

**CITY OF SANTA PAULA**  
**FINANCIAL STATEMENTS**  
Year Ended June 30, 2010

**City of Santa Paula  
Financial Statements  
Year Ended June 30, 2010**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Independent Auditors' Report</b>	i
<b>Management Discussion and Analysis</b>	ii - x
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Assets	1
Statement of Activities	2 - 3
Fund Financial Statements:	
Balance Sheet - Governmental Funds	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Net Assets - Proprietary Funds	8
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	9
Statement of Cash Flows - Proprietary Funds	10 - 11
Notes to Financial Statements	12 - 39
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Fund	40
Schedule of Funding Progress for DPHP	41
Notes to Required Supplementary Information	42
<b>Supplementary Information</b>	
Combining and Individual Fund Statements and Schedules:	43 - 46
Combining Balance Sheet - Nonmajor Governmental Funds	47
Combining Balance Sheet - Nonmajor Special Revenue Funds	48 - 53
Combining Balance Sheet - Nonmajor Capital Projects Funds	54 - 56
Combining Balance Sheet - Nonmajor Debt Service Funds	57
Combining Balance Sheet - Nonmajor Permanent Funds	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	60 - 65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds	66 - 68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds	69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds	70

## 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, 2010, 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, 2010, 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 March 4, 2011 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 and do not express an opinion on such information.

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, Inc.*

March 4, 2011

## CITY OF SANTA PAULA

### Management's Discussion and Analysis For the Year Ended June 30, 2010

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, 2010.

#### Financial Highlights

- The assets of the City of Santa Paula exceeded its liabilities at the close of FY 2009-10 by \$49,828,467 (*net assets*). Of this amount, (\$11,593,952) (*unrestricted net assets*) will need to be covered before any amounts are available to meet the City's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$2,718,332
- As of the close of the current fiscal year, the City of Santa Paula's governmental funds reported combined ending fund balances of \$7,518,133 a decrease of \$1,868,379 from the ending balance of 2009 that was \$9,386,512. Approximately \$6,503,598 is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance from the general fund was \$1,366,019 or 11.5% of the fund total of total general fund expenditures and transfers equaling \$11,835,888. This is a decrease of \$334,745 compared to the prior year, mostly from continued salary and overtime increases.
- The City of Santa Paula's governmental funds total current liabilities, excluding advances from other funds, at year-end were \$4,988,676, a decrease of \$142,258 over the prior year.

#### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Santa Paula that are principally supported by taxes and intergovernmental revenues (*governmental*

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

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

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, than 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.

The basic Fiduciary fund financial statements can be found on pages 58 and 70 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-39 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 40-42 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 43-70 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 \$47,110,135 at the close of 2009 and \$49,828,467 at June 30, 2010.

A large portion (almost all) of the City of Santa Paula's net assets include \$49,404,892 (99 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 30,2009			June 30,2010		
	Governmental Activities	Business -Type Activities	Total	Governmental Activities	Business -Type Activities	Total
<b>Assets</b>						
Current and other assets	\$13,735,163	\$15,284,635	\$29,019,798	\$11,253,976	60,952,547	\$72,206,523
Capital Assets (net of depreciation)	12,985,062	49,614,773	62,599,835	13,566,019	122,307,451	135,873,470
Total Assets	26,720,225	64,899,408	91,619,633	24,819,995	183,259,998	208,079,993
<b>Liabilities</b>						
Long-term liabilities outstanding	8,655,560	30,310,284	38,965,844	8,596,713	141,100,978	149,697,691
Other liabilities	4,427,236	1,116,418	5,543,654	3,407,859	5,145,976	8,553,835
Total liabilities	13,082,796	31,426,702	44,509,498	12,004,572	146,246,954	158,251,526
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	12,816,173	22,848,246	35,664,419	10,725,133	38,679,759	49,404,892
Restricted For:						
Transportation and other	2,663,492		2,663,492	4,977,874	0	4,977,874
Debt Services	333,851		333,851	331,275	6,708,378	7,039,653
Unrestricted	(2,176,087)	10,624,460	8,448,373	(3,218,859)	(8,375,093)	(11,593,952)
Total net assets	\$13,637,429	\$33,472,706	\$47,110,135	\$12,815,423	\$37,013,044	\$49,828,467

An additional portion of the City of Santa Paula's net assets (0.85 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$(11,593,952) may be used to meet the government's ongoing obligations to citizens and creditors. It should be clear that the negative balance is not a healthy sign because it is an amount greater than the June 30, 2010 general fund revenues and transfers-in.

