u>(70,378)</u>	<u>74,088</u>	<u>1,561,438</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	316,200	147,137	-	-	463,337
Transfers Out	(288,627)	(29,301)	-	(47,610)	(365,538)
	<u>27,573</u>	<u>117,836</u>	<u>-</u>	<u>(47,610)</u>	<u>97,799</u>
Total Other Financing Sources (Uses)					
Extraordinary Loss	<u>(1,464,050)</u>	<u>(217,597)</u>	<u>(118,080)</u>	<u>-</u>	<u>(1,799,727)</u>
Net Change in Fund Balances	(568,030)	589,520	(188,458)	26,478	(140,490)
Fund Balances - Beginning	<u>2,200,412</u>	<u>2,788,102</u>	<u>188,458</u>	<u>1,590,042</u>	<u>6,767,014</u>
Fund Balances - Ending	<u>\$ 1,632,382</u>	<u>\$ 3,377,622</u>	<u>\$ -</u>	<u>\$ 1,616,520</u>	<u>\$ 6,626,524</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, 2012**

	<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>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 482,396	\$ -	\$ -
Intergovernmental	-	847,573	-	-	-
Charges for Services	8,622	13,096	-	-	-
Fines and Forfeitures	-	-	-	-	-
Investment Earnings	-	1,508	977	-	239
Other Revenues	-	3,977	-	-	-
	<u>8,622</u>	<u>866,154</u>	<u>483,373</u>	<u>-</u>	<u>239</u>
Total Revenues					
<b>EXPENDITURES</b>					
General Government	11,119	-	-	-	-
Building and Safety	-	-	-	-	-
Community Services	-	-	-	-	-
Financial Services	-	-	1,827	-	-
Fire	-	-	-	-	-
Police	-	-	-	-	-
Public Works	-	465,508	212,033	-	-
Economic Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
	<u>11,119</u>	<u>465,508</u>	<u>213,860</u>	<u>-</u>	<u>-</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,497)</u>	<u>400,646</u>	<u>269,513</u>	<u>-</u>	<u>239</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	215,465	92,620	-	-
Transfers Out	-	(60,849)	(192,695)	-	-
	<u>-</u>	<u>154,616</u>	<u>(100,075)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)					
Extraordinary Loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,497)	555,262	169,438	-	239
Fund Balances - Beginning	<u>(141,365)</u>	<u>225,070</u>	<u>297,727</u>	<u>-</u>	<u>69,213</u>
Fund Balances - Ending	<u>\$ (143,862)</u>	<u>\$ 780,332</u>	<u>\$ 467,165</u>	<u>\$ -</u>	<u>\$ 69,452</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 Enforecement 03/04</u>	<u>Local Transportation TDA Article 3</u>	<u>Weed and Seed Support GRT-DOJ</u>
\$ -	\$ -	\$ -	\$ 10,394	\$ -	\$ 5,673	\$ -
477,592	-	-	-	10,618	-	-
14,564	23,777	-	-	-	-	-
-	-	2,212	-	-	-	-
7,331	11,243	30	-	-	2	-
2,354	134,522	-	-	-	-	-
<u>501,841</u>	<u>169,542</u>	<u>2,242</u>	<u>10,394</u>	<u>10,618</u>	<u>5,675</u>	<u>-</u>
-	156,030	-	-	-	-	-
212,473	-	-	-	-	-	-
8,228	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	2,406	-	367	-	-
281,334	-	-	6,656	-	-	-
-	-	-	-	-	-	-
18,059	-	-	-	-	-	-
2,793	-	-	-	-	-	-
<u>522,887</u>	<u>156,030</u>	<u>2,406</u>	<u>6,656</u>	<u>367</u>	<u>-</u>	<u>-</u>
<u>(21,046)</u>	<u>13,512</u>	<u>(164)</u>	<u>3,738</u>	<u>10,251</u>	<u>5,675</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(21,046)</u>	<u>13,512</u>	<u>(164)</u>	<u>3,738</u>	<u>10,251</u>	<u>5,675</u>	<u>-</u>
<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>\$ (1,477)</u>	<u>\$ 10,481</u>	<u>\$ 7,884</u>	<u>\$ (3,840)</u>	<u>\$ -</u>	<u>\$ 5,675</u>	<u>\$ -</u>

