

CITY OF SANTA PAULA
FINANCIAL STATEMENTS
Year Ended June 30, 2007

**City of Santa Paula
Financial Statements
Year Ended June 30, 2007**

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INDEPENDENT AUDITORS' REPORT

Honorable City Council of
the City of Santa Paula

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Santa Paula, California, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of the City of Santa Paula as of June 30, 2007, 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 April 17, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of the internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Teaman Ramirez & Smith

April 17, 2008

CITY OF SANTA PAULA

Management's Discussion and Analysis For the Year Ended June 30, 2007

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, 2007.

Financial Highlights

- The assets of the City of Santa Paula exceeded its liabilities at the close of the recent year by \$42,069,493 (*net assets*). Of this amount, \$13,181,278 (*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 \$7,600,688.
- As of the close of the current fiscal year, the City of Santa Paula's governmental funds reported combined ending fund balances of \$7,597,745 a decrease of \$2,028,482 from the ending balance of 2006 that was \$9,626,227. Approximately \$4,608,056 is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance from the general fund was \$2,191,190 or 17.9% of the funds total of total general fund expenditures and transfers equaling \$12,208,604. This is a decrease of \$109,684 from the prior year, mostly from lower than anticipate taxes, licenses and permits and increased charges for services.
- The City of Santa Paula's total liabilities at year-end were \$6,654,242, an increase of \$2,939,133 over the prior year. Incurred risk claims and judgments of \$1,857,991 less reductions of \$810,198 combined for a risk liabilities total of \$1,047,793.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Santa Paula, assets exceeded liabilities by \$34,468,805 at the close of fiscal year ended June 30, 2006 and \$42,069,493 at June 30, 2007.

A large portion of the City of Santa Paula's net assets include \$26,513,269 (63.0 percent) as its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Santa Paula uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Santa Paula's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	June 30,2006			June 30,2007		
	Governmental Activities	Business -Type Activities	Total	Governmental Activities	Business -Type Activities	Total
Assets						
Current and other assets	\$14,932,217	\$27,594,978	\$42,527,195	\$14,876,044	\$32,003,077	\$46,879,121
Capital Assets (net of depreciation)	8,551,358	26,405,416	34,956,774	11,097,491	26,971,813	38,069,304
Total Assets	23,483,575	54,000,394	77,483,969	25,973,535	58,974,890	84,948,425
Liabilities						
Long-term liabilities outstanding	6,735,754	30,904,581	37,640,335	4,771,988	30,154,633	34,926,621
Other liabilities	2,977,294	2,397,535	5,374,829	5,724,005	2,228,306	7,952,311
Total liabilities	9,713,048	33,302,116	43,015,164	10,495,993	32,382,939	42,878,932
Net Assets:						
Invested in capital assets, not of related debt	10,528,016	9,223,760	19,751,776	12,293,458	14,219,811	26,513,269
Restricted For:						
Transportation and other	5,810,161		5,810,161	2,042,355		2,042,355
Debt Services	333,646	-	333,646	332,591		332,591
Unrestricted	(2,901,296)	11,474,518	8,573,222	809,138	12,372,140	13,181,278
Total net assets	\$13,770,527	\$20,698,278	\$34,468,805	\$15,477,542	\$26,591,951	\$42,069,493

An additional portion of the City of Santa Paula's net assets (13 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$13,181,278 may be used to meet the government's ongoing obligations to citizens and creditors. This is an increase of \$4,608,056 or 53.7 percent over the prior year.

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

	June 30,2006			June 30,2007		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
Revenues						
Charges for services	\$2,813,342	\$12,678,567	\$15,491,909	\$3,269,979	\$13,418,430	\$16,688,409
Operating grants	3,380,242		3,380,242	3,233,760		3,233,760
Capital grants	1,116,060		1,116,060	939,720		939,720
General revenues:						
Property taxes	4,634,028		4,634,028	5,303,400		5,303,400
Tax increment	2,527,794		2,527,794	2,829,200		2,829,200
Sales taxes	1,501,454		1,501,454	1,582,865		1,582,865
Other taxes	885,795		885,795	973,770		973,770
Investments	379,716	670,074	1,049,790	380,728	1,074,982	1,455,710
Other revenues	293,632		293,632	236,445		236,445
Total Revenues	17,532,063	13,348,641	30,880,704	18,749,867	14,493,412	33,243,279
Expenses						
General administration	2,856,304		2,856,304	1,520,663		1,520,663
Building and safety	1,168,990		1,168,990	1,223,515		1,223,515
Community services	2,853,097		2,853,097	4,730,438		4,730,438
Financial Services	357,410		357,410	537,975		537,975
Fire	1,868,545		1,868,545	1,705,638		1,705,638
Planning	642,782		642,782	1,049,430		1,049,430
Police	4,936,426		4,936,426	5,133,465		5,133,465
Public Works	2,657,149		2,657,149	3,465,133		3,465,133
Economic development	130,508		130,508	137,873		137,873
Non-departmental	68,956		68,956	62,523		62,523
Interest			-	230,411		230,411
Refuse		1,424,677	1,424,677		1,328,202	1,328,202
Water		5,572,699	5,572,699		4,645,477	4,645,477
Sewer		1,936,405	1,936,405		1,729,839	1,729,839
Total Expenses	17,540,167	8,933,781	26,473,948	19,797,064	7,703,518	27,500,582
Increase in Net Assets before Transfers	(8,104)	4,414,860	4,406,756	(1,047,197)	6,789,894	5,742,697
Special Item				1,857,991		1,857,991
Transfers	846,016	(846,016)	0	896,221	(896,221)	
Increase in Net Assets	837,912	3,568,844	4,406,756	1,707,015	5,893,673	7,600,688
Beginning Net Assets	12,932,934	17,129,434	30,062,368	13,770,527	20,698,278	34,468,805
Prior period adjustment	(319)		(319)	-		-
Ending Net Assets	\$13,770,527	\$20,698,278	\$34,468,805	\$15,477,542	\$26,591,951	\$42,069,493

At the end of the current fiscal year, the City of Santa Paula is able to report positive balances in all three categories of net assets, both for the government as a whole. Separately, the City's governmental *unrestricted net assets* shows a positive balance of \$809,138, which is an increase over last year's negative balance of (\$2,901,296). This is primarily the result of reductions in restricted assets for transportation and other purposes.

The business-type activities *unrestricted net assets* show a positive balance of \$12,372,140, an increase of \$897,122 or 7.8 percent from the prior year. The governmental activities showed an increase of \$1,765,442 for *Invested in Capital Assets*. The business-type activities reported for *Invested in Capital Assets* a net increase from the prior year of \$4,996,051.

There was an increase of \$5,893,673 in total net assets reported in connection with the City of Santa Paula's business-type activities. Governmental activities net assets increased by \$1,707,015, during the fiscal year. This increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. Key elements of this increase are as follows:

Governmental activities. Governmental activities increased the City of Santa Paula's net assets by \$1,707,015 or thereby accounting for 22 percent of the total growth in the net assets of the City of Santa Paula.

Expenses for governmental activities increased from \$17,540,167 in 2006 to \$19,438,664 in 2007, an increase of \$1,898,497 or 10.8 percent.

Business-type activities. Business-type activities increased the City of Santa Paula's net assets by \$5,893,673 accounting for 78 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

- Total charges for services for business-type activities increased by 5.8 percent or \$739,863.
- The Water enterprise saw a decrease in charges for services of \$466,076 that accounts for most of the decrease in growth of revenue in this area. Sewer revenues also increased as a result of a slight increase in the number of service units.
- The refuse enterprise had a decrease in expenses of \$96,475 or 7.2 percent, while their receipts from charges for services, increased only \$109,031 or 5.5 percent.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Santa Paula's governmental funds reported combined total ending fund balances of \$7,597,745.

The general fund is the chief operating fund of the City of Santa Paula. At the end of this current fiscal year, unreserved fund balance of the general fund was \$2,191,190, while total fund balance reached \$2,950,042. 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 17.9 percent of the total general fund expenditures, while total fund balance represents 24.2 percent of that same amount.

The City of Santa Paula's unreserved general fund, fund balance, decreased by \$109,684 during the current fiscal year.

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 \$26,591,951 and increase of \$5,893,673 or 28.4 percent from the prior period. The increase in net assets for each fund was \$1,732,598, \$391,696, and \$3,769,379, respectively. Other factors concerning the finances of these funds are addressed in the discussion of the City of Santa Paula's business-type activities.

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

	Business-Type Activities			
	Water	Refuse	Sewer	Total
Operating Revenues	\$5,678,632	\$2,064,908	\$5,579,910	\$13,323,450
Operating Expenses	3,384,723	1,328,202	1,703,956	\$6,416,881
Operating Income (loss)	2,293,909	736,706	3,875,954	6,906,569
Total non-operating revenues (expenses)	(382,116)	29,286	236,155	(116,675)
Transfer in	199,660			\$199,660
Transfers out	(378,855)	(374,296)	(342,730)	(\$1,095,881)
Change in Net Assets	1,732,598	391,696	3,769,379	5,893,673
Total Net Assets, Beginning	11,153,684	532,941	9,011,653	20,698,278
Total Net Assets, Ending	\$12,886,282	\$924,637	\$12,781,032	\$26,591,951

General Fund Budgetary Highlights

Differences between the final budget and the actual expenditures were favorable as all departments were below their allocated budgets. Overall the General Fund expenditures came in under-budget by \$500,381 or 4.1%. Revenues overall were 9.8% higher than anticipated, with the categories of Charge for Current Services and Taxes representing \$510,393 of the total \$1,026,696 in total growth.

Capital Asset and Debt Administration

Capital assets. The City of Santa Paula's investment in capital assets for its governmental and business type activities as of June 30, 2007, amounts to \$49,733,270 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements other than buildings, machinery and equipment, as well as construction in progress.