At the end of the current fiscal year, the City of Santa Paula is able to report positive balances in two categories of net assets—Investment in capital assets and restricted net assets. Separately, the City's governmental *unrestricted net assets* shows a negative balance of (\$3,218,859), which is an increase in negative balance from the previous year's figure of (\$2,176,087). This is the result of increases in restricted assets for transportation and other purposes.

The business-type activities *unrestricted net assets* show a negative balance of \$8,375,093, a change of negative \$18,999,553 from the prior year. The governmental activities showed only a decrease of \$2,091,040 for *Invested in Capital Assets*. The business-type activities reported for *Invested in Capital Assets* a net increase from the prior year of \$15,831,513.

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

	June 30,2009			June 30,2010		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
<b>Revenues</b>						
Charges for services	\$2,096,797	\$13,208,256	\$15,305,053	\$2,215,035	\$14,829,123	\$17,044,158
Operating grants	1,972,851		1,972,851	2,226,794		2,226,794
Capital grants	679,336		679,336	79,347		79,347
General revenues:						
Property taxes	5,487,559		5,487,559	5,348,017		5,348,017
Tax increment	3,709,390		3,709,390	3,575,375		3,575,375
Sales taxes	1,344,085		1,344,085	1,185,467		1,185,467
Other taxes	779,209		779,209	704,633		704,633
Investments	153,445	337,287	490,732	35,283	98,000	133,283
Other revenues	152,634		152,634	683,827		683,827
<b>Total Assets</b>	<b>16,375,306</b>	<b>13,545,543</b>	<b>29,920,849</b>	<b>16,053,778</b>	<b>14,927,123</b>	<b>30,980,901</b>
<b>Expenses</b>						
General administration	1,311,219		1,311,219	2,266,626		2,266,626
Building and safety	882,417		882,417	708,653		708,653
Community services	4,681,489		4,681,489	4,892,234		4,892,234
Financial Services	402,987		402,987	409,818		409,818
Fire	2,266,484		2,266,484	2,048,015		2,048,015
Planning	621,186		621,186	522,161		522,161
Police	5,738,870		5,738,870	5,472,589		5,472,589
Public Works	1,550,058		1,550,058	1,006,256		1,006,256
Economic development	214,279		214,279	217,233		217,233
Non-departmental	2,686		2,686	1,019		1,019
Interest	227,107		227,107	217,972		217,972
Refuse		1,598,118	1,598,118		1,758,583	1,758,583
Water		4,718,493	4,718,493		4,995,735	4,995,735
Sewer		2,719,310	2,719,310		3,620,806	3,620,806
<b>Total expenses</b>	<b>17,898,782</b>	<b>9,035,921</b>	<b>26,934,703</b>	<b>17,762,576</b>	<b>10,375,124</b>	<b>28,137,700</b>
Increase in Net Assets before Transfers	(1,523,476)	4,509,622	2,986,146	(1,708,798)	4,551,999	2,843,201
Transfers	1,403,725	(1,403,725)		1,011,661	(1,011,661)	-
<b>Increase in Net Assets</b>	<b>(119,751)</b>	<b>3,105,897</b>	<b>2,986,146</b>	<b>(697,137)</b>	<b>3,540,338</b>	<b>2,843,201</b>
Beginning Net Assets	13,061,671	30,366,809	43,428,480	13,637,429	33,472,706	47,110,135
Prior period adjustment	695,509	0	695,509	(124,869)		(124,869)
<b>Ending Net Assets</b>	<b>\$13,637,429</b>	<b>\$33,472,706</b>	<b>\$47,110,135</b>	<b>\$12,815,423</b>	<b>\$37,013,044</b>	<b>\$49,828,467</b>

There was an increase of \$3,540,338 in total net assets reported in connection with the City of Santa Paula's business-type activities. Governmental activities net assets decreased by \$822,006, during the fiscal year. This decrease represents the degree to which decreases in ongoing revenues have outstripped increases in ongoing expenses. Key elements of this increase are as follows:

**Governmental activities.** Governmental activities decreased the City of Santa Paula's net assets by \$822,006 or thereby accounting for 30 percent of the total decline in the net assets of the City of Santa Paula.

Expenses for governmental activities decreased from \$17,898,782 in 2009 to \$17,762,576 in 2010, a decrease of \$136,206.

