

**City of Santa Paula
Annual Financial Report
For the Fiscal Year Ended
June 30, 2005**

CITY OF SANTA PAULA
Annual Financial Report
For the Fiscal Year Ended June 30, 2005

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Mayer Hoffman McCann P.C.
An Independent CPA Firm

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Santa Paula, California

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, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Santa Paula, California, management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Paula, California, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2005, on our consideration of the City of Santa Paula'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 do not 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 read in conjunction with this report in considering the results of our audit.

SOUTHERN CALIFORNIA LOCATIONS

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The management's discussion and analysis and budgetary comparison information and other required supplementary information on pages 3 through 13 and page 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Santa Paula, California, basic financial statements. The combining nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor funds financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mayer Hoffman McCann P.C.

Bakersfield, CA
October 21, 2005

CITY OF SANTA PAULA

Management's Discussion and Analysis For the Year Ended June 30, 2005

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, 2005.

Financial Highlights

- The assets of the City of Santa Paula exceeded its liabilities at the close of the recent year by \$30,062,368 (*net assets*). Of this amount, \$9,042,084 (*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 \$2,335,877.
- As of the close of the current fiscal year, the City of Santa Paula's governmental funds reported combined ending fund balances of \$7,924,980, an increase of \$2,132,715 in comparison with the prior year. Approximately \$5,666,649 is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance from the general fund was \$1,924,338 or 18 percent of total general fund expenditures and transfers.
- The City of Santa Paula's total liabilities increased by \$39,761 during the current fiscal year. A key factor in this increase was the increase of the City's claims liability.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Santa Paula that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of

the City of Santa Paula include general government, public safety, streets, economic development, and culture and recreation. The business-type activities of the City of Santa Paula include Water, Refuse and Sewer enterprises.

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

The government-wide financial statements can be found on pages 14-15 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.

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

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

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

The basic governmental fund financial statements can be found on pages 16-19 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 20-24 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.

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 25-48 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 50 of this report.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 54-87 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Santa Paula, assets exceeded liabilities by \$30,062,368 at the close of the most recent fiscal year.

A large portion of the City of Santa Paula's net assets (32 percent) reflects 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.

An additional portion of the City of Santa Paula's net assets (38 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* of \$9,042,084 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 all three categories of net assets. In addition, unrestricted governmental activities net assets, a negative balance of (\$1,231,310), is a significant improvement from the previous year's figure of (\$1,489,378). The business-type activities investment in capital assets, net of related debt show a negative balance of (\$891,648) for the current year, which improved from \$(2,178,248) in the prior year.

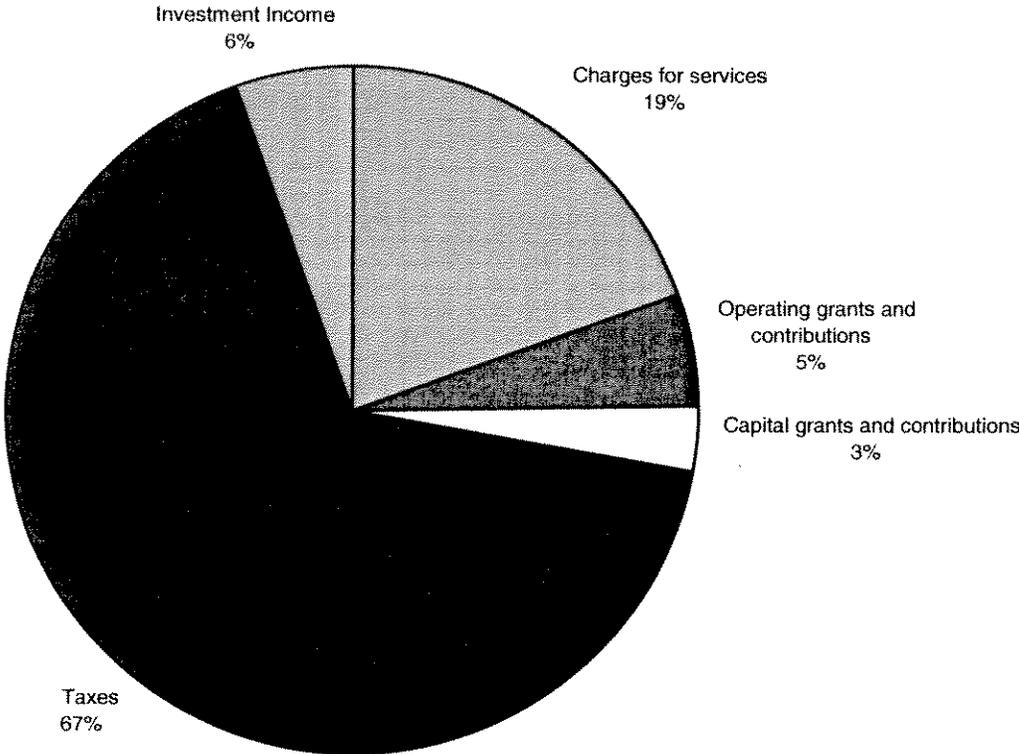
	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current and other assets	10,399,361	18,866,772	29,266,133
Capital assets (net of accumulated depreciation):	10,528,248	31,784,328	42,312,576
Total assets	20,927,609	50,651,100	71,578,709
LIABILITIES			
Long-term liabilities outstanding	5,357,944	32,809,561	38,167,505
Other liabilities	2,636,731	712,105	3,348,836
Total liabilities	7,994,675	33,521,666	41,516,341
NET ASSETS			
Invested in capital assets, net of related debt	10,455,958	(891,648)	9,564,310
Restricted for:			
Transportation and other purposes	3,378,158	-	3,378,158
Debt service	330,128	7,747,688	8,077,816
Unrestricted	(1,231,310)	10,273,394	9,042,084
Total net assets	\$ 12,932,934	\$ 17,129,434	\$ 30,062,368

There was an increase of \$1,808,213 in net assets reported in connection with the City of Santa Paula's business-type activities, most of which (51%) is related to the Water operations. Governmental activities net assets increased by \$527,664 during the fiscal year. This increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. Key elements of this increase are as follows:

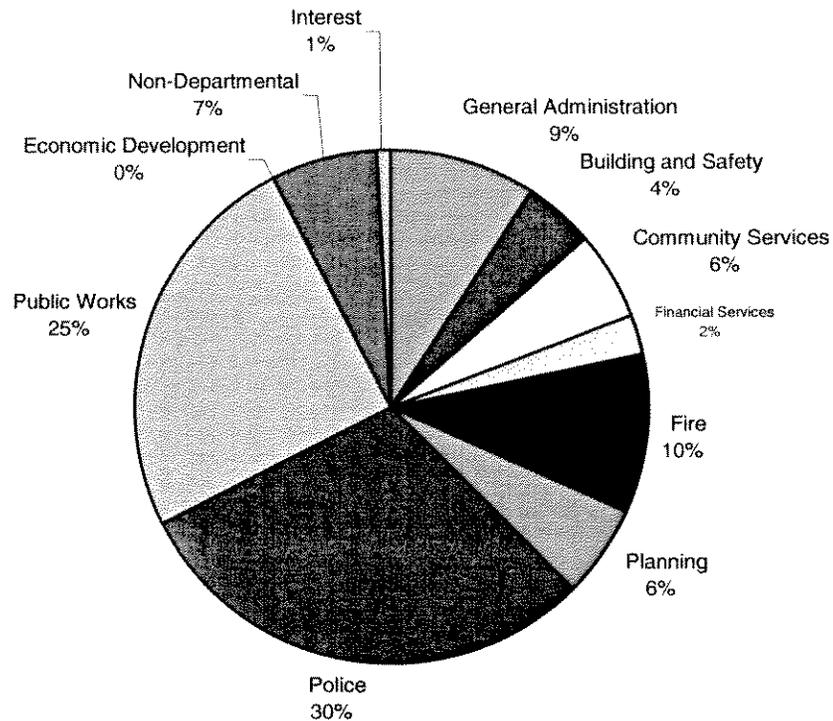
Santa Paula's Changes in Net Assets

	Governmental Activities	Business-type Activities	Total
Revenues			
Charges for services	\$ 2,638,886	\$ 10,438,666	\$ 13,077,552
Operating grants and contributions	729,280	-	729,280
Capital grants and contributions	414,971	-	414,971
General revenues:			
Taxes	9,073,411	-	9,073,411
Investment income	765,382	310,901	1,076,283
Total revenues	<u>13,621,930</u>	<u>10,749,567</u>	<u>24,371,497</u>
Expenses			
General administration	1,295,090		1,295,090
Building and safety	619,535		619,535
Community services	813,971		813,971
Financial services	352,939		352,939
Fire	1,433,445		1,433,445
Planning	794,122		794,122
Police	4,257,114		4,257,114
Public works	3,567,103		3,567,103
Economic development	1,612		1,612
Non-departmental	937,929		937,929
Interest	125,571		125,571
Refuse		1,099,779	1,099,779
Water		4,609,456	4,609,456
Sewer		2,127,954	2,127,954
Total expenses	<u>14,198,431</u>	<u>7,837,189</u>	<u>22,035,621</u>
Increase in Net Assets before transfers	(576,501)	2,912,378	2,335,877
Transfers	1,104,165	(1,104,165)	(0)
Increase in Net Assets	<u>527,664</u>	<u>1,808,213</u>	<u>2,335,877</u>
Net Assets - 07/01/04	12,405,270	15,321,221	27,726,491
Net Assets - 06/30/05	<u>\$ 12,932,934</u>	<u>\$ 17,129,434</u>	<u>\$ 30,062,368</u>

Revenues by Source - Governmental Activities



Expenditures by Department - Governmental Activities



Governmental activities. Governmental activities increased the City of Santa Paula's net assets by \$527,664 thereby accounting for 23 percent of the total growth in the net assets of the City of Santa Paula.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

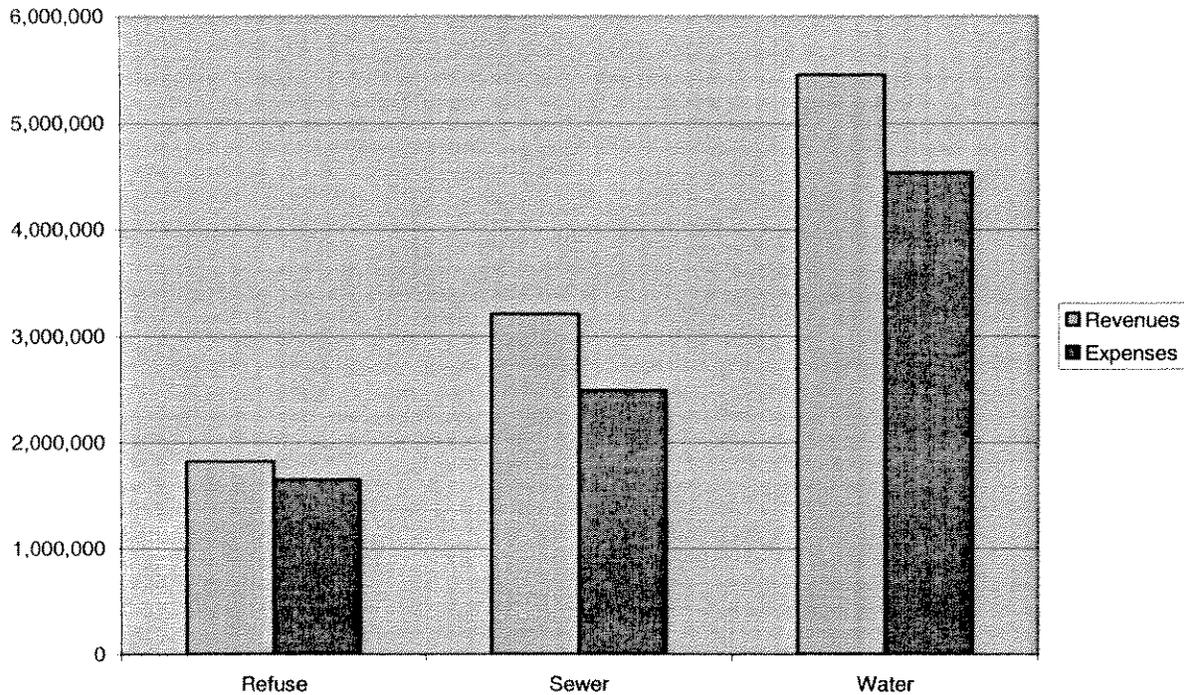
Business-type activities. Business-type activities increased the City of Santa Paula's net assets by \$1,808,213 accounting for 77 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by 7 percent or \$638,991. The Sewer Enterprise accounts for a significant portion of this increase, which resulted from the approval of a 25 percent rate increase designed primarily to provide additional resources to meet operational requirements. Revenues also increased as a result of a slight increase in demand. Together, these factors account for the \$549,433 (21%) increase in charges for

services for the Sewer Enterprise. The Refuse operation had a modest growth of 8.8% or \$146,630 while Water revenues decreased by \$57,072 (1%).