CONTINUED

**City of Santa Paula**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Continued**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2012**

	Traffic Congestion Relief	Redevelopment Agency Housing Set-Aside	CAL Home Grant Dept. of HCD	NPDES Storm Water Quality	SLESF-COPS State
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 39,652	\$ -
Intergovernmental	-	-	-	-	100,000
Charges for Services	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Investment Earnings	-	2,833	-	343	364
Charges for Services	-	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>2,833</b>	<b>-</b>	<b>39,995</b>	<b>100,364</b>
<b>EXPENDITURES</b>					
General Government	-	-	-	-	-
Building and Safety	-	-	-	-	-
Community Services	-	-	-	-	-
Financial Services	-	-	-	-	-
Fire	-	-	-	-	-
Police	-	-	-	-	94,049
Public Works	21,795	-	-	46,947	-
Economic Development	-	56,964	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<b>21,795</b>	<b>56,964</b>	<b>-</b>	<b>46,947</b>	<b>94,049</b>
Excess (Deficiency) of Revenues Over Expenditures	(21,795)	(54,131)	-	(6,952)	6,315
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	-
Transfers Out	-	(15,924)	-	(1,355)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(15,924)</b>	<b>-</b>	<b>(1,355)</b>	<b>-</b>
Extraordinary Loss		(1,464,050)			
<b>Net Change in Fund Balances</b>	<b>(21,795)</b>	<b>(1,534,105)</b>	<b>-</b>	<b>(8,307)</b>	<b>6,315</b>
Fund Balances - Beginning	21,795	1,534,105	8,312	115,881	118,076
Fund Balances - Ending	\$ -	\$ -	\$ 8,312	\$ 107,574	\$ 124,391

<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	18,610	20,000	75,390	-	164,649
-	-	-	-	-	-	-
-	-	31	14	-	-	-
-	-	-	14,125	-	-	-
-	-	18,641	34,139	75,390	-	164,649
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	9,740	33,338	-	-	-
-	-	-	-	-	-	-
-	-	-	-	6,068	-	-
-	-	-	-	71,719	-	-
-	-	111	-	-	-	51,778
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	9,851	33,338	77,787	-	51,778
-	-	8,790	801	(2,397)	-	112,871
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	8,790	801	(2,397)	-	112,871
-	-	7,403	7,251	(5,624)	-	(155,425)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,193</u>	<u>\$ 8,052</u>	<u>\$ (8,021)</u>	<u>\$ -</u>	<u>\$ (42,554)</u>

CONTINUED

**City of Santa Paula**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Continued**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2012**

	FEMA Seismic Retrofit Grant	CA Used Oil Block Grant	Cable Television Fund	Stormwater Program Fund	Safe Routes To School
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	9,607	-	-	160,828
Charges for Services	-	-	32,554	2,022	-
Fines and Forfeitures	-	-	-	-	-
Investment Earnings	-	62	-	38	-
Other Revenues	-	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>9,669</b>	<b>32,554</b>	<b>2,060</b>	<b>160,828</b>
<b>EXPENDITURES</b>					
General Government	-	-	-	-	-
Building and Safety	-	-	-	-	-
Community Services	-	-	6,344	-	-
Financial Services	-	-	-	-	-
Fire	-	-	-	-	-
Police	-	-	-	-	-
Public Works	-	3,606	-	6,759	106,887
Economic Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>3,606</b>	<b>6,344</b>	<b>6,759</b>	<b>106,887</b>
Excess (Deficiency) of Revenues Over Expenditures	-	6,063	26,210	(4,699)	53,941
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	(9,689)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,689)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>6,063</b>	<b>26,210</b>	<b>(14,388)</b>	<b>53,941</b>
Fund Balances - Beginning	-	17,652	10,428	56,363	(53,941)
Fund Balances - Ending	\$ -	\$ 23,715	\$ 36,638	\$ 41,975	\$ -