	Capital Assets		
	Table 4		
	(Net of Depreciation)		
	Governmental Activities	Business-Type Activities	Total
Land	\$523,642	\$1,995,000	\$2,518,642
Construction in progress	678,399	8,466,925	\$9,145,324
Buildings and system	1,537,384	11,588,270	\$13,125,654
Machinery and equipment	956,040	1,002,093	\$1,958,133
Improvements other than buildings	8,604,067	14,381,450	\$22,985,517
Total Capital Assets	\$12,299,532	\$37,433,738	\$49,733,270

The value of assets has increased by \$6,401,253 during this reporting period. Major capital asset events during the current fiscal year included the following:

- The construction of the Green Street Paseo Project for \$220,516
- The continuation of the City's Water Main Replacement Program totaled \$118,363
- Additional projects completed during the fiscal year included, Well 12 Rehabilitation, Las Piedras Park Improvements, Arterial Street Paving, and Paseo Accessibility.

Additional information on the City of Santa Paula's capital assets can be found in note III.C on pages 22 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 \$31,521,913. This is a reduction from prior period's level of \$32,407,720. The governmental activity reduction was \$1,985,406. The business-type activity debt reduction was \$886,540. Of the current citywide long-term debt \$3,492,913 is secured by tax allocation proceeds. Bonds secured solely by specified revenue sources (i.e., revenue bonds) equal \$27,625,000. The remaining \$3,370,456 comprises debt backed by the full faith and credit of the government.

**Outstanding Debt
Table 5**

	Governmental Activities	Business-Type Activities	Total
Tax Allocation Bonds	\$3,394,339		\$3,394,339
Capital Lease Payable	6,074	0	\$6,074
Lease Revenue Bonds		27,625,000	\$27,625,000
Notes Payable		496,500	\$496,500
Contracts/Claims Payable	1,487,649	2,873,956	\$4,361,605
Total	\$4,888,062	\$30,995,456	\$35,883,518

The City of Santa Paula's total outstanding debt decreased \$479,748 during the current fiscal year. The largest portion of the decrease was \$1,857,991 in claims payable in governmental activities. Capital leases decreased by \$172,233. Additional information on the City of Santa Paula's long-term debt can be found in note III.E on page 25 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate estimated by the State of California Employment Development Department (October 2007) for the City of Santa Paula is 6.1% down from last year's 7.3 percent. The unemployment has dropped two consecutive years from a high in 2005 of 8.5 percent.

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

Both the Refuse and Sewer rates were increased August 1, 2005 and again, for sewer, on May 15, 2006 to be effective July 1, 2006. The most recent sewer rates were increased by 33 percent for residential customers, while the average increase in the refuse rates was 7.8 percent. These rate increases were necessary to cover operating expenses and to fund significant capital investments in infrastructure. To continue this effort, the Council anticipates

near future rate increases that will partially fund the new wastewater treatment plant scheduled for completion in 2010.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

City of Santa Paula
Statement of Net Assets
June 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 10,340,704	\$ 10,713,082	\$ 21,053,786
Receivables (Net of Allowance)	1,358,384	1,833,023	3,191,407
Loans Receivable	952,384		952,384
Deferred Charges	93,292	1,029,405	1,122,697
Internal Balances	(100,000)	100,000	-
Cash - Restricted	421,348	7,690,654	8,112,002
Prepaid Insurance	607,891	174,988	782,879
Capital Assets Not Being Depreciated			
Land	523,642	1,995,000	2,518,642
Construction in Progress	678,399	8,466,925	9,145,324
Capital Assets Net of Accumulated Depreciation			
Buildings and System	1,537,384	11,588,270	13,125,654
Machinery and Equipment	956,040	1,002,093	1,958,133
Improvements Other Than Buildings	8,604,067	14,381,450	22,985,517
	<u>25,973,535</u>	<u>58,974,890</u>	<u>84,948,425</u>
Total Assets			
LIABILITIES			
Accounts Payable and Accrued Liabilities	4,105,039	1,387,483	5,492,522
Accrued Interest Payable	18,150	-	18,150
Deferred Revenue	1,484,742	-	1,484,742
Noncurrent Liabilities			
Due Within One Year	116,074	840,823	956,897
Due in More Than One Year	4,771,988	30,154,633	34,926,621
	<u>10,495,993</u>	<u>32,382,939</u>	<u>42,878,932</u>
Total Liabilities			
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	12,293,458	14,219,811	26,513,269
Restricted for:			
Transportation and Other Purposes	2,042,355	-	2,042,355
Debt Service	332,591	-	332,591
Unrestricted	809,138	12,372,140	13,181,278
	<u>\$ 15,477,542</u>	<u>\$ 26,591,951</u>	<u>\$ 42,069,493</u>
Total Net Assets			

The accompanying notes are an integral part of this statement.

**City of Santa Paula
Statement of Activities
For the Year Ended June 30, 2007**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 1,520,663	\$ 19,594	\$ -	\$ -
Building and Safety	1,223,515	692,429	457,162	-
Community Services	4,730,438	326,272	181,756	474,845
Financial Services	537,975	22,349	-	-
Fire	1,705,638	195,199	87,380	13,290
Planning	1,049,430	711,317	-	-
Police	5,133,465	352,852	443,002	17,944
Public Works	3,106,733	898,742	1,706,060	433,641
Economic Development	137,873	-	-	-
Non-departmental	62,523	51,225	-	-
Interest on Long-term Debt	230,411	-	-	-
Total Governmental Activities	19,438,664	3,269,979	2,875,360	939,720
Business-type Activities:				
Refuse	1,328,202	2,073,348	-	-
Water	4,645,477	5,765,172	-	-
Sewer	2,088,239	5,579,910	-	358,400
Total Business-type Activities	8,061,918	13,418,430	-	358,400
Total Government	\$ 27,500,582	\$ 16,688,409	\$ 2,875,360	\$ 1,298,120

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

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (1,501,069)	\$ -	\$ (1,501,069)
(73,924)	-	(73,924)
(3,747,565)	-	(3,747,565)
(515,626)	-	(515,626)
(1,409,769)	-	(1,409,769)
(338,113)	-	(338,113)
(4,319,667)	-	(4,319,667)
(68,290)	-	(68,290)
(137,873)	-	(137,873)
(11,298)	-	(11,298)
(230,411)	-	(230,411)
<u>(12,353,605)</u>	<u>-</u>	<u>(12,353,605)</u>
-	745,146	745,146
-	1,119,695	1,119,695
-	3,850,071	3,850,071
<u>-</u>	<u>5,714,912</u>	<u>5,714,912</u>
<u>(12,353,605)</u>	<u>5,714,912</u>	<u>(6,638,693)</u>
5,303,400	-	5,303,400
2,829,200	-	2,829,200
1,582,865	-	1,582,865
88,352	-	88,352
583,353	-	583,353
129,935	-	129,935
172,130	-	172,130
380,728	1,074,982	1,455,710
236,445	-	236,445
1,857,991	-	1,857,991
896,221	(896,221)	-
<u>14,060,620</u>	<u>178,761</u>	<u>14,239,381</u>
1,707,015	5,893,673	7,600,688
<u>13,770,527</u>	<u>20,698,278</u>	<u>34,468,805</u>
<u>\$ 15,477,542</u>	<u>\$ 26,591,951</u>	<u>\$ 42,069,493</u>

The accompanying notes are an integral part of this statement.

**City of Santa Paula
Balance Sheet
Governmental Funds
June 30, 2007**

	General	Redevelopment Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 3,325,835	\$ 897,061	\$ 6,117,808	\$ 10,340,704
Cash with Fiscal Agent	-	242,553	90,038	332,591
Receivables	689,432	34,268	634,684	1,358,384
Due from Other Funds	571,276	-	-	571,276
Loans Receivable	13,674	-	938,710	952,384
Cash - Restricted	-	-	88,757	88,757
Prepaid Insurance	607,891	-	-	607,891
Total Assets	\$ 5,208,108	\$ 1,173,882	\$ 7,869,997	\$ 14,251,987
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 2,244,392	\$ 1,511,943	\$ 348,704	\$ 4,105,039
Due to Other Funds	-	-	571,276	571,276
Deferred Revenue	13,674	-	1,864,253	1,877,927
Advances From Other Funds	-	-	100,000	100,000
Total Liabilities	2,258,066	1,511,943	2,884,233	6,654,242
Fund Balances:				
Reserved for:				
Prepaid Expenses	607,891	-	-	607,891
Encumbrances	137,287	-	620,807	758,094
Loans	13,674	-	-	13,674
Debt Service	-	242,553	90,038	332,591
Unreserved, Reported In:				
General Fund	2,191,190	-	-	2,191,190
Special Revenue Fund	-	-	(299,393)	(299,393)
Capital Projects Fund	-	-	3,274,750	3,274,750
Debt Service Fund	-	(580,614)	691	(579,923)
Permanent Funds	-	-	1,298,871	1,298,871
Total Fund Balances	2,950,042	(338,061)	4,985,764	7,597,745
Total Liabilities and Fund Balances	\$ 5,208,108	\$ 1,173,882	\$ 7,869,997	\$ 14,251,987

The accompanying notes are an integral part of this statement.

City of Sana Paula
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2007

Fund balances of governmental funds	\$ 7,597,745
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.	12,299,532
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	393,185
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Obligations under capital lease agreement	(6,074)
Tax allocation refunding bonds, net of unamortized discount	(3,394,339)
Compensated Absences	(439,856)
Claims payable	(1,047,793)
Accrued interest payable not reported in the funds.	(18,150)
Unamortized issuance costs on the tax allocation bonds has not been reported in the governmental funds.	93,292
Net assets of governmental activities	\$ 15,477,542

The accompanying notes are an integral part of this statement.