- Investment earnings increase by \$129,653 for business-type activities.

Expenses and Program Revenues - Business-type Activities



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 ending fund balances of \$7,924,980.

The general fund is the chief operating fund of the City of Santa Paula. At the end of this current fiscal year, unreserved fund balance of the general fund was \$1,924,338, while total fund balance reached \$2,117,709. 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 19 percent of the total general fund expenditures, while total fund balance represents 21 percent of that same amount.

- The fund balance of the City of Santa Paula's general fund increased by \$343,401 during the current fiscal year. A significant portion of this increase or \$228,330 can be attributed to a one-time revenue adjustment for a loan to the State of California. The remaining increase is due to revenues increasing proportionately higher than expenditures.

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

The net assets of the Water, Refuse, and Sewer enterprises at the end of the year amounted to \$17,129,434. The increase in the net assets for each fund was \$915,537, \$170,317, and \$722,359, respectively. Other factors concerning the finances of these funds are addressed in the discussion of the City of Santa Paula's business-type activities.

General Fund Budgetary Highlights

Differences between the final budget and the actual expenditures were favorable as almost departments were below their allocated budgets. Overall the General Fund expenditures came in under-budget by 1%. However most of this savings was due to capital projects being carried over. Although these funds have been designated by Council approval, these funds have not been legally committed and therefore are reflected as part of the unreserved funds. Revenues overall were 11% higher than anticipated, with the categories of Charge for Current Services and Other Revenues representing the largest positive variations.

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, 2005, amounts to \$42,312,576 (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.

City of Santa Paula's Capital Assets
(Net of Depreciation)

	Governmental Activities	Business-Type Activities	Total
Land	\$523,642	\$1,995,000	\$2,518,642
Construction In progress	1,421,311	2,098,184	3,519,495
Buildings and system	1,450,376	12,254,485	13,704,861
Machinery and equipment	836,219	809,641	1,645,860
Improvements other than buildings	6,296,700	14,627,018	20,923,718
Total Capital Assets	\$10,528,248	\$31,784,328	\$42,312,576

Major capital asset events during the current fiscal year included the following:

- Construction was coming along on the Railroad Plaza Phase II improvements for a cost of \$676,729.
- The Skateboard Park, Improvements to Las Piedras Park, and the Bicycle Trail were also in progress with \$493,714 spent.
- An Arterial Street Repaving Project, School Crossing Warning Lights, Green Street Paseo, School, and Harvard Blvd. Streetscape, made up an additional \$205,758 of Street projects in progress.
- The Sewer Enterprise had various improvements to the treatment plant for a total of \$1,633,428 expended.
- The Water Enterprise had the 400 Zone Improvement, SCADA System, Well improvements, and the various Water Main Replacement projects underway with a total spent of \$464,756.
- Projects completed during the year included the Well 13 Rehabilitation, and Park St. Booster Mainline.

Additional information on the City of Santa Paula's capital assets can be found in note IV.C on pages 39-40 of this report.

Long-term debt. At the end of the current fiscal year, the City of Santa Paula had total debt outstanding, excluding compensated absences and estimated claims, of \$36,363,266. Of this amount \$3,879,753 comprises debt backed by the full faith and credit of the government and \$3,615,000 is debt that is secured by tax allocation proceeds. The remainder of the City of Santa Paula's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Santa Paula's Outstanding Debt

	Governmental Activities	Business-Type Activities	Total
Tax Allocation Bonds	\$3,615,000		\$3,615,000
Capital Lease Payable	72,290	306,499	378,789
Lease Revenue Bonds		28,840,000	28,840,000
Notes Payable		496,500	496,500
Contracts Payable		3,032,977	3,032,977
Total	\$3,687,290	\$32,675,976	\$36,363,266

The City of Santa Paula's total debt decreased by \$1,005,117 during the current fiscal year. The decrease was the result of repaying outstanding debt.

Additional information on the City of Santa Paula's long-term debt can be found in note IV.F.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Santa Paula as of September 2005 is 7.4 percent, which is a minor increase from a rate of 7.3 percent a year ago. This compares unfavorably to the state's average unemployment rate of 4.8 percent and the national average rate of 5.0 percent.
- The occupancy rate of the government's central business district is less than 95% in contrast to 85 percent for the past several years.

Both the Refuse and Sewer rates were increased for the 2005/06 budget year. The sewer rates were increased by 33 percent for all customers, while the average increase in the refuse rates was 7.85 percent. These rate increases were necessary to cover operating expenses and to fund significant capital investments in infrastructure that need to be made.

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, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 7,516,294	\$ 9,036,955	\$ 16,553,249
Receivables (net of allowance)	2,663,194	974,541	3,637,735
Deferred charges	103,658	1,107,588	1,211,246
Cash - restricted	116,215	7,747,688	7,863,903
Capital assets (net of accumulated depreciation):			
Land	523,642	1,995,000	2,518,642
Construction in progress	1,421,311	2,098,184	3,519,495
Buildings and system	1,450,376	12,254,485	13,704,861
Machinery and equipment	836,219	809,641	1,645,860
Improvements other than buildings	6,296,700	14,627,018	20,923,718
Total assets	<u>20,927,609</u>	<u>50,651,100</u>	<u>71,578,709</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,900,402	\$ 1,143,917	\$ 3,044,319
Internal balances	431,812	(431,812)	-
Accrued interest payable	266,008	-	266,008
Deferred revenue	38,509	-	38,509
Due within one year	1,229,660	896,928	2,126,588
Due in more than one year	4,128,284	31,912,633	36,040,917
Total liabilities	<u>7,994,675</u>	<u>33,521,666</u>	<u>41,516,341</u>
NET ASSETS			
Invested in capital assets, net of related debt	10,455,958	(891,648)	9,564,310
Restricted for:			
Transportation and other purposes	3,378,158	-	3,378,158
Debt service	330,128	7,747,688	8,077,816
Unrestricted	(1,231,310)	10,273,394	9,042,084
Total net assets	<u>\$ 12,932,934</u>	<u>\$ 17,129,434</u>	<u>\$ 30,062,368</u>

Notes to the financial statements are an integral part of this statement

CITY OF SANTA PAULA
Statement of Activities
For the Year Ended June 30, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-type Activities
Governmental activities:						
General administration	\$ 1,295,090	\$ 10,021	\$ -	\$ -	\$ (1,285,069)	\$ (1,285,069)
Building and safety	619,535	439,000	-	254,618	74,083	74,083
Community services	813,971	332,397	5,746	23,000	(452,828)	(452,828)
Financial services	352,939	19,387	-	-	(333,552)	(333,552)
Fire	1,433,445	112,914	86,608	4,034	(1,229,889)	(1,229,889)
Planning	794,122	807,285	-	-	13,163	13,163
Police	4,257,114	381,961	375,164	-	(3,499,989)	(3,499,989)
Public works	3,567,103	164,133	15,457	133,319	(3,254,194)	(3,254,194)
Economic development	1,612	-	-	-	(1,612)	(1,612)
Non-departmental	937,929	371,788	246,305	-	(319,836)	(319,836)
Interest	125,571	-	-	-	(125,571)	(125,571)
Total governmental activities	14,198,431	2,638,886	729,280	414,971	(10,415,294)	(10,415,294)
Business-type activities:						
Refuse	1,099,779	1,816,768	-	-	-	716,989
Water	4,609,456	5,454,000	-	-	-	844,544
Sewer	2,127,954	3,167,898	-	-	-	1,039,944
Total business-type activities	7,837,189	10,438,666	-	-	-	2,601,477
Total government	\$ 22,035,621	\$13,077,552	\$ 729,280	\$ 414,971	\$ (10,415,294)	\$ (7,813,817)
General revenues						
Taxes					\$ 9,073,411	\$ 9,073,411
Investment income					765,382	1,076,283
Transfers					1,104,165	(0)
Total general revenues and transfers					10,942,958	10,149,694
Change in net assets					527,664	2,335,877
Net assets - beginning					12,405,270	27,726,491
Net assets - ending					\$ 12,932,934	\$30,062,368

Notes to the financial statements are an integral part of this statement

CITY OF SANTA PAULA
Balance Sheet
Governmental Funds
June 30, 2005

	General	Other Governmental Funds	Total Governmental
ASSETS			
Cash and investments	\$1,647,733	\$ 5,538,433	\$ 7,186,166
Cash with fiscal agent	-	330,128	330,128
Receivables	1,009,315	1,653,879	2,663,194
Due from other funds	773,661	653,463	1,427,124
Cash- restricted	-	116,215	116,215
Total assets	<u>\$3,430,709</u>	<u>\$ 8,292,118</u>	<u>\$ 11,722,827</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$1,313,000	\$ 587,402	\$ 1,900,402
Due to other funds	-	1,858,936	1,858,936
Deferred revenue	-	38,509	38,509
Total liabilities	<u>1,313,000</u>	<u>2,484,847</u>	<u>3,797,847</u>
Fund balances:			
Reserved for:			
Encumbrances	193,371	493,086	686,457
Loans	-	115,054	115,054
Debt service	-	330,128	330,128
Unreserved, reported in:			
General fund	1,924,338	-	1,924,338
Capital projects fund	-	2,260,408	2,260,408
Debt service fund	-	(231,923)	(231,923)
Special revenue fund	-	1,713,826	1,713,826
Permanent funds	-	1,126,692	1,126,692
Total fund balances	<u>2,117,709</u>	<u>5,807,271</u>	<u>7,924,980</u>
Total liabilities and fund balances	<u>\$3,430,709</u>	<u>\$ 8,292,118</u>	<u>\$ 11,722,827</u>

Notes to the financial statements are an integral part of this statement

CITY OF SANTA PAULA
Reconciliation of Balance Sheet of Governmental
Funds to the Statement of Net Assets
June 30, 2005

Fund balances of governmental funds	\$ 7,924,980
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.	10,528,248
Long-term debt, compensated absences and claims payable from the General Long Term Debt Account Group that have not been included in the governmental fund activity:	
Obligations under capital lease agreement	(72,290)
Tax allocation refunding bonds net of unamortized discount	(3,586,487)
Compensated absences	(604,699)
Claims payable	(1,094,468)
To accrue interest on outstanding bonds payable in the Government-Wide financial statements.	(266,008)
Unamortized issuance costs on revenue bonds payable has not been reported in the governmental funds.	<u>103,658</u>
Net assets of governmental activities	<u><u>\$12,932,934</u></u>

Notes to the financial statements are an integral part of this statement

CITY OF SANTA PAULA
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2005

	General	Other Governmental Funds	Total Governmental
REVENUES			
Taxes	\$ 6,108,620	\$ 2,772,885	\$ 8,881,505
Licenses and permits	406,350		406,350
Intergovernmental	472,629	1,226,489	1,699,118
Charges for services	1,347,207	63,377	1,410,584
Fines	123,803	-	123,803
Investment earnings	307,923	355,347	663,270
Other revenues	526,039	288,951	814,990
Total revenues	<u>9,292,571</u>	<u>4,707,049</u>	<u>13,999,620</u>
EXPENDITURES			
Current:			
General administration	1,226,312	65,954	1,292,266
Building and safety	337,668	270,958	608,626
Community services	557,568	349,674	907,242
Financial services	344,319	9,360	353,679
Fire	1,402,680	17,750	1,420,430
Planning	786,717	-	786,717
Police	4,195,558	247,765	4,443,323
Public works	1,047,245	1,523,859	2,571,104
Economic development	2,500	-	2,500
Non-departmental	264,381	673,548	937,929
Pass-thru payments	-	377,689	377,689
Debt service:			
Principal	-	85,000	85,000
Interest	-	238,955	238,955
Total expenditures	<u>10,164,948</u>	<u>3,860,512</u>	<u>14,025,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(872,377)</u>	<u>846,537</u>	<u>(25,840)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,313,425	1,707,757	3,021,182
Transfer out	(97,647)	(1,819,370)	(1,917,017)
Total other financing sources and uses	<u>1,215,778</u>	<u>(111,613)</u>	<u>1,104,165</u>
Net change in fund balances	343,401	734,924	1,078,325
Fund balances- beginning	1,774,308	5,072,347	6,846,655
Fund balances- ending	<u>\$ 2,117,709</u>	<u>\$ 5,807,271</u>	<u>\$ 7,924,980</u>