**Business-type activities.** Business-type activities increased the City of Santa Paula's net assets by \$434,441 accounting for the only positive growth in the government's net assets.

## Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Santa Paula's governmental funds reported combined total ending fund balances of \$7,518,133.

The general fund is the chief operating fund of the City of Santa Paula. At the end of this current fiscal year, unreserved fund balance of the general fund was \$1,366,019, while total fund balance reached \$1,389,329. 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 11.5 percent of the total general fund expenditures, while total fund balance represents 11.7 percent of that same amount.

The City of Santa Paula's unreserved general fund, fund balance, decreased by \$1,234,823 during the current fiscal year. This reflects the general fund decline in taxes and charges for services. The Police expenditures budget is more than 50 percent of the general fund expenditures.

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

The net assets of the Water, Refuse, and Sewer enterprises at the end of the year amounted to \$37,013,044 an increase of \$3,540,338 or 10.5 percent lower than the prior period. The net assets for the proprietary funds-water, sewer and refuse increased \$664,071, \$2,764,685 and \$111,582 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	\$5,667,229	\$2,198,651	\$6,876,610	\$14,742,490
Operating Expenses	3,215,391	1,758,583	2,901,615	\$7,875,589
Operating Income (loss)	2,451,838	440,068	3,974,995	6,866,901
Total non-operating revenues (expenses)	(1,624,567)	5,892	(696,227)	(2,314,902)
Transfer in	195,394			\$195,394
Transfers out	(358,594)	(334,378)	(514,083)	(\$1,207,055)
<b>Change in Net Assets</b>	664,071	111,582	2,764,685	3,540,338
Total Net Assets, Beginning	14,874,881	1,185,644	17,412,181	33,472,706
Total Net Assets, Ending	\$15,538,952	\$1,297,226	\$20,176,866	\$37,013,044

## General Fund Budgetary Highlights

The original budgeted general fund revenue ended \$21,714 over the actual closing amount. The final revenue budget after downward adjustments was \$474,808 under actual. The year ended with unbudgeted fees and permits of approximately \$400,000. Revenues overall were 5.3% higher than the final adjusted budget.

Differences between the final budget and the actual expenditures were not favorable except for the community services department. Administration and public works were \$442,351 and \$476,765 over budget respectively. Overall the General Fund expenditures came in over the budget by \$1,106,784 or 10.3%. Although these funds have been designated by Council approval, they have not been legally committed and therefore are reflected as part of the unreserved funds.

## 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, 2010, amounts to \$135,873,470 (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.

	<b>Capital Assets</b>		
	<b>Table 4</b>		
	(Net of Depreciation)		
	Governmental Activities	Business-Type Activities	Total
Land	\$504,119	\$6,742,631	\$7,246,750
Water rights		\$13,834,827	\$13,834,827
Construction in progress	412,680	11,309,215	\$11,721,895
Buildings and system	1,880,274	81,900,389	\$83,780,663
Machinery and equipment	879,856	1,635,482	\$2,515,338
Improvements other than buildings	9,889,090	6,884,907	\$16,773,997
Total Capital Assets	<u>\$13,566,019</u>	<u>\$122,307,451</u>	<u>\$135,873,470</u>

The value of the City's assets has increased by \$73,273,635 during this reporting period. Nearly all the increase is due to the recognition this period of the new Water Recycling Facility (WRF).

Additional information on the City of Santa Paula's capital assets can be found in note III.C on pages 22 and 23 in this report.

**Long-term debt.** At the end of the current fiscal year, the City of Santa Paula had total debt outstanding of \$148,379,000, excluding compensated absences and estimated claims, of 4,332,230. This is an increase of \$109,268,264 from the prior period's level of \$35,029,108. The governmental change was negligible from period to period. Of the current citywide long-term debt \$3,492,913 is secured by tax allocation proceeds. Bonds secured solely by specified revenue sources (i.e., revenue bonds) equal \$28,240,000. The remaining \$3,583,536 comprises debt backed by the full faith and credit of the government.

The City of Santa Paula's total outstanding debt includes \$67,745,000 principal amount comprised of three series' of revenue bonds issued during the current fiscal year. Capital leases also increased by more than \$70,000,000 due primarily to the Water Recycling Facility being classified as a capital lease. Management is still researching the treatment of this item since it was fully financed by external sources. Additional information on the City of Santa Paula's long-term debt can be found in note III.E on pages 25 to 34 of this report.