City of Santa Paula
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

	General	Redevelopment Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 7,600,487	\$ 2,263,334	\$ 1,918,369	\$ 11,782,190
Licenses and Permits	561,736	-		561,736
Intergovernmental	534,728	-	1,955,615	2,490,343
Charges for Services	2,336,840	-	138,038	2,474,878
Fines and Forfeitures	124,530	-	-	124,530
Investment Earnings	126,842	57,913	331,342	516,097
Other Revenues	131,854	-	282,779	414,633
Total Revenues	11,417,017	2,321,247	4,626,143	18,364,407
EXPENDITURES				
Current:				
General Government	1,576,932	37,205	13,806	1,627,943
Building and Safety	664,080	-	639,702	1,303,782
Community Services	601,108	-	2,690,926	3,292,034
Financial Services	531,375	-	6,600	537,975
Fire	1,626,555	-	75,635	1,702,190
Planning	1,048,734	-	-	1,048,734
Police	4,549,247	-	531,182	5,080,429
Public Works	1,530,927	-	3,141,442	4,672,369
Economic Development	-	-	-	-
Non-departmental	56,876	-	5,110	61,986
Pass-thru Payments	-	1,637,379	-	1,637,379
Debt Service:				
Principal	-	65,000	35,000	100,000
Interest	-	156,179	68,110	224,289
Total Expenditures	12,185,834	1,895,763	7,207,513	21,289,110
Excess (Deficiency) of Revenues over Expenditures	(768,817)	425,484	(2,581,370)	(2,924,703)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,060,734	-	1,407,043	2,467,777
Transfers Out	(22,770)	(1,000,000)	(548,786)	(1,571,556)
Total Other Financing Sources (Uses)	1,037,964	(1,000,000)	858,257	896,221
Net Change in Fund Balances	269,147	(574,516)	(1,723,113)	(2,028,482)
Fund Balances, Beginning	2,680,895	236,455	6,708,877	9,626,227
Fund Balances, Ending	<u>\$ 2,950,042</u>	<u>\$ (338,061)</u>	<u>\$ 4,985,764</u>	<u>\$ 7,597,745</u>

The accompanying notes are an integral part of this statement.

City of Santa Paula
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2007

Net change in fund balances-total governmental funds \$ (2,028,482)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$2,316,592 exceeded depreciation of \$581,429 in the current period. 1,735,163

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 27,060

Governmental funds report only proceeds from the sale of capital assets. The statement of activities reports a gain or loss on disposal based on the net book value at the time of disposal. Disposal activity included the following:

Cost of Assets Disposed	(76,148)
Accumulated Depreciation on Disposal Assets	68,712

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 100,000

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 37,715

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

Compensated Absences	(8,874)
Claims and Judgments	1,857,991
Accrued Interest	487
Amortization of bond discounts and issuance costs	(6,609)

Change in net assets of governmental activities \$ 1,707,015

City of Santa Paula
Statement of Net Assets
Proprietary Funds
June 30, 2007

	Business-Type Activities - Enterprise Funds			
	Water	Refuse	Sewer	Totals
ASSETS				
Current Assets:				
Cash and Investments	\$ 4,121,513	\$ 373,160	\$ 6,218,409	\$ 10,713,082
Receivables	1,024,381	206,808	601,834	1,833,023
Total Current Assets	5,145,894	579,968	6,820,243	12,546,105
Noncurrent Assets:				
Restricted Cash:				
Cash with Fiscal Agents	7,690,654	-	-	7,690,654
Advances to Other Funds	2,100,000	-	-	2,100,000
Deferred Charges	1,029,405	-	-	1,029,405
Prepaid Insurance	84,129	90,859	-	174,988
Capital Assets:				
Land	1,965,000	-	30,000	1,995,000
Buildings	11,553,717	57,250	6,915,179	18,526,146
Improvements	14,368,994	-	98,417	14,467,411
Machinery and Equipment	1,223,724	1,329,520	184,652	2,737,896
Construction in Progress	2,517,367	2,311	5,947,247	8,466,925
Less: Accumulated Depreciation	(3,092,798)	(1,053,491)	(4,613,351)	(8,759,640)
Total Capital Assets (Net of Accumulated Depreciation)	28,536,004	335,590	8,562,144	37,433,738
Total Noncurrent Assets	39,440,192	426,449	8,562,144	48,428,785
Total Assets	44,586,086	1,006,417	15,382,387	60,974,890
LIABILITIES				
Current Liabilities:				
Accounts Payable	728,905	62,228	596,350	1,387,483
Compensated Absences	66,318	19,552	5,005	90,875
Bonds Payable - Current	625,000	-	-	625,000
Contracts Payable - Current	124,948	-	-	124,948
Total Current Liabilities	1,545,171	81,780	601,355	2,228,306
Noncurrent Liabilities:				
Advances from Other Funds	-	-	2,000,000	2,000,000
Bonds Payable	27,000,000	-	-	27,000,000
Notes Payable	496,500	-	-	496,500
Contracts Payable	2,658,133	-	-	2,658,133
Total Noncurrent Liabilities	30,154,633	-	2,000,000	32,154,633
Total Liabilities	31,699,804	81,780	2,601,355	34,382,939
NET ASSETS				
Invested in Capital Assets	5,322,077	335,590	8,562,144	14,219,811
Unrestricted	7,564,205	589,047	4,218,888	12,372,140
Total Net Assets	\$ 12,886,282	\$ 924,637	\$ 12,781,032	\$ 26,591,951

The accompanying notes are an integral part of this statement.

City of Santa Paula
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds			
	Water	Refuse	Sewer	Totals
OPERATING REVENUES				
Water Sales	\$ 5,670,694	\$ -	\$ -	\$ 5,670,694
Refuse Sales	-	2,057,514	-	2,057,514
Sewer Sales	-	-	5,574,234	5,574,234
Other Revenues	7,938	7,394	5,676	21,008
Total Operating Revenues	5,678,632	2,064,908	5,579,910	13,323,450
OPERATING EXPENSES				
Cost of Sales	2,303,927	1,142,274	1,589,187	5,035,388
Administration	676,802	84,051	275,291	1,036,144
Depreciation	364,903	101,877	197,878	664,658
Amortization	39,091	-	-	39,091
Total Operating Expenses	3,384,723	1,328,202	2,062,356	6,775,281
Operating Income (Loss)	2,293,909	736,706	3,517,554	6,548,169
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	792,098	20,846	262,038	1,074,982
Interest Expense	(1,260,754)	-	(25,883)	(1,286,637)
Gain/(Loss) on Disposal of Capital Assets	86,540	8,440	-	94,980
Total Nonoperating Revenues (Expenses)	(382,116)	29,286	236,155	(116,675)
Income Before Contributions and Transfers	1,911,793	765,992	3,753,709	6,431,494
Capital Contributions	-	-	358,400	358,400
Transfers In	199,660	-	-	199,660
Transfers Out	(378,855)	(374,296)	(342,730)	(1,095,881)
Change in Net Assets	1,732,598	391,696	3,769,379	5,893,673
Total Net Assets, Beginning	11,153,684	532,941	9,011,653	20,698,278
Total Net Assets, Ending	\$ 12,886,282	\$ 924,637	\$ 12,781,032	\$ 26,591,951

The accompanying notes are an integral part of this statement.

City of Santa Paula
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007

	Water	Refuse
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 5,572,300	\$ 2,037,215
Payments to Suppliers	(1,967,178)	(826,610)
Payments to Employees	(1,363,730)	(488,375)
	2,241,392	722,230
Cash Flows from Noncapital Financing Activities		
Transfers In	199,660	-
Advances Received (Paid)	-	-
Transfers Out	(378,855)	(374,296)
	(179,195)	(374,296)
Cash Flows from Capital and Related Financing Activities		
Capital Contributions	-	-
Acquisition of Capital Assets	(2,801,770)	(213,417)
Sale of Property	86,540	8,440
Interest Paid on Capital Debt	(1,260,754)	-
Principal Paid on Capital Debt	(739,948)	(134,518)
	(4,715,932)	(339,495)
Cash Flows from Investing Activities		
Investment Earnings	792,098	20,846
	792,098	20,846
Net Increase (Decrease) in Cash and Cash Equivalents	(1,861,637)	29,285
Cash and Cash Equivalents, Beginning	13,673,804	343,875
Cash and Cash Equivalents, End	\$ 11,812,167	\$ 373,160
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income	\$ 2,293,909	\$ 736,706
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation Expense	364,903	101,877
Amortization Expense	39,091	-
(Increase) Decrease in Receivables	(106,332)	(27,693)
(Increase) Decrease in Prepaid Insurance	(84,129)	(90,859)
Increase (Decrease) in Accounts Payable	(260,502)	5,410
Increase (Decrease) in Compensated Absences	(5,548)	(3,211)
Net Cash Provided By Operating Activities	\$ 2,241,392	\$ 722,230

The accompanying notes are an integral part of this statement.

<u>Sewer</u>	<u>Total</u>
\$ 5,390,535	\$ 13,000,050
(1,432,567)	(4,226,355)
<u>(212,771)</u>	<u>(2,064,876)</u>
3,745,197	6,708,819
-	199,660
66,084	66,084
<u>(342,730)</u>	<u>(1,095,881)</u>
<u>(276,646)</u>	<u>(830,137)</u>
358,400	358,400
(2,322,997)	(5,338,184)
-	94,980
(25,883)	(1,286,637)
<u>-</u>	<u>(874,466)</u>
<u>(1,990,480)</u>	<u>(7,045,907)</u>
262,038	1,074,982
<u>262,038</u>	<u>1,074,982</u>
1,740,109	(92,243)
<u>4,478,300</u>	<u>18,495,979</u>
<u>\$ 6,218,409</u>	<u>\$ 18,403,736</u>
\$ 3,517,554	\$ 6,548,169
197,878	664,658
-	39,091
(189,375)	(323,400)
-	(174,988)
222,455	(32,637)
<u>(3,315)</u>	<u>(12,074)</u>
<u>\$ 3,745,197</u>	<u>\$ 6,708,819</u>

The accompanying notes are an integral part of this statement.