Notes to the financial statements 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, 2005

Net changes in fund balances - total governmental funds	\$1,078,325
Amounts reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	15,715
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	85,000
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	37,616
To record as an expense the net change in compensated absences in the statement of activities.	(6,208)
To record decrease in interest accrued on debt outstanding.	119,993
To record, as an expense, amortization of bond discount and issuance costs.	(6,609)
To record, as an expense, increase in claims payable.	<u>(796,168)</u>
Change in net assets of governmental activities	<u><u>\$ 527,664</u></u>

Notes to the financial statements are an integral part of this statement

CITY OF SANTA PAULA
Statement of Net Assets
Proprietary Funds
June 30, 2005

	Business-Type Activities - Enterprise Funds			
	Water	Refuse	Sewer	Total Current Year
ASSETS				
Current assets:				
Cash and investments	\$ 6,866,921	\$ 280,266	\$ 1,889,768	\$ 9,036,955
Receivables	528,344	164,157	282,040	974,541
Due from other funds	200,000	-	231,812	431,812
Total current assets	<u>7,595,265</u>	<u>444,423</u>	<u>2,403,620</u>	<u>10,443,308</u>
Noncurrent assets:				
Restricted cash:				
Cash with fiscal agents	7,747,688	-	-	7,747,688
Total restricted assets	<u>7,747,688</u>	<u>-</u>	<u>-</u>	<u>7,747,688</u>
Deferred charges	1,107,588	-	-	1,107,588
Capital assets:				
Land	1,965,000	-	30,000	1,995,000
Buildings	11,316,976	57,250	6,915,179	18,289,405
Improvements	14,657,926	-	98,417	14,756,343
Machinery and equipment	981,153	1,196,374	110,398	2,287,925
Construction in progress	464,756	-	1,633,428	2,098,184
Less accumulated depreciation	<u>(2,499,588)</u>	<u>(923,288)</u>	<u>(4,219,653)</u>	<u>(7,642,529)</u>
Total capital assets (net of accumulated depreciation)	<u>26,886,223</u>	<u>330,336</u>	<u>4,567,769</u>	<u>31,784,328</u>
Total noncurrent assets	<u>35,741,499</u>	<u>330,336</u>	<u>4,567,769</u>	<u>40,639,604</u>
Total assets	<u>\$ 43,336,764</u>	<u>\$ 774,759</u>	<u>\$ 6,971,389</u>	<u>\$ 51,082,912</u>

Notes to the financial statements are an integral part of this statement

CITY OF SANTA PAULA
Statement of Net Assets
Proprietary Funds (Continued)
June 30, 2005

	Business-Type Activities - Enterprise Funds			Total Current Year
	Water	Refuse	Sewer	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 825,930	\$ 58,960	\$ 259,027	\$ 1,143,917
Compensated absences	92,241	34,102	7,242	133,585
Bonds payable - current	600,000	-	-	600,000
Leases payable - current	-	171,980	-	171,980
Contracts payable - current	124,948	-	-	124,948
Total current liabilities	<u>1,643,119</u>	<u>265,042</u>	<u>266,269</u>	<u>2,174,430</u>
Noncurrent liabilities:				
Bonds payable	28,240,000	-	-	28,240,000
Notes payable	496,500	-	-	496,500
Leases payable	-	134,519	-	134,519
Contracts payable	2,908,029	-	-	2,908,029
Total noncurrent liabilities	<u>31,644,529</u>	<u>134,519</u>	<u>-</u>	<u>31,779,048</u>
Total liabilities	<u>33,287,648</u>	<u>399,561</u>	<u>266,269</u>	<u>33,953,478</u>
NET ASSETS				
Invested in capital assets	(5,483,254)	23,837	4,567,769	(891,648)
Restricted for debt service	7,747,688	-	-	7,747,688
Reserve for encumbrances	294,350	8,374	410,653	713,377
Unrestricted	7,490,332	342,987	1,726,698	9,560,017
Total net assets	<u>\$ 10,049,116</u>	<u>\$ 375,198</u>	<u>\$ 6,705,120</u>	<u>\$ 17,129,434</u>

Notes to the financial statements are an integral part of this statement

CITY OF SANTA PAULA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	Water	Refuse	Sewer	Current Year
Operating revenues:				
Water Sales	\$ 5,375,859	\$ -	\$ -	\$ 5,375,859
Refuse Sales	-	1,786,513	-	1,786,513
Sewer Sales	-	-	3,164,245	3,164,245
Other revenues	78,141	9,121	522	87,784
Total operating revenues	<u>5,454,000</u>	<u>1,795,634</u>	<u>3,164,767</u>	<u>10,414,401</u>
Operating Expenses:				
Cost of Sales	1,597,509	807,867	383,001	2,788,377
Administration	1,332,663	185,029	1,544,597	3,062,289
Depreciation	334,126	106,883	200,356	641,365
Amortization	39,091	-	-	39,091
Total operating expenses	<u>3,303,389</u>	<u>1,099,779</u>	<u>2,127,954</u>	<u>6,531,122</u>
Operating income	<u>2,150,611</u>	<u>695,855</u>	<u>1,036,813</u>	<u>3,883,279</u>
Nonoperating revenues (expenses):				
Intergovernmental	-	21,134	3,131	24,265
Investment earnings	261,720	5,369	43,812	310,901
Interest expense	(1,306,067)	-	-	(1,306,067)
Total nonoperating revenue (expenses)	<u>(1,044,347)</u>	<u>26,503</u>	<u>46,943</u>	<u>(970,901)</u>
Income before transfers	1,106,264	722,358	1,083,756	2,912,378
Transfers in	219,067	30,000	-	249,067
Transfers out	(409,794)	(582,041)	(361,397)	(1,353,232)
Change in net assets	915,537	170,317	722,359	1,808,213
Total net assets- beginning	9,133,579	204,881	5,982,761	15,321,221
Total net assets- ending	<u>\$ 10,049,116</u>	<u>\$ 375,198</u>	<u>\$ 6,705,120</u>	<u>\$ 17,129,434</u>

Notes to the financial statements are an integral part of this statement

CITY OF SANTA PAULA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	Water	Refuse	Sewer	Totals
Cash flows from operating activities:				
Water sales	\$ 5,414,821	\$ -	\$ -	\$ 5,414,821
Sewer sales	-	-	3,109,553	3,109,553
Refuse sales	-	1,765,601	-	1,765,601
Other revenues	78,141	9,121	522	87,784
Cost of Sales	(1,597,509)	(807,867)	(383,001)	(2,788,377)
Administration expenses paid	(1,306,361)	(196,312)	(1,490,916)	(2,993,589)
Net cash provided by operating activities	<u>2,589,092</u>	<u>770,543</u>	<u>1,236,158</u>	<u>4,595,793</u>
Cash flows from noncapital financing activities:				
Transfers in	219,067	30,000	-	249,067
Advances	(200,000)	-	159,353	(40,647)
Transfers out	(409,794)	(582,041)	(361,397)	(1,353,232)
Net cash used in noncapital financing activities	<u>(390,727)</u>	<u>(552,041)</u>	<u>(202,044)</u>	<u>(1,144,812)</u>
Cash flows from capital and related financing activities:				
Acquisition of fixed assets	(199,786)	-	(845,680)	(1,045,466)
Interest expense	(1,306,067)	-	-	(1,306,067)
Contract principal payments	(129,034)	-	-	(129,034)
Leases payable	-	(163,466)	-	(163,466)
Bonds payable	(590,000)	-	-	(590,000)
Decrease in deferred charges	(6,500)	-	-	(6,500)
Intergovernmental	-	21,134	3,131	24,265
Net cash used by capital and related financing activities	<u>(2,231,387)</u>	<u>(142,332)</u>	<u>(842,549)</u>	<u>(3,216,268)</u>
Cash flows from investing activities:				
Investment earnings	<u>261,720</u>	<u>5,369</u>	<u>43,812</u>	<u>310,901</u>
Net increase (decrease) in cash and cash equivalents	228,698	81,539	235,377	545,614
Cash and cash equivalents - beginning	<u>14,385,911</u>	<u>198,727</u>	<u>1,654,390</u>	<u>16,239,028</u>
Cash and cash equivalents - ending	<u>\$ 14,614,609</u>	<u>\$ 280,266</u>	<u>\$ 1,889,767</u>	<u>\$ 16,784,642</u>

Notes to the financial statements are an integral part of this statement

CITY OF SANTA PAULA
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2005

	<u>Water</u>	<u>Refuse</u>	<u>Sewer</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 2,150,611	\$ 695,855	\$ 1,036,813	\$ 3,883,279
Adjustment to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	334,126	106,883	200,356	641,365
Amortization expense	39,091	-	-	39,091
(Increase) decrease in accounts receivable	38,962	(20,912)	(54,692)	(36,642)
Increase in accounts payable	28,061	(9,775)	51,524	69,810
Increase (decrease) in compensated absences	(1,759)	(1,508)	2,157	(1,110)
Net cash provided by operating activities	<u>\$ 2,589,092</u>	<u>\$ 770,543</u>	<u>\$ 1,236,158</u>	<u>\$ 4,595,793</u>

Notes to the financial statements are an integral part of this statement

CITY OF SANTA PAULA

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies

A. 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 unit. 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.

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

B. Government-wide and fund financial statements

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

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

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

CITY OF SANTA PAULA

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

Government 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 the compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of 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 City reports the following major proprietary funds:

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

CITY OF SANTA PAULA

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Private-sector standards of accounting, and financial reporting issued prior to November 30, 1989, generally are followed in 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 the subsequent private-section 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 transactions except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other transfers are reported as operating 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 principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. In accordance with GASB Statement (GASB) No. 33 effective July 1, 2000, governments are required to recognize capital contributions to proprietary funds, and to other governmental entities that use proprietary fund accounting, as revenues, not contributed capital. 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.

CITY OF SANTA PAULA
NOTES TO FINANCIAL STATEMENTS

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

Investments are included within the financial statement caption "Cash and Investments." Investments for the government, as well as for its component units, are stated at their fair value, the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Local Agency Investment Funds 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 are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of the interfund loans) or "advances to/from other funds" (i.e., the non-current portion of the interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual value balances outstanding between the governmental activities and the 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 fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

Property taxes are levied as of January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 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

CITY OF SANTA PAULA

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (Continued)

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

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

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

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

CITY OF SANTA PAULA

NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (Continued)

4. Capital assets

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

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

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

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

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

5. Compensated absences

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

CITY OF SANTA PAULA
NOTES TO FINANCIAL STATEMENTS

I. Summary of significant accounting policies (Continued)

D. Assets, liabilities, and net assets or equity (Continued)

6. Long-term obligations

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

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

7. Fund equity

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

CITY OF SANTA PAULA

NOTES TO FINANCIAL STATEMENTS

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. The details of this \$5,007,954 difference are as follows:

	Increases	Decreases	Balance
Fund balances for governmental activities			\$ 7,924,980
<u>Capital related items</u>			
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole:			
Cost of capital assets	13,320,634	-	
Accumulated depreciation	-	(2,792,386)	
	13,320,634	(2,792,386)	
<u>Long-term liabilities</u>			
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term are reported in the statement of net assets. Balances at June 30, 2005 are:			
Claims payable	-	(1,094,468)	
Capital lease payable	-	(72,290)	
Compensated absences	-	(604,699)	
Bonds payable	-	(3,586,487)	
	-	(5,357,944)	
<u>Accrued interest</u>			
To accrue interest on outstanding bonds payable in the Government-Wide financial statements	-	(266,008)	
<u>Issuance costs</u>			
Unamortized issuance costs are capitalized and amortized in the statement of net assets	103,658	-	
Net change	13,424,292	(8,416,338)	5,007,954
Net assets of governmental activities			\$ 12,932,934

CITY OF SANTA PAULA

NOTES TO FINANCIAL STATEMENTS

II. Reconciliation of government-wide and fund financial statements (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds and changes in net assets of governmental activities* as reported in the government-wide financial statement of activities. The details of this (\$550,661) difference are as follows:

	Increases	Decreases	Balance
Net changes in fund balances for governmental activities			\$ 1,078,325
<u>Capital Related Items</u>			
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay	562,835	-	
Depreciation expense	-	(547,121)	
	562,835	(547,121)	
<u>Long-Term Liabilities</u>			
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Net change in compensated absences	-	(6,208)	
Repayment of bond principal and other long term liabilities is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the principal payments should not be expensed.			
Principal payments made	122,617	-	
<u>Issuance Costs/Discount</u>			
Issuance costs/discounts expensed in the governmental funds have been capitalized and amortized in the statement of activities.			
	-	(6,609)	

CITY OF SANTA PAULA

NOTES TO FINANCIAL STATEMENTS

II. Reconciliation of government-wide and fund financial statements (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (Continued)

	Increases	Decreases	Balance
<u>Accrued Interest</u>			
Increase in interest accrued on debt outstanding.	-	119,993	
<u>Claims Payable</u>			
Increase in claims payable.	-	(796,168)	
<u>Reclassifications and Eliminations</u>			
Interfund balances must generally be eliminated in the governmental statements, except for residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.			
	845,422	(845,422)	
To reclassify tax increment passthrough expenditures as a reduction of revenue	377,689	(377,689)	
Net change	1,908,563	(2,459,224)	(550,661)
Net change in net assets for governmental activities			\$ 527,664

III. Stewardship, compliance, and accountability

A. 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.

CITY OF SANTA PAULA

NOTES TO FINANCIAL STATEMENTS

III. Stewardship, compliance, and accountability

A. Budgetary information (Continued)

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 the 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.