<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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 538,115
432,174	-	3,173	-	-	2,320,214
-	-	-	-	105,770	200,405
-	-	-	-	-	2,212
3	-	-	-	473	25,491
-	-	11,157	-	-	166,135
<u>432,177</u>	<u>-</u>	<u>14,330</u>	<u>-</u>	<u>106,243</u>	<u>3,252,572</u>
-	-	-	-	-	167,149
-	-	-	-	-	212,473
-	-	-	-	-	57,650
-	-	-	-	-	1,827
-	-	-	-	-	6,068
-	6,061	-	-	-	174,602
421,734	-	-	-	4,770	1,629,918
-	-	-	-	-	56,964
-	-	-	-	34,550	52,609
-	-	-	-	22,072	24,865
<u>421,734</u>	<u>6,061</u>	<u>-</u>	<u>-</u>	<u>61,392</u>	<u>2,384,125</u>
<u>10,443</u>	<u>(6,061)</u>	<u>14,330</u>	<u>-</u>	<u>44,851</u>	<u>868,447</u>
8,115	-	-	-	-	316,200
(8,115)	-	-	-	-	(288,627)
-	-	-	-	-	27,573
-	-	-	-	-	(1,464,050)
10,443	(6,061)	14,330	-	44,851	(568,030)
(10,440)	(2,571)	(14,330)	-	88,075	2,200,412
<u>\$ 3</u>	<u>\$ (8,632)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,926</u>	<u>\$ 1,632,382</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, 2012**

	Redevelopment Agency Exempt	Redevelopment Agency Housing Bond	Library Expansion Facilities	Law Enforcement Facilities	Water Distribution Facilities
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 130,100	\$ 45,006	\$ 502,777
Investment Earnings	1,288	68	886	199	2,051
Total Revenues	<u>1,288</u>	<u>68</u>	<u>130,986</u>	<u>45,205</u>	<u>504,828</u>
<b>EXPENDITURES</b>					
General Government	-	-	5,191	-	-
Community Services	-	-	-	-	-
Planning	-	-	-	-	-
Police	-	-	-	35,676	-
Public Works	-	-	-	-	-
Economic Development	40,503	105,000	-	-	-
Total Expenditures	<u>40,503</u>	<u>105,000</u>	<u>5,191</u>	<u>35,676</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(39,215)</u>	<u>(104,932)</u>	<u>125,795</u>	<u>9,529</u>	<u>504,828</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	-
Transfers Out	(29,301)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(29,301)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Extraordinary Loss	(197,174)	(20,423)	-	-	-
Net Change in Fund Balances	(265,690)	(125,355)	125,795	9,529	504,828
Fund Balances - Beginning	265,690	125,355	156,935	35,712	198,069
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,730</u>	<u>\$ 45,241</u>	<u>\$ 702,897</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>
\$ -	\$ 43,193	\$ 128,040	\$ 97,230	\$ 158,348	\$ -	\$ 613,445
656	159	843	696	626	437	4,476
<u>656</u>	<u>43,352</u>	<u>128,883</u>	<u>97,926</u>	<u>158,974</u>	<u>437</u>	<u>617,921</u>
-	-	-	100,597	-	-	-
-	-	-	-	-	631	354,685
468,000	-	-	-	-	-	-
-	-	-	-	43,334	-	-
-	-	-	-	-	-	-
<u>468,000</u>	<u>-</u>	<u>-</u>	<u>100,597</u>	<u>43,334</u>	<u>631</u>	<u>354,685</u>
<u>(467,344)</u>	<u>43,352</u>	<u>128,883</u>	<u>(2,671)</u>	<u>115,640</u>	<u>(194)</u>	<u>263,236</u>
-	-	-	-	99,527	-	-
-	-	-	-	-	-	-
-	-	-	-	99,527	-	-
-	-	-	-	-	-	-
<u>(467,344)</u>	<u>43,352</u>	<u>128,883</u>	<u>(2,671)</u>	<u>215,167</u>	<u>(194)</u>	<u>263,236</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>
<u>\$ 41,667</u>	<u>\$ 53,628</u>	<u>\$ 271,911</u>	<u>\$ 180,835</u>	<u>\$ 296,566</u>	<u>\$ 126,020</u>	<u>\$ 1,127,250</u>