City of Santa Paula
Notes to Financial Statements
June 30, 2007

NOTE	DESCRIPTION	PAGE
I	Summary of Significant Accounting Policies	13 - 18
II	Stewardship, Compliance and Accountability	18
III	Detailed Notes on All Funds	19 - 28
IV	Other Information	28 - 31

City of Santa Paula
Notes to Financial Statements
June 30, 2007

D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Description of Reporting Entity

The City of Santa Paula (the "City") is a municipal corporation operating as a general law city governed by a city council of five members. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended Component Units

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

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

B) Government-wide and Fund Financial Statements

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

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

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

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

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

City of Santa Paula
Notes to Financial Statements
June 30, 2007

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

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

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

City of Santa Paula
Notes to Financial Statements
June 30, 2007

D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

D) Assets, Liabilities, and Net Assets or Equity

1) Deposits and Investments

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

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

2) Receivables and Payables

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

City of Santa Paula
Notes to Financial Statements
June 30, 2007

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

2) Receivables and Payables - Continued

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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

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

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

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

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

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

City of Santa Paula
Notes to Financial Statements
June 30, 2007

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

3) Restricted Assets

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

4) Capital Assets

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

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

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

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

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

5) Compensated Absences

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

City of Santa Paula
Notes to Financial Statements
June 30, 2007

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

6) Long-term Obligations

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

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

7) Fund Equity

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

II) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A) Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2007:

Mobile Home Rent Review	\$	78,509
Hillsborough Open Space Assessment	\$	854
Congestion Management and Air Quality	\$	365,643
CLEEP	\$	1,348
Area Agency on Aging	\$	926
State Homeland Security Grant	\$	18,766
Cable Television Fund	\$	15,079
Storm-water Program Fund	\$	5,865
Transportation Enhancement	\$	9,644
Corp Yard Facilities	\$	1,728

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

City of Santa Paula
Notes to Financial Statements
June 30, 2007

III) DETAILED NOTES ON ALL FUNDS

A) Cash and Investments

The City's cash and investments consist of the following at June 30, 2007:

Petty Cash	\$	5,400
Deposits		(1,437,737)
Investments		<u>22,486,123</u>
 Total Cash and Investments - Unrestricted		 <u>21,053,786</u>
 Cash and Investments with Fiscal Agents		 8,023,245
Other Restricted Cash		<u>88,757</u>
 Total Restricted Cash and Investments		 <u>8,112,002</u>
 Total Cash and Investments		 <u>\$ 29,165,788</u>

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

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

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

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

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

City of Santa Paula
Notes to Financial Statements
June 30, 2007

II) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State Investment Pool - LAIF	\$ 22,486,123	\$ 22,486,123	\$ -	\$ -	\$ -
Held by Bond Trustees:					
LAIF	7,688,848	7,688,848	-	-	-
Mutual Funds	334,397	334,397	-	-	-
Total	\$ 30,509,368	\$ 30,509,368	\$ -	\$ -	\$ -

Disclosures Relating to Credit Risk

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

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	Aa	Not Rated
State Investment Pool - LAIF	\$ 30,174,971	N/A	\$ -	\$ -	\$ -	\$ 30,174,971
Mutual Funds	334,397	N/A	-	-	-	334,397
Total	\$ 30,509,368		-	\$ -	\$ -	\$ 30,509,368

City of Santa Paula
Notes to Financial Statements
June 30, 2007

III) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

Concentration of Credit Risk

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

Custodial Credit Risk

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

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

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

Investment in State Investment Pool

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

City of Santa Paula
Notes to Financial Statements
June 30, 2007

III) DETAILED NOTES ON ALL FUNDS - Continued

B) Receivables

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

	<u>General</u>	<u>Water Utility</u>	<u>Refuse Fund</u>	<u>Sewer Utility</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Interest	\$ 48,820	\$ 164,234	\$ 5,886	\$ 77,156	\$ 88,246	\$ 384,342
Taxes	418,799	-	-	-	-	418,799
Accounts	99,530	860,147	200,922	524,678	88,834	1,774,111
Intergovernmental	113,233	-	-	-	483,872	597,105
Miscellaneous	9,050	-	-	-	8,000	17,050
Total Receivables	<u>\$ 689,432</u>	<u>\$ 1,024,381</u>	<u>\$ 206,808</u>	<u>\$ 601,834</u>	<u>\$ 668,952</u>	<u>\$ 3,191,407</u>

C) Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 523,642	\$ -	\$ -	\$ 523,642
Construction in Progress	1,496,805	441,501	(1,259,907)	678,399
Total Capital Assets, Not Being Depreciated	<u>2,020,447</u>	<u>441,501</u>	<u>(1,259,907)</u>	<u>1,202,041</u>
Capital Assets Being Depreciated:				
Buildings and System	2,020,875	180,273	-	2,201,148
Machinery and Equipment	2,001,369	482,704	(76,148)	2,407,925
Improvements Other Than Buildings	7,871,867	2,472,021	-	10,343,888
Total Capital Assets Being Depreciated	<u>11,894,111</u>	<u>3,134,998</u>	<u>(76,148)</u>	<u>14,952,961</u>
Less Accumulated Depreciation:				
Buildings and System	(530,411)	(133,353)	-	(663,764)
Machinery and Equipment	(1,256,347)	(195,538)	-	(1,451,885)
Improvements Other Than Buildings	(1,555,995)	(252,538)	68,712	(1,739,821)
Total Accumulated Depreciation	<u>(3,342,753)</u>	<u>(581,429)</u>	<u>68,712</u>	<u>(3,855,470)</u>
Total Capital Assets Being Depreciated, Net	<u>8,551,358</u>	<u>2,553,569</u>	<u>(7,436)</u>	<u>11,097,491</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,571,805</u>	<u>\$ 2,995,070</u>	<u>\$ (1,267,343)</u>	<u>\$ 12,299,532</u>

City of Santa Paula
Notes to Financial Statements
June 30, 2007

III) DETAILED NOTES ON ALL FUNDS - Continued

C) Capital Assets - Continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 1,995,000	\$ -	\$ -	\$ 1,995,000
Construction in Progress	<u>4,359,796</u>	<u>4,284,865</u>	<u>(177,736)</u>	<u>8,466,925</u>
Total Capital Assets, Not Being Depreciated	<u>6,354,796</u>	<u>4,284,865</u>	<u>(177,736)</u>	<u>10,461,925</u>
Capital Assets Being Depreciated:				
Buildings and System	18,458,742	67,404	-	18,526,146
Machinery and Equipment	2,333,436	497,820	(93,360)	2,737,896
Improvements Other Than Buildings	<u>13,801,581</u>	<u>702,601</u>	<u>(36,771)</u>	<u>14,467,411</u>
Total Capital Assets Being Depreciated	<u>34,593,759</u>	<u>1,267,825</u>	<u>(130,131)</u>	<u>35,731,453</u>
Less Accumulated Depreciation:				
Buildings and System	(6,484,705)	(453,171)	-	(6,937,876)
Machinery and Equipment	(1,653,888)	(175,275)	93,360	(1,735,803)
Improvements Other Than Buildings	<u>(49,750)</u>	<u>(36,212)</u>	<u>1</u>	<u>(85,961)</u>
Total Accumulated Depreciation	<u>(8,188,343)</u>	<u>(664,658)</u>	<u>93,361</u>	<u>(8,759,640)</u>
Total Capital Assets Being Depreciated, Net	<u>26,405,416</u>	<u>603,167</u>	<u>(36,770)</u>	<u>26,971,813</u>
Business-type Activities Capital Assets, Net	<u>\$ 32,760,212</u>	<u>\$ 4,888,032</u>	<u>\$ (214,506)</u>	<u>\$ 37,433,738</u>

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

Governmental Activities:	
General Government	\$ 8,817
Community Services	89,363
Fire	93,573
Planning	696
Police	116,950
Public Works	133,620
Economic Development	137,873
Non-departmental	<u>537</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 581,429</u>
Business-type Activities:	
Water	\$ 364,903
Sewer	197,878
Refuse	<u>101,877</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 664,658</u>

City of Santa Paula
Notes to Financial Statements
June 30, 2007

III) DETAILED NOTES ON ALL FUNDS - Continued

D) Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 571,276

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

Advances from/to other funds:

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

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

Interfund transfers:

<u>Transfer Out</u>	<u>Transfer In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Water And Enterprise</u>	<u>Other Governmental Funds</u>	
General Fund	\$ -	\$ -	\$ 22,770	\$ 22,770
Water Fund	378,855	-	-	378,855
Refuse Fund	185,884	99,830	88,582	374,296
Sewer Fund	154,318	99,830	88,582	342,730
Other Governmental Funds	<u>341,677</u>	<u>-</u>	<u>1,207,109</u>	<u>1,548,786</u>
	<u>\$ 1,060,734</u>	<u>\$ 199,660</u>	<u>\$ 1,407,043</u>	<u>\$ 2,667,437</u>

Transfers were made during the 2006-07 fiscal year from the enterprise and other funds to the general fund, to reimburse overhead expenditures. Transfers were made from the Refuse and Sewer funds to the Water fund to reimburse various costs. Transfers were made between nonmajor funds as necessary to properly allocate costs among the funds.

City of Santa Paula
Notes to Financial Statements
June 30, 2007

III DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt

Changes in Long-Term Debt

Long-term debt activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Tax Allocation Refunding Bonds	\$ 3,520,000	\$ -	\$ (100,000)	\$ 3,420,000	\$ 110,000
Less Deferred Amounts: For Issuance Discounts	<u>(27,087)</u>	<u>1,426</u>	<u>-</u>	<u>(25,661)</u>	<u>-</u>
Total Bonds Payable	3,492,913	1,426	(100,000)	3,394,339	110,000
Compensated Absences	430,982	8,874	-	439,856	-
Claims Payable	2,905,784	-	(1,857,991)	1,047,793	-
Capital Lease Payable	<u>43,789</u>	<u>-</u>	<u>(37,715)</u>	<u>6,074</u>	<u>6,074</u>
Governmental Activities Long-term Liabilities	<u>\$ 6,873,468</u>	<u>\$ 10,300</u>	<u>\$ (1,995,706)</u>	<u>\$ 4,888,062</u>	<u>\$ 116,074</u>
Business-Type Activities:					
Lease Revenue Bonds	\$ 28,240,000	\$ -	\$ (615,000)	\$ 27,625,000	\$ 625,000
Notes Payable	496,500	-	-	496,500	-
Contracts Payable	2,908,029	-	(124,948)	2,783,081	124,948
Capital Lease Payable	134,518	-	(134,518)	-	-
Compensated Absences	<u>102,949</u>	<u>-</u>	<u>(12,074)</u>	<u>90,875</u>	<u>90,875</u>
Business-type Activities Long-term Liabilities	<u>\$ 31,881,996</u>	<u>\$ -</u>	<u>\$ (886,540)</u>	<u>\$ 30,995,456</u>	<u>\$ 840,823</u>

Tax Allocation Bonds

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

City of Santa Paula
Notes to Financial Statements
June 30, 2007

III DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt - Continued

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 110,000	\$ 217,795
2009	115,000	211,285
2010	120,000	204,225
2011	130,000	196,770
2012	140,000	188,550
2013-2017	820,000	800,120
2018-2022	1,130,000	500,775
2023-2025	<u>855,000</u>	<u>112,200</u>
	<u>\$ 3,420,000</u>	<u>\$ 2,431,720</u>

Capital Leases

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

Assets acquired through capital leases are as follows:

	<u>Governmental</u> <u>Activities</u>
Asset:	
Machinery and Equipment	\$ 23,711
Less: Accumulated Depreciation	<u>(4,742)</u>
Total	<u>\$ 18,969</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007 were as follows:

<u>Fiscal</u> <u>Year Ending June 30,</u>	<u>Governmental</u> <u>Activities</u>
2008	\$ <u>6,399</u>
Total Minimum Lease Payments	6,399
Less: Interest Amounts	<u>(325)</u>
Present Value of Minimum Lease Payments	<u>\$ 6,074</u>

City of Santa Paula
Notes to Financial Statements
June 30, 2007

III DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt - Continued

Revenue Bonds

On October 1, 2003, the Santa Paula Public Financing Authority issued \$29,430,000 of lease revenue bonds to refund on a current basis the outstanding 1996 Revenue Bonds and to finance certain improvements to the City's water treatment and distribution system. The bonds have a variable interest rate with an initial rate of 2.50%. The interest rate at June 30, 2007 was 1.75%. The bonds mature on February 1 of each year through 2033.