B. Excess of expenditures over appropriations

For the year ended June 30, 2005, expenditures exceeded appropriations in the FEMA Grant special revenue fund by \$4, the FEMA Assistance to Firefighters special revenue fund by \$17, the Mobile Home Rent Review special revenue fund by \$26,222, the Area Agency Aging special revenue fund by \$3,547, the Cable Television special revenue fund by \$73,250, the Office of Traffic Safety special revenues fund by \$68,137, and in the General Government Facilities capital projects fund by \$12,340. These over expenditures were funded by available fund balance except for the Mobile Home Rent Review Fund. The overexpenditure represents unanticipated legal expenses authorized by the City Council.

C. Deficit fund equity

The following Funds had a deficit fund balance at June 30, 2005:

Mobile Home Rent Review	22,506
Stormwater Program	20,526
State Homeland Security Grant	6,205
Redevelopment Agency Debt Service	1,190
Transportation Enhancement	777

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

CITY OF SANTA PAULA
NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds

A. Cash and investments

The City's cash and cash equivalents and investments consist of the following at June 30, 2005:

Deposits	\$ 588,669
Investments	<u>15,634,453</u>
Total cash and cash equivalents	16,223,122
Cash with fiscal agents	330,128
Restricted cash	<u>7,863,903</u>
Total	<u><u>\$ 24,417,152</u></u>

Deposits

Custodial Credit Risks. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy requires deposits to be covered by federal depository insurance and collateral having a market value of 110% of the uninsured deposit. As of June 30, 2005, \$ 638,877 of the City's bank balance of \$ 745,007 (carrying amount of \$588,669) was exposed to custodial credit risk. The total amount of \$638,877 was covered by collateral held by the city's agent but not in the City's name.

Investments.

As of June 30, 2005, the City had the following investments:

LAIF	\$ 23,124,894
Certificates of deposits	256,165
Mutual Funds	447,424
	<u><u>\$ 23,828,483</u></u>

CITY OF SANTA PAULA

NOTES TO FINANCIAL STATEMENTS

Detailed notes on all funds (Continued)

A. Cash and investments (Continued)

Authorized Investments

The investments listed above 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 and its primary detail is as follows:

Investment Types Authorized by Section 53601	Authorized by Investment Policy	Maximum Maturity (years)	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Ratings
U.S. Treasury	Yes	3	None	None	None
U.S. Agencies	Yes	3	20%	None	AAA
Bankers acceptances	Yes	0.5	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

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 will be the sensitivity of its fair value to changes in market interest rates.

The City's investment policy generally complies with the State Government Code with respect to allowable investment instruments as a means of managing its fair value losses arising from changing interest rates. The City's investments at June 30, 2005 were not subject to any significant interest rate risk as the investments generally had maturities of less than one year.

Credit Risk and Concentration of Credit Risk

The City's investment policy complies with the State Government Code with respect to allowable investment instruments in managing its risk of loss related to credit risk and concentration of credit risk. At June 30, 2005, the City complied with its investment policy with respect to credit and concentration of credit risk.

CITY OF SANTA PAULA
NOTES TO FINANCIAL STATEMENTS

Detailed notes on all funds (Continued)

A. Cash and investments (Continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's investments, certain money market funds and guaranteed investment contracts in the amount of \$8,077,815 held by fiscal agents are subject to custodial risks as they are uninsured or unregistered investments, acquired by the broker or dealer or by its trust department or agent and are not held in the City's name.

The City's deposits and investments are reflected in the accompanying basic financial statement as follows:

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Cash and investments	\$ 7,186,166	\$ 9,036,955	\$ 16,223,121
Cash with fiscal agents	330,128		330,128
Restricted cash	116,215	7,747,688	7,863,903
	<u>\$ 7,632,509</u>	<u>\$ 16,784,643</u>	<u>\$ 24,417,152</u>

B. Receivables

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

	<u>General</u>	<u>Water Utility</u>	<u>Refuse Fund</u>	<u>Sewer Utility</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Interest	\$ 8,130	\$ 44,651	\$ 2,061	\$ 11,813	\$ 36,383	\$ 103,038
Taxes	266,466	-	-	-	-	266,466
Accounts	637,504	479,574	152,381	270,213	1,073,065	2,612,737
Intergovernmental	75,550	810	9,715	14	535,208	621,297
Miscellaneous	21,666	3,309	-	-	9,223	34,198
Total receivables	<u>\$ 1,009,315</u>	<u>\$ 528,344</u>	<u>\$ 164,157</u>	<u>\$ 282,040</u>	<u>\$ 1,653,879</u>	<u>\$ 3,637,735</u>

CITY OF SANTA PAULA
NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

C. Capital assets (Continued)

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 523,642	\$ -	\$ -	\$ 523,642
Construction in progress	1,140,883	380,413	(99,985)	1,421,311
Total capital assets, not being depreciated	<u>1,664,525</u>	<u>380,413</u>	<u>(99,985)</u>	<u>1,944,953</u>
Capital assets, being depreciated:				
Buildings and system	1,861,192	65,197	-	1,926,389
Machinery and equipment	1,712,976	145,857	-	1,858,833
Improvements other than buildings	7,519,107	106,095	(34,742)	7,590,460
Total capital assets being depreciated	<u>11,093,275</u>	<u>317,149</u>	<u>(34,742)</u>	<u>11,375,682</u>
Less accumulated depreciation for:				
Buildings and system	(429,739)	(46,274)	-	(476,013)
Machinery and equipment	(782,326)	(240,288)	-	(1,022,614)
Improvements other than buildings	(1,033,201)	(260,559)	-	(1,293,760)
Total accumulated depreciation	<u>(2,245,266)</u>	<u>(547,121)</u>	<u>-</u>	<u>(2,792,387)</u>
Total capital assets, being depreciated, net	<u>8,848,009</u>	<u>(229,972)</u>	<u>(34,742)</u>	<u>8,583,295</u>
Governmental activities capital assets, net	<u>\$ 10,512,534</u>	<u>\$ 150,441</u>	<u>\$ (134,727)</u>	<u>\$10,528,248</u>

CITY OF SANTA PAULA
NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

C. Capital assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,995,000	\$ -	\$ -	\$ 1,995,000
Construction in progress	1,526,069	955,318	(383,203)	2,098,184
Total capital assets, not being depreciated	<u>3,521,069</u>	<u>955,318</u>	<u>(383,203)</u>	<u>4,093,184</u>
Capital assets, being depreciated:				
Buildings and system	18,135,112	154,293	-	18,289,405
Improvements other than buildings	14,527,431	228,912	-	14,756,343
Machinery and equipment	2,364,808	120,867	(197,749)	2,287,926
Total capital assets being depreciated	<u>35,027,351</u>	<u>504,072</u>	<u>(197,749)</u>	<u>35,333,674</u>
Less accumulated depreciation for:				
Buildings and System	(5,595,550)	(439,370)	-	(6,034,920)
Improvements other than buildings	(94,719)	(34,605)	-	(129,325)
Machinery and equipment	(1,477,922)	(167,390)	167,028	(1,478,285)
Total accumulated depreciation	<u>(7,168,191)</u>	<u>(641,365)</u>	<u>167,028</u>	<u>(7,642,529)</u>
Total capital assets, being depreciated, net	<u>27,859,160</u>	<u>(137,293)</u>	<u>(30,721)</u>	<u>27,691,145</u>
Business-type activities capital assets, net	<u>\$ 31,380,229</u>	<u>\$ 818,025</u>	<u>\$ (413,924)</u>	<u>\$ 31,784,328</u>

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

Governmental activities:	
General government	\$ 8,297
Community services	84,090
Fire	88,052
Planning	655
Police	110,049
Public Works	125,735
Economic development	129,738
Non-departmental	505
Total depreciation expense - governmental activities	<u>\$ 547,121</u>
Business-type activities	
Water	\$ 334,126
Sewer	200,356
Refuse	106,883
Total depreciation expense - business-type activities	<u>\$ 641,365</u>

CITY OF SANTA PAULA
NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

D. Interfund transfers

The composition of interfund balances as of June 30, 2005 is as follows:

Interfund transfers:

Transfer out:	Transfer In			Total
	General Fund	Enterprise	Other Governmental Funds	
General fund	\$ 44,877	\$ 30,000	\$ 22,770	\$ 97,647
Enterprise funds	981,342	219,067	152,823	1,353,232
Nonmajor governmental funds	287,206	-	1,532,163	1,819,369
 Total transfers out	 \$1,313,425	 \$249,067	 \$1,707,756	 \$ 3,270,248

E. Leases

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	Business- Type Activities
Asset:		
Machinery and equipment	\$ 196,192	\$ 447,777
Less: Accumulated depreciation	(90,981)	(255,872)
Total	\$ 105,211	\$ 191,905

CITY OF SANTA PAULA

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

E. Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2005 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
2006	\$ 43,243	\$ 184,409
2007	32,758	137,981
Total minimum lease payments	76,001	322,389
Less: Interest amounts	(3,711)	(15,891)
Present value of minimum lease payments	<u>\$ 72,290</u>	<u>\$ 306,499</u>

F. Long-term debt

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Tax allocations refunding bonds	\$ 3,700,000	\$ -	\$ (85,000)	\$ 3,615,000	\$ 95,000
Less deferred amounts:					
For issuance discounts	(29,939)	1,426	-	(28,513)	-
Total bonds payable	<u>3,670,061</u>	<u>1,426</u>	<u>(85,000)</u>	<u>3,586,487</u>	<u>95,000</u>
Compensated absences	598,492	6,208	-	604,700	-
Claims payable	298,300	796,168	-	1,094,468	1,094,468
Capital lease payable	109,907	-	(37,617)	72,290	40,192
Governmental activity Long-term liabilities	<u>\$ 4,676,760</u>	<u>\$ 803,802</u>	<u>\$ (122,617)</u>	<u>\$ 5,357,945</u>	<u>\$ 1,229,660</u>
Business-type activities:					
Lease revenue bonds	\$ 29,430,000	\$ -	\$ (590,000)	\$ 28,840,000	\$ 600,000
Notes payable	496,500	-	-	496,500	-
Contracts payable	3,162,011	-	(129,034)	3,032,977	124,948
Capital lease payable	469,965	-	(163,466)	306,499	171,980
Compensated absences	134,695	-	(1,110)	133,585	-
Business-type activity Long-term liabilities	<u>\$ 33,693,171</u>	<u>\$ -</u>	<u>\$ (883,610)</u>	<u>\$ 32,809,561</u>	<u>\$ 896,928</u>

CITY OF SANTA PAULA

NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

F. Long-term debt (Continued)

Notes Payable

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2006	-	25,000
2007	-	25,000
2008	-	25,000
2009	-	25,000
2010	-	25,000
2011-2015	-	317,000
2016-2020	-	365,000
2021-2025	-	365,000
2026	496,500	73,136
	<u>\$ 496,500</u>	<u>\$ 1,245,136</u>

Contracts Payable

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

<u>Year ending June 30,</u>	<u>Principal</u>
2006	124,948
2007	124,948
2008	124,948
2009	124,948
2010	124,948
2011-2015	624,738
2016-2020	624,738
2021-2025	587,203
2026-2030	403,951
2031-2035	150,556
2036-2038	17,051
	<u>\$ 3,032,977</u>

CITY OF SANTA PAULA
NOTES TO FINANCIAL STATEMENTS

IV. Detailed notes on all funds (Continued)

F. Long-term debt (Continued)

Revenue Bonds

On October 1, 2003, the Santa Paula Public Financing Authority issued \$29,430,000 of lease revenue bonds to refund on a current basis the outstanding 1996 Revenue Bonds and to finance certain improvements to the city's water treatment and distribution system. The bonds have a variable interest rate with an initial rate of 2.50%. The interest rate at June 30, 2005 was 1.75%. The bonds mature on February 1 of each year through 2033.