CONTINUED

**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, 2012**

	Corp Yard Facilities	Sewer Collection Facilities	Storm Drain Facilities	Harding Park Improvements	Air Quality Impact Fee	Total
<b>REVENUES</b>						
Taxes	\$ -	\$ 84,303	\$ 34,719	\$ -	\$ 40,232	\$ 1,877,393
Investment Earnings	369	370	257	-	109	13,490
Total Revenues	369	84,673	34,976	-	40,341	1,890,883
<b>EXPENDITURES</b>						
General Government	-	-	-	-	-	105,788
Community Services	-	-	-	47,610	-	402,926
Planning	-	-	-	-	-	468,000
Police	-	-	-	-	-	35,676
Public Works	375	-	-	-	-	43,709
Economic Development	-	-	-	-	-	145,503
Total Expenditures	375	-	-	47,610	-	1,201,602
Excess (Deficiency) of Revenues Over Expenditures	(6)	84,673	34,976	(47,610)	40,341	689,281
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	-	-	47,610	-	147,137
Transfers Out	-	-	-	-	-	(29,301)
Total Other Financing Sources (Uses)	-	-	-	47,610	-	117,836
Extraordinary Loss	-	-	-	-	-	(217,597)
Net Change in Fund Balances	(6)	84,673	34,976	-	40,341	589,520
Fund Balances - Beginning	(1,987)	40,501	50,379	-	-	2,788,102
Fund Balances - Ending	\$ (1,993)	\$ 125,174	\$ 85,355	\$ -	\$ 40,341	\$ 3,377,622

**City of Santa Paula**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Debt Service Funds**  
**For the Year Ended June 30, 2012**

	<u>Redevelopment Set-Aside Debt Service</u>	<u>Total</u>
<b>REVENUES</b>		
Taxes	\$ -	\$ -
Investment Earnings	134	134
	<u>134</u>	<u>134</u>
Total Revenues	<u>134</u>	<u>134</u>
<b>EXPENDITURES</b>		
General Government		
Debt Service:		
Principal	42,000	42,000
Interest	28,512	28,512
	<u>70,512</u>	<u>70,512</u>
Total Expenditures	<u>70,512</u>	<u>70,512</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(70,378)</u>	<u>(70,378)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	-	-
Transfers Out	-	-
	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Extraordinary Loss	<u>(118,080)</u>	<u>(118,080)</u>
Net Change in Fund Balances	(188,458)	(188,458)
Fund Balances - Beginning	<u>188,458</u>	<u>188,458</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**City of Santa Paula**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Permanent Funds**  
**For the Year Ended June 30, 2012**

	Community Center Endowment	Museum Endowment	Harding Park Trust	Total
<b>REVENUES</b>				
Investment Earnings	\$ 1,802	\$ 733	\$ 3,028	\$ 5,563
Other Revenues	1,487	-	89,491	90,978
Total Revenues	<u>3,289</u>	<u>733</u>	<u>92,519</u>	<u>96,541</u>
<b>EXPENDITURES</b>				
Community Services	1,621	659	20,173	22,453
Public Works	-	-	-	-
Total Expenditures	<u>1,621</u>	<u>659</u>	<u>20,173</u>	<u>22,453</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,668</u>	<u>74</u>	<u>72,346</u>	<u>74,088</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(47,610)	(47,610)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(47,610)</u>	<u>(47,610)</u>
Net Change in Fund Balances	1,668	74	24,736	26,478
Fund Balances - Beginning	<u>519,320</u>	<u>211,508</u>	<u>859,214</u>	<u>1,590,042</u>
Fund Balances - Ending	<u><u>\$ 520,988</u></u>	<u><u>\$ 211,582</u></u>	<u><u>\$ 883,950</u></u>	<u><u>\$ 1,616,520</u></u>