Revenue bond debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 625,000	\$ 1,254,038
2009	640,000	1,238,413
2010	660,000	1,220,813
2011	680,000	1,201,013
2012	700,000	1,178,913
2013-2017	3,910,000	5,487,763
2018-2022	4,805,000	4,590,800
2023-2027	6,070,000	3,323,500
2028-2032	7,745,000	1,647,500
2033	1,790,000	89,500
	<u>\$ 27,625,000</u>	<u>\$ 21,232,253</u>

Notes Payable

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ -	\$ 25,000
2009	-	25,000
2010	-	25,000
2011	-	25,000
2012	-	73,000
2013-2017	-	365,000
2018-2022	-	365,000
2023-2026	496,500	292,136
	<u>\$ 496,500</u>	<u>\$ 1,195,136</u>

City of Santa Paula
Notes to Financial Statements
June 30, 2007

III) DETAILED NOTES ON ALL FUNDS - Continued

E) Long-Term Debt - Continued

Contracts Payable

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>
2008	\$ 124,948
2009	124,948
2010	124,948
2011	124,948
2012	124,948
2013-2017	624,738
2018-2022	624,738
2023-2027	515,199
2028-2032	322,374
2033-2037	65,611
2038	<u>5,681</u>
	<u>\$ 2,783,081</u>

F) Subsequent Event

On July 5, 2007 the City purchased a parcel of land for \$3,060,390 to be used for the City's wastewater treatment plant expansion.

IV) OTHER INFORMATION

A) Risk Management

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

The City of Santa Paula is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 109 California public entities and is organized under a joint powers agreement pursuant to California Governments Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee. Prior to joining the Authority, the City was a member of Central Coast Cities Self-Insurance Fund.

City of Santa Paula
Notes to Financial Statements
June 30, 2007

IV) OTHER INFORMATION - Continued

A) Risk Management - Continued

2. Self-Insurance Programs of the Authority

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

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

3. Purchased Insurance

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

4. Adequacy of Protection

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

City of Santa Paula
Notes to Financial Statements
June 30, 2007

IV) OTHER INFORMATION - Continued

A) Risk Management - Continued

5. Claims Liabilities

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

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses included an estimate of claims that have been incurred but not reported. At June 30, 2007, the amount of these liabilities was \$1,047,793. This liability is the City's best estimate based on available information. Changes in the balances of claims liabilities during the past two years are as follows:

	<u>Year Ended</u> <u>June 30, 2007</u>	<u>Year Ended</u> <u>June 30, 2006</u>
Unpaid Claims, Beginner of Year	\$ 2,905,784	\$ 1,094,468
Incurred Claims		1,811,316
Claim Payments	<u>(1,857,991)</u>	<u>-</u>
Unpaid Claims, End of Year	<u>\$ 1,047,793</u>	<u>\$ 2,905,784</u>

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

B) Contingent Liabilities

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

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

City of Santa Paula
Notes to Financial Statements
June 30, 2007

IV) OTHER INFORMATION - Continued

B) Contingent Liabilities - Continued

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

C) Employee Retirement Systems and Pension Plans

Defined Benefit Pension Plan

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

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

Funding Policy. Safety and miscellaneous plan members are required to contribute 8% and 9, respectively of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. As of the 2006-07 fiscal year, both plans were required to participate in risk pools, which includes pooled employer contribution rates.

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2007 was 13.199% for miscellaneous employees and 32.259% for safety employees. The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Three Year Trend Information for the Miscellaneous and Safety Plans

THREE YEAR TREND INFORMATION FOR PERS					
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation		
6/30/05	\$ 996,280	100%	\$	-	0-
6/30/06	\$ 1,354,003	100%	\$	-	0-
6/30/07	\$ 2,042,411	100%	\$	-	0-

REQUIRED SUPPLEMENTARY INFORMATION

City of Santa Paula
Notes to Required Supplemental Information
June 30, 2007

Budgetary Information

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

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

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

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

City of Santa Paula
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 7,027,300	\$ 7,232,900	\$ 7,600,487	\$ 367,587
Licenses & Permits	618,825	659,825	561,736	(98,089)
Intergovernmental	502,102	452,102	534,728	82,626
Charges for Services	1,781,747	1,826,447	2,336,840	510,393
Fines and Forfeitures	115,600	115,600	124,530	8,930
Investment Earnings	16,000	25,447	126,842	101,395
Other Revenues	78,000	78,000	131,854	53,854
	<u>10,139,574</u>	<u>10,390,321</u>	<u>11,417,017</u>	<u>1,026,696</u>
EXPENDITURES				
Current:				
General Government	1,438,324	1,431,966	1,576,932	(144,966)
Building and Safety	607,724	660,969	664,080	(3,111)
Community Services	604,596	693,303	601,108	92,195
Financial Services	625,093	703,438	531,375	172,063
Fire	1,719,999	2,148,699	1,626,555	522,144
Planning	739,478	747,717	1,048,734	(301,017)
Police	4,769,554	4,780,946	4,549,247	231,699
Public Works	1,089,099	1,462,955	1,530,927	(67,972)
Economic Development	2,500	2,500	-	2,500
Non-departmental	-	53,722	56,876	(3,154)
	<u>11,596,367</u>	<u>12,686,215</u>	<u>12,185,834</u>	<u>500,381</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,456,793)</u>	<u>(2,295,894)</u>	<u>(768,817)</u>	<u>1,527,077</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,021,930	1,021,930	1,060,734	38,804
Transfers Out	(22,770)	(22,770)	(22,770)	-
	<u>999,160</u>	<u>999,160</u>	<u>1,037,964</u>	<u>38,804</u>
Net Change in Fund Balances	(457,633)	(1,296,734)	269,147	1,565,881
Fund Balances, Beginning	<u>2,680,895</u>	<u>2,680,895</u>	<u>2,680,895</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 2,223,262</u>	<u>\$ 1,384,161</u>	<u>\$ 2,950,042</u>	<u>\$ 1,565,881</u>

SUPPLEMENTARY INFORMATION

City of Santa Paula Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Santa Paula
Nonmajor Governmental Funds - Continued

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

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

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

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

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

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

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

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

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

Capital Project Funds

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

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

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

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

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

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

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

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

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

City of Santa Paula Nonmajor Governmental Funds

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

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

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

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

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

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

Debt Service Funds

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

Permanent Funds

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

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

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

**City of Santa Paula
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Permanent Funds</u>	<u>Total</u>
ASSETS					
Cash and Investments	\$ 1,428,666	\$ 3,402,284	\$ 786	\$ 1,286,072	\$ 6,117,808
Cash with Fiscal Agent	-	-	90,038	-	90,038
Receivables	588,879	32,958	-	12,847	634,684
Due From Other Funds	-	-	-	-	-
Loans Receivable	286,677	652,033	-	-	938,710
Cash - Restricted	88,757	-	-	-	88,757
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,392,979</u>	<u>\$ 4,087,275</u>	<u>\$ 90,824</u>	<u>\$ 1,298,919</u>	<u>\$ 7,869,997</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 279,378	\$ 69,183	\$ 95	\$ 48	\$ 348,704
Due to Other Funds	571,276	-	-	-	571,276
Deferred Revenue	1,251,803	612,450	-	-	1,864,253
Advances From Other Funds	-	100,000	-	-	100,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>2,102,457</u>	<u>781,633</u>	<u>95</u>	<u>48</u>	<u>2,884,233</u>
Fund Balances:					
Reserved for:					
Encumbrances	589,915	30,892	-	-	620,807
Loans	-	-	-	-	-
Debt Service	-	-	90,038	-	90,038
Unreserved, Reported in:					
Special Revenue Funds	(299,393)	-	-	-	(299,393)
Capital Project Funds	-	3,274,750	-	-	3,274,750
Debt Service Funds	-	-	691	-	691
Permanent Funds	-	-	-	1,298,871	1,298,871
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>290,522</u>	<u>3,305,642</u>	<u>90,729</u>	<u>1,298,871</u>	<u>4,985,764</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 2,392,979</u>	<u>\$ 4,087,275</u>	<u>\$ 90,824</u>	<u>\$ 1,298,919</u>	<u>\$ 7,869,997</u>

**City of Santa Paula
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007**

	<u>Mobile Home Rent Review</u>	<u>State Gas Tax</u>	<u>Local Transportation TDA</u>	<u>Housing and Community Development I</u>
ASSETS				
Cash and Investments	\$ -	\$ 34,642	\$ 341,545	\$ 44,396
Receivables	-	54,437	4,725	1,177
Due from Other Funds	-	-	-	-
Loans Receivable	-	-	-	-
Cash - Restricted	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ -</u>	<u>\$ 89,079</u>	<u>\$ 346,270</u>	<u>\$ 45,573</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 3,104	\$ 65,249	\$ 206	\$ -
Due to Other Funds	75,405	-	-	-
Deferred Revenue	-	-	341,754	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>78,509</u>	<u>65,249</u>	<u>341,960</u>	<u>-</u>
Fund Balances:				
Reserved for:				
Encumbrances	-	21,094	-	-
Loans	-	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	<u>(78,509)</u>	<u>2,736</u>	<u>4,310</u>	<u>45,573</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>(78,509)</u>	<u>23,830</u>	<u>4,310</u>	<u>45,573</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 89,079</u>	<u>\$ 346,270</u>	<u>\$ 45,573</u>