Revenue bond debt service requirements to maturity are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2006	600,000	1,276,838
2007	615,000	1,266,338
2008	625,000	1,254,038
2009	640,000	1,238,413
2010	660,000	1,220,813
2011-2015	3,635,000	5,762,475
2016-2020	4,415,000	4,986,013
2021-2025	5,510,000	3,883,000
2026-2030	7,020,000	2,367,250
2031-2033	5,120,000	520,250
	<u>\$ 28,840,000</u>	<u>\$ 23,775,426</u>

Tax Allocation Bonds

On March 21 1994, the Redevelopment Agency of the City of Santa Paula adopted a resolution authorizing the sale of \$6,900,000 aggregate principal amount of Santa Paula Redevelopment Project 1994 Tax Allocation Refunding Bonds at an interest rate of 6.48% for the purpose of retiring \$6,000,000 of Tax Allocation Notes issued on November 1, 1992. The bonds mature on December 1 of each year to 2024 with interest payable semi-annually. On June 7, 2000, the Agency defeased \$2,285,000 of the \$6,900,000 Tax Allocation Refunding Bonds by purchasing United States government securities in an irrevocable trust with an escrow agent utilizing existing funds. The bonds are considered to be partially defeased and the related liability has been removed from the general long-term debt account group. The outstanding balance of the 1994 defeased bonds was \$2,052,687 at June 30, 2005.

CITY OF SANTA PAULA
NOTES TO FINANCIAL STATEMENTS

F. Long-term debt (Continued)

Debt service requirements to maturity are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2006	95,000	233,645
2007	100,000	217,795
2008	110,000	211,285
2009	115,000	204,225
2010	120,000	196,770
2011-2015	730,000	849,370
2016-2020	995,000	568,825
2021-2025	1,350,000	183,450
	<u>\$ 3,615,000</u>	<u>\$ 2,665,365</u>

G. Correction to beginning equity accounts

At July 1, 2004 the City reclassified various agency funds to permanent funds. This reclassification changed the following balances:

	Net Assets	Non-major Governmental Funds	Fiduciary Funds
As previously reported	\$ 11,350,880	\$ 4,017,957	\$ 1,054,390
Reclassification July 1, 2004	1,054,390	1,054,390	(1,054,390)
As adjusted	<u>\$ 12,405,270</u>	<u>\$ 5,072,347</u>	<u>\$ -</u>

V. Other information

A. Risk management

The City is partially self-insured for workers' compensation and liability claims and fully self-insured for unemployment claims.

On July 1, 2003 and July 1, 2004 the City joined the California Joint Powers Insurance Authority (CJPIA) for the purpose of pooling liability risk and workers compensation risk, respectively. The CJPIA was formed under the Joint Powers Agreement (JPA) provisions of state law (Government Codes 990, 990.4, 990.8 and 6500-6515). Prior to joining CJPIA, the City was a member of Central Coast Cities Self-Insurance Fund. In addition, CJPIA is governed by laws adopted by CCJPIA members. CJPIA is directed by a board of directors comprised of a representative appointed by the City Council of each member-agency. CJPIA derives its revenues from contributions established for each city at the beginning of each policy year. The contributions are established by the board of directors based on the recommendations of the JPA's program administrators and actuaries using recognized insurance experience rating techniques.

CITY OF SANTA PAULA
NOTES TO FINANCIAL STATEMENTS

V. Other Information (Continued)

A. Risk management (Continued)

The City is protected from general and automobile liability losses through a combination of pooling and excess insurance in the maximum amount of \$50 million per occurrence and annual aggregate. The City is protected from workers compensation claims for the maximum amount under scheduled statutory benefits and \$10 million per occurrence effective July 1, 2004. As of June 30, 2005 the City maintained a self-insured retention up to \$300,000 and pooled the excess risk up to \$2,000,000 with Central Coast Cities Self-Insurance Fund. The City finances its self-insurance activities through the General Fund and operating transfers from its Enterprise funds.

The liability for estimated claims is based upon the accumulation of individual case estimates of related expense for settlement of the reported claims, including the effects of inflation and other societal and economic factors, as well as an estimate of claims expense incurred but not reported and adverse development of existing case estimates. Such estimates may be less than amounts ultimately paid when the claims are settled.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2005, the amount of these liabilities was \$433,000. This liability is the City's best estimate based on available information.

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

B. Contingent liabilities

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

The City faces potential fines in excess of \$1.0 million due to the inability of its wastewater treatment facility to meet discharge limits set forth in the City's permit. It is unclear how much in total fines the City will ultimately have to pay, but it is expected not to exceed \$1.0 million. Management expects the bulk of any potential fines to be applied toward the construction of a new wastewater facility that the City is currently planning on constructing by 2008.

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

CITY OF SANTA PAULA
NOTES TO FINANCIAL STATEMENTS

C. Employee retirement systems and pension plans

Defined Benefit Pension Plan

Plan description. The City of Santa Paula' Defined Benefit Pension Plan (Plan) provides retirement, disability, annual cost of living adjustments and death benefits to plan members and their beneficiaries. The Plan is part of the public agency portion of the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the state of California. State statutes establish a menu of benefit provisions as well as other requirements with the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with Cal PERS and adopts those benefits through City ordinance. CalPERS issue a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding policy. Safety and miscellaneous plan members are required to contribute 8% and 9%, respectively of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members.

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, 2005 was 8.04% for miscellaneous employees and 26.352% for safety employees. The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual pension cost. For 2005, the City's annual pension cost of \$996,280 for CalPERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2002, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.5% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service and (c) 3.75% cost of living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period.

Three-Year Trend Information for PERS:

<u>Fiscal Year Ending</u>	<u>Annual Pension Percentage of APC</u>		<u>Net Pension Obligation</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	
6/30/03	\$ -	100%	\$ -
6/30/04	\$ 472,936	100%	\$ -
6/30/05	\$ 996,280	100%	\$ -

CITY OF SANTA PAULA

NOTES TO FINANCIAL STATEMENTS

V. Other information (Continued)

C. Employee retirement systems and pension plans (Continued)

Funded status. The following is a schedule of the funded status of the plans (Most recent information available) (Amounts expressed in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded (Excess Assets) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll [(C-A)/C]
6/30/00:						
Misc.	\$ 17,376	\$ 13,157	\$ (4,219)	132.1%	\$ 3,527	(119.620%)
Safety	15,444	12,138	(3,306)	127.2%	1,706	(193.787%)
Total	<u>\$ 32,820</u>	<u>\$ 25,295</u>	<u>\$ (7,525)</u>	<u>129.7%</u>	<u>\$ 5,233</u>	<u>(143.799%)</u>
6/30/01:						
Misc.	\$ 17,785	\$ 14,764	\$ (3,021)	120.5%	\$ 3,501	(86.290%)
Safety	15,802	14,669	(1,133)	107.7%	1,900	(59.632%)
Total	<u>\$ 33,587</u>	<u>\$ 29,433</u>	<u>\$ (4,154)</u>	<u>114.1%</u>	<u>\$ 5,401</u>	<u>(76.912%)</u>
6/30/02:						
Misc.	\$ 16,672	\$ 16,204	\$ (468)	102.9%	\$ 3,713	(12.604%)
Safety	14,765	16,241	1,476	90.9%	2,145	68.811%
Total	<u>\$ 31,437</u>	<u>\$ 32,445</u>	<u>\$ 1,008</u>	<u>96.9%</u>	<u>\$ 5,858</u>	<u>17.207%</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SANTA PAULA
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$5,940,049	\$6,108,620	\$ 168,571
Licenses and permits	397,339	406,350	9,011
Intergovernmental	429,718	472,629	42,911
Charges for services	708,160	1,347,207	639,047
Fines	89,500	123,803	34,303
Investment earnings	302,148	307,923	5,775
Other revenues	249,183	526,039	276,856
Total revenues	<u>8,116,097</u>	<u>9,292,571</u>	<u>1,176,474</u>
EXPENDITURES			
Current:			
General government	1,288,137	1,226,312	61,825
Public safety	455,668	337,668	118,000
Community services	625,764	557,568	68,196
Financial services	398,563	344,319	54,244
Fire	1,406,257	1,402,680	3,577
Planning	568,421	786,717	(218,296)
Police	4,364,985	4,195,558	169,427
Public works	1,171,626	1,047,245	124,381
Economic development	2,500	2,500	-
Non-departmental	59,000	264,381	(205,381)
Total expenditures	<u>10,340,921</u>	<u>10,164,948</u>	<u>175,973</u>
Excess (deficiency) of revenues over expenditures	<u>(2,224,824)</u>	<u>(872,377)</u>	<u>1,352,447</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,363,074	1,313,425	(49,649)
Transfer out	(99,588)	(97,647)	1,941
Total other financing sources and uses	<u>1,263,486</u>	<u>1,215,778</u>	<u>(47,708)</u>
Net change in fund balances	<u>(961,338)</u>	<u>343,401</u>	<u>1,304,739</u>
Fund balances- beginning	<u>1,774,308</u>	<u>1,774,308</u>	<u>-</u>
Fund balances- ending	<u>\$ 812,970</u>	<u>\$2,117,709</u>	<u>\$ 1,304,739</u>

**SUPPLEMENTARY INFORMATION
COMBINING NONMAJOR GOVERNMENTAL FUNDS**

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

HUD Grant Fire Engine Fund- This fund is used to account for the purchase of the fire engine.

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

CA Oil Museum Fund- This fund is used to account for revenues from fundraising, membership and interest from endowment that are used to cover operating costs of the museum.

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

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

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

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

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

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

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

Harding Park Improvements Fund- This fund is used to account for expenditures being transferred from Fund 803 (Harding Park Trust Account) after authorization from the Harding Park Advisory Committee.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 Board Fund- This fund is used to account for resources utilized for the Clean and Safe Projects.

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

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

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

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

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.

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

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

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

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

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

Debt Service Funds

Redevelopment Agency 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.