**Outstanding Debt  
Table 5**

	Governmental Activities	Business-Type Activities	Total
Tax Allocation Bonds	\$3,053,617		\$3,053,617
Capital Lease Payable	118,544	446,779	\$565,323
Lease Revenue Bonds:			
Water 2010		55,715,000	
Less: Deferred Issuance Premiums		1,830,050	
Wastewater 2101A		5,900,000	
Wastewater 2101B		6,130,000	
Deferred Issuance Discounts		(192,160)	
Notes Payable		496,500	\$496,500
Pension Related Debt	3,749,473	283,808	\$4,033,281
OPEB Obligations	138,476		\$138,476
Compensated Absences	463,835	100,021	\$563,856
Wastewater Facilities Lease		70,707,913	
Contracts Payable	1,229,084	2,540,290	\$3,769,374
Total	<u>\$8,753,029</u>	<u>\$143,958,201</u>	<u>\$152,711,230</u>
June 30, 2009	\$8,800,052	\$30,310,284	\$39,110,336
Change in debt service	(\$47,023)	\$113,647,917	\$113,600,894

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

The unemployment rate estimated by the State of California Employment Development Department (October 2010) for the City of Santa Paula is 12.2 percent, down from last year's 14.3 percent. Unemployment has dropped two consecutive years from a high in 2008 of 17.5 percent.

The occupancy rate of the government's central business district is at 80-85%, which is slightly higher than last year's rate.

Both the Water and Sewer rates were increased November 1, 2009 and they are scheduled for another increase in the 2010-11 budget year. The sewer rates were increased by 39 percent for residential customers, while the average increase in the water rates was 12 percent. These rate increases were necessary to cover higher operating expenses and to fund significant capital investments in infrastructure and the new Water Recycling Facility (WRF).

## **Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

**City of Santa Paula**  
**Statement of Net Assets**  
**June 30, 2010**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 9,203,309	\$ 11,675,052	\$ 20,878,361
Receivables (Net of Allowance)	983,456	1,740,063	2,723,519
Due from Other Governments	422,955	-	422,955
Loans Receivable, Net	26,750	-	26,750
Deferred Charges	77,743	4,983,738	5,061,481
Internal Balances	(5,044,444)	5,044,444	-
Cash - Restricted	5,378,986	37,509,250	42,888,236
Property Held for Resale	205,221	-	205,221
Capital Assets Not Being Depreciated			
Land	504,119	6,742,631	7,246,750
Water Rights		13,834,827	13,834,827
Construction in Progress	412,680	11,309,215	11,721,895
Capital Assets Net of Accumulated Depreciation			
Buildings and System	1,880,274	81,900,389	83,780,663
Machinery and Equipment	879,856	1,635,482	2,515,338
Improvements Other Than Buildings	9,889,090	6,884,907	16,773,997
	<u>24,819,995</u>	<u>183,259,998</u>	<u>208,079,993</u>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	3,235,145	1,054,251	4,289,396
Accrued Interest Payable	16,398	1,234,502	1,250,900
Noncurrent Liabilities			
Due Within One Year	156,316	2,857,223	3,013,539
Due in More Than One Year	8,596,713	141,100,978	149,697,691
	<u>12,004,572</u>	<u>146,246,954</u>	<u>158,251,526</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	10,725,133	38,679,759	49,404,892
Restricted for:			
Transportation and Other Purposes	4,977,874	-	4,977,874
Debt Service	331,275	6,708,378	7,039,653
Unrestricted	(3,218,859)	(8,375,093)	(11,593,952)
	<u>\$ 12,815,423</u>	<u>\$ 37,013,044</u>	<u>\$ 49,828,467</u>

The accompanying notes are an integral part of this statement.

**City of Santa Paula  
Statement of Activities  
For the Year Ended June 30, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$ 2,266,626	\$ 7,046	\$ -	\$ -
Building and Safety	717,090	353,358	430,608	-
Community Services	1,386,458	302,104	163,527	8,292
Financial Services	409,818	15,592	-	-
Fire	2,048,683	97,562	65,035	1,513
Planning	525,477	265,729	-	-
Police	5,473,926	360,175	351,963	1,351
Public Works	986,447	724,257	1,215,661	68,191
Economic Development	3,751,586	-	-	-
Non-departmental	504	89,212	-	-
Interest on Long-term Debt	217,972	-	-	-
<b>Total Governmental Activities</b>	<b>17,784,587</b>	<b>2,215,035</b>	<b>2,226,794</b>	<b>79,347</b>
<b>Business-type Activities:</b>				
Refuse	1,758,583	2,198,651	-	-
Water	4,995,735	5,753,862	-	-
Sewer	3,620,806	6,876,610	-	-
<b>Total Business-type Activities</b>	<b>10,375,124</b>	<b>14,829,123</b>	<b>-</b>	<b>-</b>
<b>Total Government</b>	<b>\$ 28,159,711</b>	<b>\$ 17,044,158</b>	<b>\$ 2,226,794</b>	<b>\$ 79,347</b>