<u>(CDBG) Housing and Community Development II</u>	<u>CA Oil Museum</u>	<u>Asset Forfeiture</u>	<u>Hillsborough Open Space Assessment</u>	<u>DOJ-BJA Local Law Enforecement 03/04</u>	<u>Local Transportation TDA Article 3</u>	<u>Weed and Seed Support GRT-DOJ</u>
\$ -	\$ 67,643	\$ 18,245	\$ -	\$ -	\$ 29,314	\$ -
31,710	3,313	231	153	8	413	49,158
-	-	-	-	-	-	-
176,563	-	-	-	-	-	-
88,757	-	-	-	-	-	-
<u>\$ 297,030</u>	<u>\$ 70,956</u>	<u>\$ 18,476</u>	<u>\$ 153</u>	<u>\$ 8</u>	<u>\$ 29,727</u>	<u>\$ 49,158</u>
\$ 18,450	\$ 14,794	\$ -	\$ 288	\$ -	\$ -	\$ 5,752
14,054	-	-	719	-	-	41,581
176,563	-	-	-	-	29,314	-
<u>209,067</u>	<u>14,794</u>	<u>-</u>	<u>1,007</u>	<u>-</u>	<u>29,314</u>	<u>47,333</u>
6,851	11,927	-	1,392	5,363	-	1,599
-	-	-	-	-	-	-
81,112	44,235	18,476	(2,246)	(5,355)	413	226
87,963	56,162	18,476	(854)	8	413	1,825
<u>\$ 297,030</u>	<u>\$ 70,956</u>	<u>\$ 18,476</u>	<u>\$ 153</u>	<u>\$ 8</u>	<u>\$ 29,727</u>	<u>\$ 49,158</u>

CONTINUED

City of Santa Paula
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2007

	<u>Traffic Congestion Relief</u>	<u>Congestion Management and Air Quality</u>	<u>Redevelopment Agency Housing Set-Aside</u>	<u>Cal Home Grant Dept. of HCD</u>
ASSETS				
Cash and Investments	\$ 224,990	\$ -	\$ 443,414	\$ 11,276
Receivables	2,859	365,643	8,325	248
Due from Other Funds	-	-	-	-
Loans Receivable	-	-	-	110,114
Cash - Restricted	-	-	-	-
	<u>\$ 227,849</u>	<u>\$ 365,643</u>	<u>\$ 451,739</u>	<u>\$ 121,638</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 151,436	\$ -	\$ 2,187	\$ -
Due to Other Funds	-	365,643	-	-
Deferred Revenue	76,413	365,643	-	121,390
	<u>227,849</u>	<u>731,286</u>	<u>2,187</u>	<u>121,390</u>
Fund Balances:				
Reserved for:				
Encumbrances	-	-	-	-
Loans	-	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	-	(365,643)	449,552	248
	<u>-</u>	<u>(365,643)</u>	<u>449,552</u>	<u>248</u>
Total Fund Balances	<u>-</u>	<u>(365,643)</u>	<u>449,552</u>	<u>248</u>
Total Liabilities and Fund Balances	<u>\$ 227,849</u>	<u>\$ 365,643</u>	<u>\$ 451,739</u>	<u>\$ 121,638</u>

NPDES Storm Water Quality	SLESF-COPS State	CLEEP	COPS State	Beverage Container Recycling	Area Agency on Aging	State Homeland Security Grant
\$ 96,494	\$ 102,109	\$ -	\$ -	\$ 10,402	\$ -	\$ -
852	1,259	143	12,549	132	5,274	17,899
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 97,346</u>	<u>\$ 103,368</u>	<u>\$ 143</u>	<u>\$ 12,549</u>	<u>\$ 10,534</u>	<u>\$ 5,274</u>	<u>\$ 17,899</u>
\$ 1,676	\$ 1,878	\$ -	\$ 311	\$ 13	\$ 3,945	\$ 867
-	-	1,491	12,208	-	2,255	17,899
-	100,000	-	-	10,402	-	17,899
<u>1,676</u>	<u>101,878</u>	<u>1,491</u>	<u>12,519</u>	<u>10,415</u>	<u>6,200</u>	<u>36,665</u>
48,917	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>46,753</u>	<u>1,490</u>	<u>(1,348)</u>	<u>30</u>	<u>119</u>	<u>(926)</u>	<u>(18,766)</u>
<u>95,670</u>	<u>1,490</u>	<u>(1,348)</u>	<u>30</u>	<u>119</u>	<u>(926)</u>	<u>(18,766)</u>
<u>\$ 97,346</u>	<u>\$ 103,368</u>	<u>\$ 143</u>	<u>\$ 12,549</u>	<u>\$ 10,534</u>	<u>\$ 5,274</u>	<u>\$ 17,899</u>

CONTINUED

City of Santa Paula
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2007

	<u>Federal STP</u>	<u>FEMA Seismic Retrofit Grant</u>	<u>CA Used Oil Block Grant</u>	<u>Cable Television Fund</u>
ASSETS				
Cash and Investments	\$ 87	\$ 1,328	\$ 1,490	\$ -
Receivables	-	159	-	4,832
Due from Other Funds	-	-	-	-
Loans Receivable	-	-	-	-
Cash - Restricted	-	-	-	-
Total Assets	<u>\$ 87</u>	<u>\$ 1,487</u>	<u>\$ 1,490</u>	<u>\$ 4,832</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 87	\$ -	\$ -	\$ 1,588
Due to Other Funds	-	-	-	18,323
Deferred Revenue	-	-	1,490	-
Total Liabilities	<u>87</u>	<u>-</u>	<u>1,490</u>	<u>19,911</u>
Fund Balances:				
Reserved for:				
Encumbrances	492,772	-	-	-
Loans	-	-	-	-
Unreserved, Reported in:				
Special Revenue Funds	<u>(492,772)</u>	<u>1,487</u>	<u>-</u>	<u>(15,079)</u>
Total Fund Balances	<u>-</u>	<u>1,487</u>	<u>-</u>	<u>(15,079)</u>
Total Liabilities and Fund Balances	<u>\$ 87</u>	<u>\$ 1,487</u>	<u>\$ 1,490</u>	<u>\$ 4,832</u>

<u>Stormwater Program</u>	<u>Office of Traffic Safety</u>	<u>Transportation Enhancement Grant</u>	<u>BJA Vest Grant</u>	<u>Miscellaneous State Grants</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,291	\$ 1,428,666
13,736	-	9,644	-	-	588,879
-	-	-	-	-	-
-	-	-	-	-	286,677
-	-	-	-	-	88,757
<u>\$ 13,736</u>	<u>\$ -</u>	<u>\$ 9,644</u>	<u>\$ -</u>	<u>\$ 1,291</u>	<u>\$ 2,392,979</u>
\$ 7,547	\$ -	\$ -	\$ -	\$ -	\$ 279,378
12,054	-	9,644	-	-	571,276
-	-	9,644	-	1,291	1,251,803
<u>19,601</u>	<u>-</u>	<u>19,288</u>	<u>-</u>	<u>1,291</u>	<u>2,102,457</u>
-	-	-	-	-	589,915
-	-	-	-	-	-
<u>(5,865)</u>	<u>-</u>	<u>(9,644)</u>	<u>-</u>	<u>-</u>	<u>(299,393)</u>
<u>(5,865)</u>	<u>-</u>	<u>(9,644)</u>	<u>-</u>	<u>-</u>	<u>290,522</u>
<u>\$ 13,736</u>	<u>\$ -</u>	<u>\$ 9,644</u>	<u>\$ -</u>	<u>\$ 1,291</u>	<u>\$ 2,392,979</u>

**City of Santa Paula
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2007**

	<u>Redevelopment Agency Exempt</u>	<u>Redevelopment Agency Housing Bond</u>	<u>Library Expansion Facilities</u>	<u>Law Enforcement Facilities</u>	<u>Water Distribution Facilities</u>
ASSETS					
Cash and Investments	\$ 892,364	\$ 516,973	\$ 98,778	\$ 34,098	\$ 43,116
Receivables	-	6,810	1,193	409	547
Loans Receivable	39,583	612,450	-	-	-
Total Assets	<u><u>\$ 931,947</u></u>	<u><u>\$ 1,136,233</u></u>	<u><u>\$ 99,971</u></u>	<u><u>\$ 34,507</u></u>	<u><u>\$ 43,663</u></u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 28,614	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	612,450	-	-	-
Advances From Other Funds	-	-	-	-	-
Total Liabilities	<u>28,614</u>	<u>612,450</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Reserved for:					
Encumbrances	30,892	-	-	-	-
Unreserved, Reported in:					
Capital Projects Funds	872,441	523,783	99,971	34,507	43,663
Total Fund Balances	<u>903,333</u>	<u>523,783</u>	<u>99,971</u>	<u>34,507</u>	<u>43,663</u>
Total Liabilities and Fund Balances	<u><u>\$ 931,947</u></u>	<u><u>\$ 1,136,233</u></u>	<u><u>\$ 99,971</u></u>	<u><u>\$ 34,507</u></u>	<u><u>\$ 43,663</u></u>

<u>Inclusionary Housing Ordinance</u>	<u>Fire Protection Facilities</u>	<u>Public Meeting Facilities</u>	<u>General Government Facilities</u>	<u>Traffic Impact Fees</u>	<u>Parks and Recreation Facilities</u>	<u>Parkland Facilities</u>
\$ 442,026	\$ 19,451	\$ 86,013	\$ 93,222	\$ 398,656	\$ 236,948	\$ 425,540
5,614	228	1,042	1,130	4,889	3,917	5,641
-	-	-	-	-	-	-
<u>\$ 447,640</u>	<u>\$ 19,679</u>	<u>\$ 87,055</u>	<u>\$ 94,352</u>	<u>\$ 403,545</u>	<u>\$ 240,865</u>	<u>\$ 431,181</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,669	\$ 33,900
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	6,669	33,900
-	-	-	-	-	-	-
<u>447,640</u>	<u>19,679</u>	<u>87,055</u>	<u>94,352</u>	<u>403,545</u>	<u>234,196</u>	<u>397,281</u>
<u>447,640</u>	<u>19,679</u>	<u>87,055</u>	<u>94,352</u>	<u>403,545</u>	<u>234,196</u>	<u>397,281</u>
<u>\$ 447,640</u>	<u>\$ 19,679</u>	<u>\$ 87,055</u>	<u>\$ 94,352</u>	<u>\$ 403,545</u>	<u>\$ 240,865</u>	<u>\$ 431,181</u>