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 earnings. 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, 2005

	Special Revenue	Capital Projects	Debt Service	Permanent Funds	Total Nonmajor
ASSETS					
Cash and investments	\$ 1,509,832	\$ 2,572,579	\$ 338,482	\$ 1,117,540	\$ 5,538,433
Cash with fiscal agent	-	-	330,128	-	330,128
Receivables	1,547,210	57,798	39,649	9,222	1,653,879
Due from other funds	653,463	-	-	-	653,463
Cash- restricted	116,215	-	-	-	116,215
Total Assets	\$ 3,826,720	\$ 2,630,377	\$ 708,259	\$ 1,126,762	\$ 8,292,118
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 148,130	\$ 60,960	\$ 378,242	\$ 70	\$ 587,402
Due to other funds	1,427,124	200,000	231,812	-	1,858,936
Deferred revenue	-	38,509	-	-	38,509
Total liabilities	1,575,254	299,469	610,054	70	2,484,847
Fund balances:					
Reserved for:					
Encumbrances	422,586	70,500	-	-	493,086
Loans	115,054	-	-	-	115,054
Debt service	-	-	330,128	-	330,128
Unreserved, reported in:					
Capital projects fund	-	2,260,408	-	-	2,260,408
Debt service fund	-	-	(231,923)	-	(231,923)
Special revenue fund	1,713,826	-	-	-	1,713,826
Permanent funds	-	-	-	1,126,692	1,126,692
Total fund balances	2,251,466	2,330,908	98,205	1,126,692	5,807,271
Total liabilities and fund balances	\$ 3,826,720	\$ 2,630,377	\$ 708,259	\$ 1,126,762	\$ 8,292,118

**CITY OF SANTA PAULA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005**

	Mobile Home Rent Review	State Gas Tax	Local Transportation TDA
ASSETS			
Cash and investments	\$ -	\$ -	\$ -
Receivables	43,862	17,544	3,849
Due from other funds	-	78,634	574,829
Cash- restricted	-	-	-
Total assets	<u>\$ 43,862</u>	<u>\$96,178</u>	<u>\$ 578,678</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 6,458	\$48,213	\$ 518
Due to other funds	59,910	-	-
Bonds Payable	-	-	-
Deferred revenue	-	-	-
Liabilities payable from restricted assets	-	-	-
Total liabilities	<u>66,368</u>	<u>48,213</u>	<u>518</u>
Fund balances:			
Reserved for:			
Encumbrances	-	24,515	93,093
Loans	-	-	-
Unreserved, reported in:			
Special revenue fund	(22,506)	23,450	485,067
Total fund balances	<u>(22,506)</u>	<u>47,965</u>	<u>578,160</u>
Total liabilities and fund balances	<u>\$ 43,862</u>	<u>\$96,178</u>	<u>\$ 578,678</u>

CITY OF SANTA PAULA
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2005

	Housing & Community Development I	(CDBG) Housing & Community Development II	CA Oil Museum	Asset Forfeiture
ASSETS				
Cash and investments	\$ 125,775	\$ 55,572	\$ 82,448	\$ 48,964
Receivables	835	34,526	1,786	325
Due from other funds	-	-	-	-
Cash- restricted	-	116,215	-	-
Total assets	<u>\$ 126,610</u>	<u>\$ 206,313</u>	<u>\$ 84,234</u>	<u>\$ 49,289</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 23,592	\$ 6,876	\$ -
Due to other funds	-	-	-	-
Bonds Payable	-	-	-	-
Deferred revenue	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-
Total liabilities	<u>-</u>	<u>23,592</u>	<u>6,876</u>	<u>-</u>
Fund balances:				
Reserved for:				
Encumbrances	-	79,472	4,358	16,641
Loans	-	115,054	-	-
Unreserved, reported in:				
Special revenue fund	126,610	(11,805)	73,000	32,648
Total fund balances	<u>126,610</u>	<u>182,721</u>	<u>77,358</u>	<u>49,289</u>
Total liabilities and fund balances	<u>\$ 126,610</u>	<u>\$ 206,313</u>	<u>\$ 84,234</u>	<u>\$ 49,289</u>

CITY OF SANTA PAULA
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2005

	Hillsborough Open Space Assessment	State Grant	DOJ-BJA Local Law Enforcement 03/04
ASSETS			
Cash and investments	\$ 1,486	\$ 3,004	\$ 17,633
Receivables	334	20	141
Due from other funds	-	-	-
Cash- restricted	-	-	-
Total assets	<u>\$ 1,820</u>	<u>\$ 3,024</u>	<u>\$ 17,774</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 104	\$ -	\$ 832
Due to other funds	-	-	-
Bonds Payable	-	-	-
Deferred revenue	-	-	-
Liabilities payable from restricted assets	-	-	-
Total liabilities	<u>104</u>	<u>-</u>	<u>832</u>
Fund balances:			
Reserved for:			
Encumbrances	-	-	428
Loans	-	-	-
Unreserved, reported in:			
Special revenue fund	1,716	3,024	16,514
Total fund balances	<u>1,716</u>	<u>3,024</u>	<u>16,942</u>
Total liabilities and fund balances	<u>\$ 1,820</u>	<u>\$ 3,024</u>	<u>\$ 17,774</u>

CITY OF SANTA PAULA
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2005

	Local Transportation TDA Article 3	Traffic Congestion State	Congestion Management and Air Quality
ASSETS			
Cash and investments	\$ 8,191	\$ -	\$ -
Receivables	53	-	25,898
Due from other funds	-	-	-
Cash- restricted	-	-	-
Total assets	<u>\$ 8,244</u>	<u>\$ -</u>	<u>\$ 25,898</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Due to other funds	-	-	25,898
Bonds Payable	-	-	-
Deferred revenue	-	-	-
Liabilities payable from restricted assets	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>25,898</u>
Fund balances:			
Reserved for:			
Encumbrances	-	-	95,044
Loans	-	-	-
Unreserved, reported in:			
Special revenue fund	<u>8,244</u>	<u>-</u>	<u>(95,044)</u>
Total fund balances	<u>8,244</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 8,244</u>	<u>\$ -</u>	<u>\$ 25,898</u>

CITY OF SANTA PAULA
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2005

	Redevelopment Agency Housing Set-Aside	NPDES Storm Water Quality	SLESF-COPS State	Law Enforcement Equipment
ASSETS				
Cash and investments	\$ 650,667	\$ 33,104	\$ 110,161	\$ 14,612
Receivables	11,972	28,470	949	97
Due from other funds	-	-	-	-
Cash- restricted	-	-	-	-
Total assets	<u>\$ 662,639</u>	<u>\$ 61,574</u>	<u>\$ 111,110</u>	<u>\$ 14,709</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 3,548	\$ 1,241	\$ 2,583	\$ -
Due to other funds	-	-	-	-
Bonds Payable	-	-	-	-
Deferred revenue	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-
Total liabilities	<u>3,548</u>	<u>1,241</u>	<u>2,583</u>	<u>-</u>
Fund balances:				
Reserved for:				
Encumbrances	-	-	-	-
Loans	-	-	-	-
Unreserved, reported in:				
Special revenue fund	659,091	60,333	108,527	14,709
Total fund balances	<u>659,091</u>	<u>60,333</u>	<u>108,527</u>	<u>14,709</u>
Total liabilities and fund balances	<u>\$ 662,639</u>	<u>\$ 61,574</u>	<u>\$ 111,110</u>	<u>\$ 14,709</u>

CITY OF SANTA PAULA
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2005

	<u>COPS State</u>	<u>Beverage Container Recycling</u>	<u>Area Agency on Aging</u>	<u>State Homeland Security Grant</u>
ASSETS				
Cash and investments	\$ -	\$ 12,661	\$ 148	\$ -
Receivables	-	105	5,747	22,741
Due from other funds	-	-	-	-
Cash- restricted	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 12,766</u>	<u>\$ 5,895</u>	<u>\$ 22,741</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 3,622	\$ 6,205
Due to other funds	-	-	-	22,741
Bonds Payable	-	-	-	-
Deferred revenue	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>3,622</u>	<u>28,946</u>
Fund balances:				
Reserved for:				
Encumbrances	-	-	-	32,724
Loans	-	-	-	-
Unreserved, reported in:				
Special revenue fund	-	12,766	2,273	(38,929)
Total fund balances	<u>-</u>	<u>12,766</u>	<u>2,273</u>	<u>(6,205)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 12,766</u>	<u>\$ 5,895</u>	<u>\$ 22,741</u>

CITY OF SANTA PAULA
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2005

	Transportation Enhancement Activities	SLESF-COPS COPS State 2003-04	State Park Bond Prop. 12	Federal STP
ASSETS				
Cash and investments	\$ -	\$ 92	\$ -	\$ -
Receivables	412,000	-	183,329	696,385
Due from other funds	-	-	-	-
Cash- restricted	-	-	-	-
Total assets	<u>\$ 412,000</u>	<u>\$ 92</u>	<u>\$ 183,329</u>	<u>\$ 696,385</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 726	\$ 92	\$ -	\$ -
Due to other funds	411,274	-	183,329	696,385
Bonds Payable	-	-	-	-
Deferred revenue	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-
Total liabilities	<u>412,000</u>	<u>92</u>	<u>183,329</u>	<u>696,385</u>
Fund balances:				
Reserved for:				
Encumbrances	-	-	57,361	2,173
Loans	-	-	-	-
Unreserved, reported in:				
Special revenue fund	-	-	(57,361)	(2,173)
Total fund balances	-	-	-	-
Total liabilities and fund balances	<u>\$ 412,000</u>	<u>\$ 92</u>	<u>\$ 183,329</u>	<u>\$ 696,385</u>

CITY OF SANTA PAULA
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2005

	FEMA Assistance To Firefighters	FEMA Seismic Retrofit Grant	CA Used Oil Block Grant	CA Law Enforcement CLEEP
ASSETS				
Cash and investments	\$ -	\$ 273,597	\$ 9,942	\$ 20,569
Receivables	-	1,817	66	137
Due from other funds	-	-	-	-
Cash- restricted	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 275,414</u>	<u>\$ 10,008</u>	<u>\$ 20,706</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Bonds Payable	-	-	-	-
Deferred revenue	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for:				
Encumbrances	-	-	-	-
Loans	-	-	-	-
Unreserved, reported in:				
Special revenue fund	-	275,414	10,008	20,706
Total fund balances	<u>-</u>	<u>275,414</u>	<u>10,008</u>	<u>20,706</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 275,414</u>	<u>\$ 10,008</u>	<u>\$ 20,706</u>

CITY OF SANTA PAULA
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2005

	Cable Television Fund	Stormwater Program	Office of Traffic Safety
ASSETS			
Cash and investments	\$ 41,206	\$ -	\$ -
Receivables	5,285	-	48,937
Due from other funds	-	-	-
Cash- restricted	-	-	-
Total assets	<u>\$ 46,491</u>	<u>\$ -</u>	<u>\$ 48,937</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 6,236	\$ 11,008	\$ 26,276
Due to other funds	-	9,518	17,292
Bonds Payable	-	-	-
Deferred revenue	-	-	-
Liabilities payable from restricted assets	-	-	-
Total liabilities	<u>6,236</u>	<u>20,526</u>	<u>43,568</u>
Fund balances:			
Reserved for:			
Encumbrances	-	136	251
Loans	-	-	-
Unreserved, reported in:			
Special revenue fund	40,255	(20,662)	5,118
Total fund balances	<u>40,255</u>	<u>(20,526)</u>	<u>5,369</u>
Total liabilities and fund balances	<u>\$ 46,491</u>	<u>\$ -</u>	<u>\$ 48,937</u>

CITY OF SANTA PAULA
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2005

	Transportation Enhancement Grant	BJA Vest Grant	Total
ASSETS			
Cash and investments	\$ -	-	\$1,509,832
Receivables	-	-	1,547,210
Due from other funds	-	-	653,463
Cash- restricted	-	-	116,215
Total assets	<u>\$ -</u>	<u>-</u>	<u>\$3,826,720</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 148,130
Due to other funds	777	-	1,427,124
Bonds Payable	-	-	-
Deferred revenue	-	-	-
Liabilities payable from restricted assets	-	-	-
Total liabilities	<u>777</u>	<u>-</u>	<u>1,575,254</u>
Fund balances:			
Reserved for:			
Encumbrances	-	16,390	422,586
Loans	-	-	115,054
Unreserved, reported in:			
Special revenue fund	(777)	(16,390)	1,713,826
Total fund balances	<u>(777)</u>	<u>-</u>	<u>2,251,466</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,826,720</u>

**City of Santa Paula
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2005**

	Redevelopment Agency Exempt	Redevelopment Agency Housing Bond	Capital Bond	Library Expansion Facilities
ASSETS				
Cash and investments	\$ 902,708	\$ 1,075,470	\$2,044	\$ 26,293
Receivables	46,701	7,141	14	166
Total assets	\$ 949,409	\$ 1,082,611	\$2,058	\$ 26,459
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 60,960	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	60,960	-	-	-
Fund Balances:				
Reserved for:				
Encumbrances	36,129	25,000	-	-
Unreserved, reported in:				
Capital projects fund	852,320	1,057,611	2,058	26,459
Total fund balance	888,449	1,082,611	2,058	26,459
Total liabilities and fund balances	\$ 949,409	\$ 1,082,611	\$2,058	\$ 26,459

**City of Santa Paula
Combining Balance Sheet
Nonmajor Capital Projects Funds (Continued)
June 30, 2005**

	<u>Law Enforcement Facilities</u>	<u>Fire Protection Facilities</u>	<u>Public Meeting Facilities</u>	<u>General Government Facilities</u>
ASSETS				
Cash and investments	\$ 7,717	\$ 24,052	\$22,915	\$ 19,852
Receivables	48	157	145	126
Total assets	<u>\$ 7,765</u>	<u>\$ 24,209</u>	<u>\$23,060</u>	<u>\$ 19,978</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Reserved for:				
Encumbrances	-	-	-	-
Unreserved, reported in:				
Capital projects fund	<u>7,765</u>	<u>24,209</u>	<u>23,060</u>	<u>19,978</u>
Total fund balance	<u>7,765</u>	<u>24,209</u>	<u>23,060</u>	<u>19,978</u>
Total liabilities and fund balances	<u>\$ 7,765</u>	<u>\$ 24,209</u>	<u>\$23,060</u>	<u>\$ 19,978</u>

**City of Santa Paula
Combining Balance Sheet
Nonmajor Capital Projects Funds (Continued)
June 30, 2005**

	Traffic Impact Fees	Parks & Recreation Facilities	Parkland Facilities
ASSETS			
Cash and investments	\$ 125,530	\$ 5,571	\$ 160,427
Receivables	818	37	1,019
Total assets	<u>\$ 126,348</u>	<u>\$ 5,608</u>	<u>\$ 161,446</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Deferred Revenue	38,509	-	-
Total Liabilities	<u>38,509</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Reserved for:			
Encumbrances	-	5,571	3,800
Unreserved, reported in:			
Capital projects fund	87,839	37	157,646
Total fund balance	<u>87,839</u>	<u>5,608</u>	<u>161,446</u>
Total liabilities and fund balances	<u>\$ 126,348</u>	<u>\$ 5,608</u>	<u>\$ 161,446</u>

**City of Santa Paula
Combining Balance Sheet
Nonmajor Capital Projects Funds (Continued)
June 30, 2005**

	Corp Yard Facilities	Civic Center Facilities	Total
ASSETS			
Cash and investments	\$ 100,000	\$ 100,000	\$ 2,572,579
Receivables	713	713	57,798
Total assets	<u>\$ 100,713</u>	<u>\$ 100,713</u>	<u>\$ 2,630,377</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 60,960
	100,000	100,000	200,000
Deferred Revenue	-	-	38,509
Total Liabilities	<u>100,000</u>	<u>100,000</u>	<u>299,469</u>
Fund Balances:			
Reserved for:			
Encumbrances	-	-	70,500
Unreserved, reported in:			
Capital projects fund	713	713	2,260,408
Total fund balance	<u>713</u>	<u>713</u>	<u>2,330,908</u>
Total liabilities and fund balances	<u>\$ 100,713</u>	<u>\$ 100,713</u>	<u>\$ 2,630,377</u>

**CITY OF SANTA PAULA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2005**

	Redevelopment Debt Service	Redevelopment Set-Aside Debt Service	Total
ASSETS			
Cash and investments	\$ 338,482	\$ -	\$ 338,482
Cash with fiscal agent	230,622	99,506	330,128
Receivables	39,649	-	39,649
Total assets	\$ 608,753	\$ 99,506	\$ 708,259
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 378,131	\$ 111	\$ 378,242
Due to other funds	231,812	-	231,812
Total liabilities	609,943	111	610,054
Fund balances:			
Reserved for:			
Debt service	230,622	99,506	330,128
Unreserved, reported in:			
Debt service	(231,812)	(111)	(231,923)
Total fund balance	(1,190)	99,395	98,205
Total liabilities and fund balances	\$ 608,753	\$ 99,506	\$ 708,259

**CITY OF SANTA PAULA
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2005**

	Permanent Funds			Total
	Community Center Endowment	Museum Endowment	Harding Park Trust	
ASSETS				
Cash and investments	\$ 474,218	\$ 208,371	\$ 434,951	\$ 1,117,540
Receivables	2,834	1,256	5,132	9,222
Total assets	<u>\$ 477,052</u>	<u>\$ 209,627</u>	<u>\$ 440,083</u>	<u>\$ 1,126,762</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 70	\$ 70
Total liabilities	<u>-</u>	<u>-</u>	<u>70</u>	<u>70</u>
Fund balances:				
Unreserved, reported in:				
Permanent funds	477,052	209,627	440,013	1,126,692
FUND BALANCES	<u>\$ 477,052</u>	<u>\$ 209,627</u>	<u>\$ 440,083</u>	<u>\$ 1,126,762</u>

CITY OF SANTA PAULA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance – Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	Special Revenue	Capital Projects	Debt Service	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES					
Taxes	\$1,092,040	\$ 60,013	\$1,620,832	-	\$ 2,772,885
Intergovernmental	1,226,489	-	-	-	1,226,489
Charges for services	62,042	1,335	-	-	63,377
Investment earnings	197,065	40,953	25,811	91,518	355,347
Other revenues	214,538	72,553	-	1,860	288,951
Total revenues	2,792,174	174,854	1,646,643	93,378	4,707,049
EXPENDITURES					
General administration	32,948	-	33,006	-	65,954
Building and safety	270,958	-	-	-	270,958
Community services	334,720	-	-	14,954	349,674
Financial services	9,360	-	-	-	9,360
Fire	17,750	-	-	-	17,750
Police	247,765	-	-	-	247,765
Public works	1,455,320	62,417	-	6,122	1,523,859
Non-departmental	152,227	521,321	-	-	673,548
Pass-thru payments	-	-	377,689	-	377,689
Debt service:					
Principal	-	-	85,000	-	85,000
Interest	-	-	238,955	-	238,955
Total expenditures	2,521,048	583,738	734,650	21,076	3,860,512
Excess (deficiency) of revenues over (under) expenditures	271,126	(408,884)	911,993	72,302	846,537
OTHER FINANCING SOURCES (USES)					
Transfers in	770,311	845,422	92,024	-	1,707,757
Transfers out	(919,790)	(54,158)	(845,422)	-	(1,819,370)
Total other financing sources and (uses)	(149,479)	791,264	(753,398)	-	(111,613)
Net change in fund balances	121,647	382,380	158,595	72,302	734,924
Fund balances- beginning	2,129,819	1,948,528	(60,390)	1,054,390	5,072,347
Fund balances- ending	<u>\$2,251,466</u>	<u>\$2,330,908</u>	<u>\$ 98,205</u>	<u>\$1,126,692</u>	<u>\$ 5,807,271</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, 2005

	Mobile Home Rent Review	State Gas Tax	Local Transportation TDA
REVENUES			
Taxes	\$ -	\$ -	\$ 618,654
Intergovernmental	-	559,411	-
Charges for services	9,101	22,386	-
Investment earnings	-	1,043	2,893
Other revenues	-	-	-
Total revenues	<u>9,101</u>	<u>582,840</u>	<u>621,547</u>
EXPENDITURES			
General administration	32,948	-	-
Building and safety	-	-	-
Community services	-	-	-
Financial services	-	-	9,360
Fire	-	-	-
Police	-	-	-
Public works	-	853,874	146,679
Non-Departmental	-	-	-
Total expenditures	<u>32,948</u>	<u>853,874</u>	<u>156,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,847)</u>	<u>(271,034)</u>	<u>465,508</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	515,604	-
Transfers out	<u>(1,174)</u>	<u>(257,411)</u>	<u>(492,834)</u>
Total other financing sources and (uses)	<u>(1,174)</u>	<u>258,193</u>	<u>(492,834)</u>
Net change in fund balances	<u>(25,021)</u>	<u>(12,841)</u>	<u>(27,326)</u>
Fund balances- beginning	<u>2,515</u>	<u>60,806</u>	<u>605,486</u>
Fund balances- ending	<u>\$ (22,506)</u>	<u>\$ 47,965</u>	<u>\$ 578,160</u>

CITY OF SANTA PAULA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance – Nonmajor Special Revenue Funds (Continued)
For the Year Ended June 30, 2005

	Housing & Community Development I	(CDBG) Housing & Community Development II	CA Oil Museum	Asset Forfeiture
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	254,618	-	-
Charges for services	-	6,888	-	-
Investment earnings	2,652	171,125	4,858	1,032
Other revenues	-	540	159,268	-
Total revenues	<u>2,652</u>	<u>433,171</u>	<u>164,126</u>	<u>1,032</u>
EXPENDITURES				
General administration	-	-	-	-
Building and safety	-	268,751	-	-
Community services	-	11,110	158,492	-
Financial services	-	-	-	-
Fire	-	-	-	-
Police	-	-	-	-
Public works	-	106,936	-	-
Non-Departmental	-	42,140	-	-
Total expenditures	<u>-</u>	<u>428,937</u>	<u>158,492</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,652</u>	<u>4,234</u>	<u>5,634</u>	<u>1,032</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,652	4,234	5,634	1,032
Fund balances- beginning	123,958	178,487	71,724	48,257
Fund balances- ending	<u>\$ 126,610</u>	<u>\$ 182,721</u>	<u>\$ 77,358</u>	<u>\$ 49,289</u>

CITY OF SANTA PAULA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance – Nonmajor Special Revenue Funds (Continued)
For the Year Ended June 30, 2005

	Hillsborough Open Space Assessment	State Grant	DOJ-BJA Local Law Enforcement 03/04
REVENUES			
Taxes	\$ 7,002	\$ -	\$ -
Intergovernmental	-	-	9,215
Charges for services	-	-	-
Investment earnings	63	20	496
Other revenues	-	-	-
Total revenues	<u>7,065</u>	<u>20</u>	<u>9,711</u>
EXPENDITURES			
General administration	-	-	-
Building and safety	-	-	-
Community services	-	-	-
Financial services	-	-	-
Fire	-	-	-
Police	-	-	13,439
Public works	6,734	-	-
Non-Departmental	-	-	-
Total expenditures	<u>6,734</u>	<u>-</u>	<u>13,439</u>
Excess (deficiency) of revenues over (under) expenditures	<u>331</u>	<u>20</u>	<u>(3,728)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	331	20	(3,728)
Fund balances- beginning	1,385	3,004	20,670
Fund balances- ending	<u>\$ 1,716</u>	<u>\$ 3,024</u>	<u>\$ 16,942</u>

CITY OF SANTA PAULA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance – Nonmajor Special Revenue Funds (Continued)
For the Year Ended June 30, 2005

	Local Transportation TDA Article 3	Traffic Congestion State	Congestion Management and Air Quality
REVENUES			
Taxes	\$ 492	\$ -	\$ -
Intergovernmental	-	-	8,888
Charges for services	-	-	-
Investment earnings	165	(222)	-
Other revenues	-	-	-
Total revenues	<u>657</u>	<u>(222)</u>	<u>8,888</u>
EXPENDITURES			
General administration	-	-	-
Building and safety	-	-	-
Community services	-	-	-
Financial services	-	-	-
Fire	-	-	-
Police	-	-	-
Public works	-	-	-
Non-Departmental	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>657</u>	<u>(222)</u>	<u>8,888</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>657</u>	<u>(222)</u>	<u>8,888</u>
Fund balances- beginning	<u>7,587</u>	<u>222</u>	<u>(8,888)</u>
Fund balances- ending	<u>\$ 8,244</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SANTA PAULA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance – Nonmajor Special Revenue Funds (Continued)
For the Year Ended June 30, 2005

	Redevelopment Agency Housing Set-Aside	NPDES Storm Water Quality	SLESF-COPS State	Law Enforcement Equipment
REVENUES				
Taxes	\$ 405,206	\$ 60,686	\$ -	\$ -
Intergovernmental	-	-	100,000	-
Charges for services	-	-	-	-
Investment earnings	11,380	395	-	308
Other revenues	50	-	2,992	-
Total revenues	<u>416,636</u>	<u>61,081</u>	<u>102,992</u>	<u>308</u>
EXPENDITURES				
General administration	-	-	-	-
Building and safety	655	-	-	-
Community services	-	-	-	-
Financial services	-	-	-	-
Fire	-	-	-	-
Police	-	-	95,408	-
Public works	-	28,012	-	-
Non-Departmental	110,087	-	-	-
Total expenditures	<u>110,742</u>	<u>28,012</u>	<u>95,408</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>305,894</u>	<u>33,069</u>	<u>7,584</u>	<u>308</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(121,934)	(5,037)	-	-
Total other financing sources and (uses)	<u>(121,934)</u>	<u>(5,037)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	183,960	28,032	7,584	308
Fund balances- beginning	475,131	32,301	100,943	14,401
Fund balances- ending	<u>\$ 659,091</u>	<u>\$ 60,333</u>	<u>\$ 108,527</u>	<u>\$ 14,709</u>

CITY OF SANTA PAULA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance – Nonmajor Special Revenue Funds (Continued)
For the Year Ended June 30, 2005