CONTINUED

City of Santa Paula
Combining Balance Sheet
Nonmajor Capital Projects Funds - Continued
June 30, 2007

	Corp Yard Facilities	Sewer Collection Facilities	Storm Drain Facilities	Total
ASSETS				
Cash and Investments	\$ 96,965	\$ 7,289	\$ 10,845	\$ 3,402,284
Receivables	1,307	93	138	32,958
Loans Receivable	-	-	-	652,033
Total Assets	\$ 98,272	\$ 7,382	\$ 10,983	\$ 4,087,275
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ 69,183
Deferred Revenue	-	-	-	612,450
Advances From Other Funds	100,000	-	-	100,000
Total Liabilities	100,000	-	-	781,633
Fund Balances:				
Reserved for:				
Encumbrances	-	-	-	30,892
Unreserved, Reported in:				
Capital Projects Funds	(1,728)	7,382	10,983	3,274,750
Total Fund Balances	(1,728)	7,382	10,983	3,305,642
Total Liabilities and Fund Balances				
	\$ 98,272	\$ 7,382	\$ 10,983	\$ 4,087,275

**City of Santa Paula
Combining Balance Sheet
Nonmajor Debt Service Funds
Year Ended June 30, 2007**

	Redevelopment Set-Aside Debt Service	Total
ASSETS		
Cash and Investments	\$ 786	\$ 786
Cash with Fiscal Agent	90,038	90,038
Receivables	-	-
	-	-
Total Assets	\$ 90,824	\$ 90,824
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 95	\$ 95
Advances From Other Funds	-	-
	-	-
Total Liabilities	95	95
Fund Balances:		
Reserved for:		
Debt Service	90,038	90,038
Unreserved, Reported in:		
Debt Service	691	691
	691	691
Total Fund Balances	90,729	90,729
Total Liabilities and Fund Balances	\$ 90,824	\$ 90,824

**City of Santa Paula
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2007**

	Community Center Endowment	Museum Endowment	Harding Park Trust	Total
ASSETS				
Cash and Investments	\$ 482,999	\$ 210,100	\$ 592,973	\$ 1,286,072
Receivables	608	267	11,972	12,847
Total Assets	<u>\$ 483,607</u>	<u>\$ 210,367</u>	<u>\$ 604,945</u>	<u>\$ 1,298,919</u>
LIABILITIES AND FUND BALANCES				
Accounts Payable	\$ -	\$ -	\$ 48	\$ 48
Total Liabilities	-	-	48	48
Fund Balances:				
Unreserved, Reported in:				
Permanent Funds	483,607	210,367	604,897	1,298,871
Total Liabilities and Fund Balances	<u>\$ 483,607</u>	<u>\$ 210,367</u>	<u>\$ 604,945</u>	<u>\$ 1,298,919</u>

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Permanent Funds</u>	<u>Total</u>
REVENUES					
Taxes	\$ 1,078,826	\$ 839,543	\$ -	\$ -	\$ 1,918,369
Intergovernmental	1,955,615	-	-	-	1,955,615
Charges for Services	134,738	3,300	-	-	138,038
Investment Earnings	109,422	153,143	4,705	64,072	331,342
Other Revenues	205,806	948	-	76,025	282,779
Total Revenues	<u>3,484,407</u>	<u>996,934</u>	<u>4,705</u>	<u>140,097</u>	<u>4,626,143</u>
EXPENDITURES					
General Government	13,270	-	536	-	13,806
Building and Safety	639,702	-	-	-	639,702
Community Services	1,422,823	1,236,216	-	31,887	2,690,926
Financial Services	6,600	-	-	-	6,600
Fire	40,635	35,000	-	-	75,635
Police	531,182	-	-	-	531,182
Public Works	2,742,611	371,457	-	27,374	3,141,442
Non-departmental	-	5,110	-	-	5,110
Pass-through Payments	-	-	-	-	-
Debt Service:					
Principal	-	-	35,000	-	35,000
Interest	-	-	68,110	-	68,110
Total Expenditures	<u>5,396,823</u>	<u>1,647,783</u>	<u>103,646</u>	<u>59,261</u>	<u>7,207,513</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,912,416)</u>	<u>(650,849)</u>	<u>(98,941)</u>	<u>80,836</u>	<u>(2,581,370)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	318,043	1,000,000	89,000	-	1,407,043
Transfers Out	(468,448)	(80,338)	-	-	(548,786)
Total Other Financing Sources (Uses)	<u>(150,405)</u>	<u>919,662</u>	<u>89,000</u>	<u>-</u>	<u>858,257</u>
Net Change in Fund Balances	<u>(2,062,821)</u>	<u>268,813</u>	<u>(9,941)</u>	<u>80,836</u>	<u>(1,723,113)</u>
Fund Balances - Beginning	<u>2,353,343</u>	<u>3,036,829</u>	<u>100,670</u>	<u>1,218,035</u>	<u>6,708,877</u>
Fund Balances - Ending	<u>\$ 290,522</u>	<u>\$ 3,305,642</u>	<u>\$ 90,729</u>	<u>\$ 1,298,871</u>	<u>\$ 4,985,764</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, 2007

	<u>Mobile Home Rent Review</u>	<u>State Gas Tax</u>	<u>Local Transportation TDA</u>	<u>Housing and Community Development I</u>
REVENUES				
Taxes	\$ -	\$ -	\$ 447,603	\$ -
Intergovernmental	-	544,746	-	-
Charges for Services	10,707	17,002	-	-
Investment Earnings	-	3,902	14,243	6,309
Other Revenues	-	1,340	34	-
Total Revenues	<u>10,707</u>	<u>566,990</u>	<u>461,880</u>	<u>6,309</u>
EXPENDITURES				
General Government	13,270	-	-	-
Building and Safety	-	-	-	-
Community Services	-	-	-	43,863
Financial Services	-	-	6,600	-
Fire	-	-	-	-
Police	-	-	-	-
Public Works	-	536,667	917,540	-
Total Expenditures	<u>13,270</u>	<u>536,667</u>	<u>924,140</u>	<u>43,863</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,563)</u>	<u>30,323</u>	<u>(462,260)</u>	<u>(37,554)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	22,770	-	-
Transfers Out	<u>(1,375)</u>	<u>(246,551)</u>	<u>-</u>	<u>(48,279)</u>
Total Other Financing Sources (Uses)	<u>(1,375)</u>	<u>(223,781)</u>	<u>-</u>	<u>(48,279)</u>
Net Change in Fund Balances	<u>(3,938)</u>	<u>(193,458)</u>	<u>(462,260)</u>	<u>(85,833)</u>
Fund Balances - Beginning	<u>(74,571)</u>	<u>217,288</u>	<u>466,570</u>	<u>131,406</u>
Fund Balances - Ending	<u><u>\$ (78,509)</u></u>	<u><u>\$ 23,830</u></u>	<u><u>\$ 4,310</u></u>	<u><u>\$ 45,573</u></u>

<u>(CDBG) Housing and Community Development II</u>	<u>CA Oil Museum</u>	<u>Asset Forfeiture</u>	<u>Hillsborough Open Space Assessment</u>	<u>DOJ-BJA Local Law Enforecment 03/04</u>	<u>Local Transportation TDA Article 3</u>	<u>Weed and Seed Support GRT-DOJ</u>
\$ -	\$ -	\$ -	\$ 7,192	\$ -	\$ 1,526	\$ -
446,977	-	-	-	-	-	201,651
43,684	16,693	-	-	-	-	-
4,387	13,162	1,462	89	450	941	-
47,368	141,445	-	-	-	-	-
<u>542,416</u>	<u>171,300</u>	<u>1,462</u>	<u>7,281</u>	<u>450</u>	<u>2,467</u>	<u>201,651</u>
-	-	-	-	-	-	-
384,923	-	-	-	-	-	-
16,630	175,896	-	-	-	-	-
-	-	-	-	-	-	-
30,000	-	-	-	-	-	-
-	-	29,091	-	17,624	-	172,677
110,381	-	-	11,149	-	11,507	-
<u>541,934</u>	<u>175,896</u>	<u>29,091</u>	<u>11,149</u>	<u>17,624</u>	<u>11,507</u>	<u>172,677</u>
<u>482</u>	<u>(4,596)</u>	<u>(27,629)</u>	<u>(3,868)</u>	<u>(17,174)</u>	<u>(9,040)</u>	<u>28,974</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
482	(4,596)	(27,629)	(3,868)	(17,174)	(9,040)	28,974
87,481	60,758	46,105	3,014	17,182	9,453	(27,149)
<u>\$ 87,963</u>	<u>\$ 56,162</u>	<u>\$ 18,476</u>	<u>\$ (854)</u>	<u>\$ 8</u>	<u>\$ 413</u>	<u>\$ 1,825</u>

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City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Continued
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2007

	Traffic Congestion State	Congestion Management and Air Quality	Redevelopment Agency Housing Set-Aside	CAL Home Grant Dept. of HCD
REVENUES				
Taxes	\$ -	\$ -	\$ 565,866	\$ -
Intergovernmental	140,477	241,433	-	110,114
Charges for Services	-	-	-	-
Investment Earnings	12,773	-	33,264	248
Other Revenues	160	-	7,058	-
Total Revenues	153,410	241,433	606,188	110,362
EXPENDITURES				
General Government	-	-	-	-
Building and Safety	-	-	-	-
Community Services	-	-	1,016,691	110,114
Financial Services	-	-	-	-
Fire	-	-	-	-
Police	-	-	-	-
Public Works	269,561	519,997	-	-
Total Expenditures	269,561	519,997	1,016,691	110,114
Excess (Deficiency) of Revenues Over Expenditures	(116,151)	(278,564)	(410,503)	248
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	(130,119)	-
Total Other Financing Sources (Uses)	-	-	(130,119)	-
Net Change in Fund Balances	(116,151)	(278,564)	(540,622)	248
Fund Balances - Beginning	116,151	(87,079)	990,174	-
Fund Balances - Ending	\$ -	\$ (365,643)	\$ 449,552	\$ 248