	COPS State	Beverage Container Recycling
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	63,000	15,457
Charges for services	-	-
Investment earnings	-	417
Other revenues	-	-
Total revenues	<u>63,000</u>	<u>15,874</u>
EXPENDITURES		
General administration	-	-
Building and safety	-	-
Community services	-	-
Financial services	-	-
Fire	-	-
Police	63,000	-
Public works	-	17,146
Non-Departmental	-	-
Total expenditures	<u>63,000</u>	<u>17,146</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,272)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(1,272)</u>
Fund balances- beginning	<u>-</u>	<u>14,038</u>
Fund balances- ending	<u>\$ -</u>	<u>\$ 12,766</u>

CITY OF SANTA PAULA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance – Nonmajor Special Revenue Funds (Continued)
For the Year Ended June 30, 2005

	Area Agency on Aging	State Homeland Security Grant	Transportation Enhancement Activities	ABC Enforcement Education
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,746	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Other revenues	74	37,220	-	-
Total revenues	<u>5,820</u>	<u>37,220</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
General administration	-	-	-	-
Building and safety	-	1,548	-	-
Community services	20,547	-	-	-
Financial services	-	-	-	-
Fire	-	10,391	-	-
Police	-	31,486	-	-
Public works	-	-	-	-
Non-Departmental	-	-	-	-
Total expenditures	<u>20,547</u>	<u>43,425</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,727)</u>	<u>(6,205)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(14,727)</u>	<u>(6,205)</u>	<u>-</u>	<u>-</u>
Fund balances- beginning	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances- ending	<u>\$ 2,273</u>	<u>\$ (6,205)</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SANTA PAULA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance – Nonmajor Special Revenue Funds (Continued)
For the Year Ended June 30, 2005

	SLESF-COPS COPS State 2003-04	State Park Bond Prop. 12	Federal STP
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	76,392	79,927
Charges for services	-	-	-
Investment earnings	-	-	-
Other revenues	-	-	-
Total revenues	<u>-</u>	<u>76,392</u>	<u>79,927</u>
EXPENDITURES			
General administration	-	-	-
Building and safety	-	-	-
Community services	-	71,321	-
Financial services	-	-	-
Fire	-	-	-
Police	-	-	-
Public works	-	-	60,786
Non-Departmental	-	-	-
Total expenditures	<u>-</u>	<u>71,321</u>	<u>60,786</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>5,071</u>	<u>19,141</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	5,071	19,141
Fund balances- beginning	-	(5,071)	(19,141)
Fund balances- ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SANTA PAULA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance – Nonmajor Special Revenue Funds (Continued)
For the Year Ended June 30, 2005

	FEMA Assistance To Firefighters	FEMA Seismic Retrofit Grant	CA Used Oil Block Grant	CA Law Enforcement CLEEP
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,034	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	434
Other revenues	-	5,769	7,245	-
Total revenues	<u>4,034</u>	<u>5,769</u>	<u>7,245</u>	<u>434</u>
EXPENDITURES				
General administration	-	-	-	-
Building and safety	-	4	-	-
Community services	-	-	-	-
Financial services	-	-	-	-
Fire	7,359	-	-	-
Police	-	-	-	-
Public works	-	-	537	-
Non-Departmental	-	-	-	-
Total expenditures	<u>7,359</u>	<u>4</u>	<u>537</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,325)</u>	<u>5,765</u>	<u>6,708</u>	<u>434</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(3,325)</u>	<u>5,765</u>	<u>6,708</u>	<u>434</u>
Fund balances- beginning	<u>3,325</u>	<u>269,649</u>	<u>3,300</u>	<u>20,272</u>
Fund balances- ending	<u>\$ -</u>	<u>\$ 275,414</u>	<u>\$ 10,008</u>	<u>\$ 20,706</u>

CITY OF SANTA PAULA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance – Nonmajor Special Revenue Funds (Continued)
For the Year Ended June 30, 2005

	Cable Television Fund	Stormwater Program Fund	Office of Traffic Safety Fund	Trans Enhancement Act	BJA Vest Grant	Total Current Year
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,092,040
Intergovernmental	-	-	49,801	-	-	1,226,489
Charges for services	23,667	-	-	-	-	62,042
Investment earnings	-	6	-	-	-	197,065
Other revenues	1,380	-	-	-	-	214,538
Total revenues	<u>25,047</u>	<u>6</u>	<u>49,801</u>	<u>-</u>	<u>-</u>	<u>2,792,174</u>
EXPENDITURES						
General administration	-	-	-	-	-	32,948
Building and safety	-	-	-	-	-	270,958
Community services	73,250	-	-	-	-	334,720
Financial services	-	-	-	-	-	9,360
Fire	-	-	-	-	-	17,750
Police	-	-	44,432	-	-	247,765
Public works	-	233,839	-	777	-	1,455,320
Non-Departmental	-	-	-	-	-	152,227
Total expenditures	<u>73,250</u>	<u>233,839</u>	<u>44,432</u>	<u>777</u>	<u>-</u>	<u>2,521,048</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(48,203)</u>	<u>(233,833)</u>	<u>5,369</u>	<u>(777)</u>	<u>-</u>	<u>271,126</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	254,707	-	-	-	770,311
Transfers out	-	(41,400)	-	-	-	(919,790)
Total other financing sources and (uses)	<u>-</u>	<u>213,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(149,479)</u>
Net change in fund balances	<u>(48,203)</u>	<u>(20,526)</u>	<u>5,369</u>	<u>(777)</u>	<u>-</u>	<u>121,647</u>
Fund balances- beginning	<u>88,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,129,819</u>
Fund balances- ending	<u>\$ 40,255</u>	<u>\$ (20,526)</u>	<u>\$ 5,369</u>	<u>\$ (777)</u>	<u>\$ -</u>	<u>\$ 2,251,466</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, 2005

	Redevelopment Agency Exempt	Redevelopment Agency Housing Bond	Capital Bond	Library Expansion Facilities
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 7,177
Charges for services	1,335	-	-	-
Investment earnings	7,625	22,678	43	469
Other revenues	-	-	-	-
Total revenues	<u>8,960</u>	<u>22,678</u>	<u>43</u>	<u>7,646</u>
EXPENDITURES				
General Administration	-	-	-	-
Building and Safety	-	-	-	-
Public Works	50,000	-	-	-
Non-Departmental	518,278	19	-	-
Total expenditures	<u>568,278</u>	<u>19</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(559,318)</u>	<u>22,659</u>	<u>43</u>	<u>7,646</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	845,422	-	-	-
Transfers out	(54,157)	(1)	-	-
Total other financing sources and (uses)	<u>791,265</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	231,947	22,658	43	7,646
Fund balances- beginning	656,502	1,059,953	2,015	18,813
Fund balances- ending	<u>\$ 888,449</u>	<u>\$ 1,082,611</u>	<u>\$ 2,058</u>	<u>\$ 26,459</u>

City of Santa Paula
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance – Nonmajor Capital Project Funds (Continued)
For the Year Ended June 30, 2005

	Law Enforcement Facilities	Fire Protection Facilities	Public Meeting Facilities	General Government Facilities
REVENUES				
Taxes	\$ -	\$ 17,329	\$ -	\$ 10,592
Charges for services	-	-	-	-
Investment earnings	126	350	403	424
Other revenues	3,206	-	6,978	-
Total revenues	<u>3,332</u>	<u>17,679</u>	<u>7,381</u>	<u>11,016</u>
EXPENDITURES				
General Administration	-	-	-	-
Building and Safety	-	-	-	-
Public Works	-	-	-	12,340
Non-Departmental	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,340</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,332</u>	<u>17,679</u>	<u>7,381</u>	<u>(1,324)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,332	17,679	7,381	(1,324)
Fund balances- beginning	4,433	6,530	15,679	21,302
Fund balances- ending	<u>\$ 7,765</u>	<u>\$ 24,209</u>	<u>\$ 23,060</u>	<u>\$ 19,978</u>

City of Santa Paula
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance – Nonmajor Capital Project Funds (Continued)
For the Year Ended June 30, 2005

	Traffic Impact Fee	Parks & Recreation Facilities	Parkland Facilities
REVENUES			
Taxes	\$ 28,593	\$ (3,678)	\$ -
Charges for services	-	-	-
Investment earnings	2,351	99	6,385
Other revenues	-	-	57,919
Total revenues	<u>30,944</u>	<u>(3,579)</u>	<u>64,304</u>
EXPENDITURES			
General Administration	-	-	-
Building and Safety	-	-	-
Public Works	-	77	-
Non-Departmental	-	-	-
Total expenditures	<u>-</u>	<u>77</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,944</u>	<u>(3,656)</u>	<u>64,304</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	30,944	(3,656)	64,304
Fund balances- beginning	56,895	9,264	97,142
Fund balances- ending	<u>\$ 87,839</u>	<u>\$ 5,608</u>	<u>\$ 161,446</u>

City of Santa Paula
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance – Nonmajor Capital Project Funds (Continued)
For the Year Ended June 30, 2005

	Corp Yard Facilities	Civic Center Facilities	Totals Current Year
REVENUES			
Taxes	\$ -	\$ -	\$ 60,013
Charges for services	-	-	1,335
Investment earnings	-	-	40,953
Other revenues	2,225	2,225	72,553
Total revenues	<u>2,225</u>	<u>2,225</u>	<u>174,854</u>
EXPENDITURES			
General Administration	-	-	\$ -
Building and Safety	-	-	-
Public Works	-	-	62,417
Non-Departmental	1,512	1,512	521,321
Total expenditures	<u>1,512</u>	<u>1,512</u>	<u>583,738</u>
Excess (deficiency) of revenues over (under) expenditures	<u>713</u>	<u>713</u>	<u>(408,884)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	845,422
Transfers out	-	-	(54,158)
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>791,264</u>
Net change in fund balances	<u>713</u>	<u>713</u>	<u>382,380</u>
Fund balances- beginning	-	-	1,948,528
Fund balances- ending	<u>\$ 713</u>	<u>\$ 713</u>	<u>\$ 2,330,908</u>

CITY OF SANTA PAULA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance – Nonmajor Debt Service Funds
For the Year Ended June 30, 2005

	Redevelopment Debt Service	Redevelopment Set-Aside Debt Service	Totals Current Year
REVENUES			
Taxes	\$ 1,620,832	\$ -	\$1,620,832
Investment earnings	22,518	3,293	25,811
Total revenues	<u>1,643,350</u>	<u>3,293</u>	<u>1,646,643</u>
EXPENDITURES			
General administration	32,403	603	33,006
Non-departmental	-	-	-
Pass-thru payments	377,689	-	377,689
Debt service:			
Principal	60,000	25,000	85,000
Interest	167,117	71,838	238,955
Total expenditures	<u>637,209</u>	<u>97,441</u>	<u>734,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,006,141</u>	<u>(94,148)</u>	<u>911,993</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	92,024	92,024
Transfers out	<u>(845,422)</u>	<u>-</u>	<u>(845,422)</u>
Total other financing sources and (uses)	<u>(845,422)</u>	<u>92,024</u>	<u>(753,398)</u>
Net change in fund balances	160,719	(2,124)	158,595
Fund balances- beginning	<u>(161,909)</u>	<u>101,519</u>	<u>(60,390)</u>
Fund balances- ending	<u>\$ (1,190)</u>	<u>\$ 99,395</u>	<u>\$ 98,205</u>

CITY OF SANTA PAULA
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance – Nonmajor Permanent Funds
For the Year Ended June 30, 2005

	Permanent Funds			Total Current Year
	Community Center Endowment	Museum Endowment	Harding Park Trust	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment earnings	10,083	4,483	76,952	91,518
Other revenues	1,860	-	-	1,860
Total revenues	<u>11,943</u>	<u>4,483</u>	<u>76,952</u>	<u>93,378</u>
EXPENDITURES				
Community Services	9,487	5,467	-	14,954
Public Works	-	-	6,122	6,122
Non-Departmental	-	-	-	-
Total expenditures	<u>9,487</u>	<u>5,467</u>	<u>6,122</u>	<u>21,076</u>
Excess of revenues over (under) expenditures	<u>2,456</u>	<u>(984)</u>	<u>70,830</u>	<u>72,302</u>
Net change in fund balances	2,456	(984)	70,830	72,302
Fund balances - beginning	<u>474,596</u>	<u>210,611</u>	<u>369,183</u>	<u>1,054,390</u>
Fund balances - ending	<u>\$ 477,052</u>	<u>\$ 209,627</u>	<u>\$ 440,013</u>	<u>\$ 1,126,692</u>