NPDES Storm Water Quality	SLESF-COPS State	CLEEP	COPS State	Beverage Container Recycling	Area Agency on Aging	State Homeland Security Grant
\$ 56,639	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	63,000	228	31,904	66,230
-	-	-	-	-	-	-
3,726	5,684	1,501	-	926	44	-
947	-	-	-	-	7,454	-
<u>61,312</u>	<u>5,684</u>	<u>1,501</u>	<u>63,000</u>	<u>1,154</u>	<u>39,402</u>	<u>66,230</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	30,258	-
-	-	-	-	-	-	-
-	-	-	-	-	-	10,635
-	108,327	42,742	62,970	-	-	74,361
49,005	-	-	-	21,200	-	-
<u>49,005</u>	<u>108,327</u>	<u>42,742</u>	<u>62,970</u>	<u>21,200</u>	<u>30,258</u>	<u>84,996</u>
-	-	-	-	-	-	-
12,307	(102,643)	(41,241)	30	(20,046)	9,144	(18,766)
-	-	-	-	-	-	-
(5,530)	-	-	-	-	-	-
(5,530)	-	-	-	-	-	-
6,777	(102,643)	(41,241)	30	(20,046)	9,144	(18,766)
88,893	104,133	39,893	-	20,165	(10,070)	-
<u>\$ 95,670</u>	<u>\$ 1,490</u>	<u>\$ (1,348)</u>	<u>\$ 30</u>	<u>\$ 119</u>	<u>\$ (926)</u>	<u>\$ (18,766)</u>

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City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Continued
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2007

	Federal STP	FEMA Seismic Retrofit Grant	CA Used Oil Block Grant	Cable Television Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	93	-
Charges for Services	-	-	-	20,649
Investment Earnings	-	6,242	69	-
Other Revenues	-	-	-	-
Total Revenues	-	6,242	162	20,649
EXPENDITURES				
General Government	-	-	-	-
Building and Safety	-	254,779	-	-
Community Services	-	-	-	29,371
Financial Services	-	-	-	-
Fire	-	-	-	-
Police	-	-	-	-
Public Works	-	-	5,057	-
Total Expenditures	-	254,779	5,057	29,371
Excess (Deficiency) of Revenues Over Expenditures	-	(248,537)	(4,895)	(8,722)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	(248,537)	(4,895)	(8,722)
Fund Balances - Beginning	-	250,024	4,895	(6,357)
Fund Balances - Ending	\$ -	\$ 1,487	\$ -	\$ (15,079)

Stormwater Program Fund	Office of Traffic Safety	Transportation Enhancement Grant	BJA Vest Grant	Miscellaneous State Grants	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,078,826
-	62,000	37,485	8,027	1,250	1,955,615
26,003	-	-	-	-	134,738
-	-	-	-	-	109,422
-	-	-	-	-	205,806
<u>26,003</u>	<u>62,000</u>	<u>37,485</u>	<u>8,027</u>	<u>1,250</u>	<u>3,484,407</u>
-	-	-	-	-	13,270
-	-	-	-	-	639,702
-	-	-	-	-	1,422,823
-	-	-	-	-	6,600
-	-	-	-	-	40,635
-	14,113	-	8,027	1,250	531,182
<u>290,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,742,611</u>
<u>290,547</u>	<u>14,113</u>	<u>-</u>	<u>8,027</u>	<u>1,250</u>	<u>5,396,823</u>
<u>(264,544)</u>	<u>47,887</u>	<u>37,485</u>	<u>-</u>	<u>-</u>	<u>(1,912,416)</u>
295,273	-	-	-	-	318,043
<u>(36,594)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(468,448)</u>
<u>258,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,405)</u>
(5,865)	47,887	37,485	-	-	(2,062,821)
-	(47,887)	(47,129)	-	-	2,353,343
<u>\$ (5,865)</u>	<u>\$ -</u>	<u>\$ (9,644)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,522</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, 2007

	Redevelopment Agency Exempt	Redevelopment Agency Housing Bond	Library Expansion Facilities	Law Enforcement Facilities	Water Distribution Facilities
REVENUES					
Taxes	\$ -	\$ -	\$ 23,013	\$ 8,491	\$ 42,954
Charges for Services	3,300	-	-	-	-
Investment Earnings	14,632	41,251	4,192	1,426	709
Other Revenues	948	-	-	-	-
Total Revenues	<u>18,880</u>	<u>41,251</u>	<u>27,205</u>	<u>9,917</u>	<u>43,663</u>
EXPENDITURES					
General Government	-	-	-	-	-
Building and Safety	-	-	-	-	-
Community Services	610,345	625,871	-	-	-
Fire	-	-	-	-	-
Public Works	-	-	-	-	-
Non-Departmental	-	-	-	-	-
Total Expenditures	<u>610,345</u>	<u>625,871</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(591,465)</u>	<u>(584,620)</u>	<u>27,205</u>	<u>9,917</u>	<u>43,663</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	1,000,000	-	-	-	-
Transfers Out	<u>(80,338)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>919,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	328,197	(584,620)	27,205	9,917	43,663
Fund Balances - Beginning	<u>575,136</u>	<u>1,108,403</u>	<u>72,766</u>	<u>24,590</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 903,333</u>	<u>\$ 523,783</u>	<u>\$ 99,971</u>	<u>\$ 34,507</u>	<u>\$ 43,663</u>

<u>Inclusionary Housing Ordinance</u>	<u>Fire Protection Facilities</u>	<u>Public Meeting Facilities</u>	<u>General Government Facilities</u>	<u>Traffic Impact Fee</u>	<u>Parks and Recreation Facilities</u>	<u>Parkland Facilities</u>
\$ 429,064	\$ 11,508	\$ 21,461	\$ 25,670	\$ 70,209	\$ -	\$ 189,102
-	-	-	-	-	-	-
18,576	1,782	3,617	3,859	17,725	17,759	22,211
-	-	-	-	-	-	-
<u>447,640</u>	<u>13,290</u>	<u>25,078</u>	<u>29,529</u>	<u>87,934</u>	<u>17,759</u>	<u>211,313</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	35,000	-	-	-	-	-
-	-	-	-	-	148,539	222,918
-	-	-	-	-	-	-
-	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,539</u>	<u>222,918</u>
<u>447,640</u>	<u>(21,710)</u>	<u>25,078</u>	<u>29,529</u>	<u>87,934</u>	<u>(130,780)</u>	<u>(11,605)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>447,640</u>	<u>(21,710)</u>	<u>25,078</u>	<u>29,529</u>	<u>87,934</u>	<u>(130,780)</u>	<u>(11,605)</u>
-	<u>41,389</u>	<u>61,977</u>	<u>64,823</u>	<u>315,611</u>	<u>364,976</u>	<u>408,886</u>
<u>\$ 447,640</u>	<u>\$ 19,679</u>	<u>\$ 87,055</u>	<u>\$ 94,352</u>	<u>\$ 403,545</u>	<u>\$ 234,196</u>	<u>\$ 397,281</u>

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City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Continued
Nonmajor Capital Project Funds
For the Year Ended June 30, 2007

	Corp Yard Facilities	Sewer Collection Facilities	Storm Drain Facilities	Total
REVENUES				
Taxes	\$ -	\$ 7,262	\$ 10,809	\$ 839,543
Charges for Services	-	-	-	3,300
Investment Earnings	5,110	120	174	153,143
Other Revenues	-	-	-	948
Total Revenues	<u>5,110</u>	<u>7,382</u>	<u>10,983</u>	<u>996,934</u>
EXPENDITURES				
General Government	-	-	-	-
Building and Safety	-	-	-	-
Community Services	-	-	-	1,236,216
Fire	-	-	-	35,000
Public Works	-	-	-	371,457
Non-Departmental	5,110	-	-	5,110
Total Expenditures	<u>5,110</u>	<u>-</u>	<u>-</u>	<u>1,647,783</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>7,382</u>	<u>10,983</u>	<u>(650,849)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	1,000,000
Transfers Out	-	-	-	(80,338)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>919,662</u>
Net Change in Fund Balances	-	7,382	10,983	268,813
Fund Balances - Beginning	<u>(1,728)</u>	<u>-</u>	<u>-</u>	<u>3,036,829</u>
Fund Balances - Ending	<u>\$ (1,728)</u>	<u>\$ 7,382</u>	<u>\$ 10,983</u>	<u>\$ 3,305,642</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, 2007

	Redevelopment Set-Aside Debt Service	Total
REVENUES		
Taxes	\$ -	\$ -
Investment Earnings	4,705	4,705
	4,705	4,705
Total Revenues	4,705	4,705
EXPENDITURES		
General Government	536	536
Debt Service:		
Principal	35,000	35,000
Interest	68,110	68,110
	103,646	103,646
Total Expenditures	103,646	103,646
Excess (Deficiency) of Revenues Over Expenditures	(98,941)	(98,941)
OTHER FINANCING SOURCES (USES)		
Transfers In	89,000	89,000
Transfers Out	-	-
	89,000	89,000
Total Other Financing Sources (Uses)	89,000	89,000
Net Change in Fund Balances	(9,941)	(9,941)
Fund Balances - Beginning	100,670	100,670
Fund Balances - Ending	\$ 90,729	\$ 90,729

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Funds
For the Year Ended June 30, 2007

	Community Center Endowment	Museum Endowment	Harding Park Trust	Total
REVENUES				
Investment Earnings	\$ 24,655	\$ 10,769	\$ 28,648	\$ 64,072
Other Revenues	2,976	-	73,049	76,025
Total Revenues	27,631	10,769	101,697	140,097
EXPENDITURES				
Community Services	22,195	9,692	-	31,887
Public Works	-	-	27,374	27,374
Total Expenditures	22,195	9,692	27,374	59,261
Excess (Deficiency) of Revenues Over Expenditures	5,436	1,077	74,323	80,836
Fund Balances - Beginning	478,171	209,290	530,574	1,218,035
Fund Balances - Ending	<u>\$ 483,607</u>	<u>\$ 210,367</u>	<u>\$ 604,897</u>	<u>\$ 1,298,871</u>