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

Change in Net Assets

Net Assets - Beginning

Prior Period Adjustments

Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (2,259,580)	\$ -	\$ (2,259,580)
66,876	-	66,876
(912,535)	-	(912,535)
(394,226)	-	(394,226)
(1,884,573)	-	(1,884,573)
(259,748)	-	(259,748)
(4,760,437)	-	(4,760,437)
1,021,662	-	1,021,662
(3,751,586)	-	(3,751,586)
88,708	-	88,708
(217,972)	-	(217,972)
<u>(13,263,411)</u>	<u>-</u>	<u>(13,263,411)</u>
-	440,068	440,068
-	758,127	758,127
-	3,255,804	3,255,804
<u>-</u>	<u>4,453,999</u>	<u>4,453,999</u>
(13,263,411)	4,453,999	(8,809,412)
5,348,017	-	5,348,017
3,575,375	-	3,575,375
1,185,467	-	1,185,467
82,354	-	82,354
417,573	-	417,573
115,496	-	115,496
89,210	-	89,210
35,283	98,000	133,283
705,838	-	705,838
1,011,661	(1,011,661)	-
<u>12,566,274</u>	<u>(913,661)</u>	<u>11,652,613</u>
(697,137)	3,540,338	2,843,201
13,637,429	33,472,706	47,110,135
<u>(124,869)</u>	<u>-</u>	<u>(124,869)</u>
<u>\$ 12,815,423</u>	<u>\$ 37,013,044</u>	<u>\$ 49,828,467</u>

The accompanying notes are an integral part of this statement.

**City of Santa Paula**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

	General	Redevelopment Debt Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 1,329,218	\$ 1,295,337	\$ 6,578,754	\$ 9,203,309
Cash with Fiscal Agent	-	241,632	89,643	331,275
Receivables	702,859	1,736	278,861	983,456
Due from Other Funds	361,459	-	-	361,459
Due from Other Governments	422,955	-	-	422,955
Loans Receivable	13,174	-	982,693	995,867
Cash - Restricted	5,000,042	-	47,669	5,047,711
Property Held for Resale	-	-	205,221	205,221
	<u>7,829,707</u>	<u>1,538,705</u>	<u>8,182,841</u>	<u>17,551,253</u>
Total Assets	<u>\$ 7,829,707</u>	<u>\$ 1,538,705</u>	<u>\$ 8,182,841</u>	<u>\$ 17,551,253</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 1,059,805	\$ 2,114,044	\$ 61,296	\$ 3,235,145
Due to Other Funds	-	-	361,459	361,459
Deferred Revenue	436,129	-	955,943	1,392,072
Advances From Other Funds	4,944,444	-	100,000	5,044,444
	<u>6,440,378</u>	<u>2,114,044</u>	<u>1,478,698</u>	<u>10,033,120</u>
Total Liabilities	<u>6,440,378</u>	<u>2,114,044</u>	<u>1,478,698</u>	<u>10,033,120</u>
Fund Balances:				
Reserved for:				
Encumbrances	23,310	-	427,979	451,289
Loans	-	-	26,750	26,750
Debt Service	-	241,632	89,643	331,275
Property Held for Resale	-	-	205,221	205,221
Unreserved, Reported In:				
General Fund	1,366,019	-	-	1,366,019
Special Revenue Funds	-	-	1,460,426	1,460,426
Capital Projects Funds	-	-	2,873,398	2,873,398
Debt Service Funds	-	(816,971)	98,247	(718,724)
Permanent Funds	-	-	1,522,479	1,522,479
	<u>1,389,329</u>	<u>(575,339)</u>	<u>6,704,143</u>	<u>7,518,133</u>
Total Fund Balances	<u>1,389,329</u>	<u>(575,339)</u>	<u>6,704,143</u>	<u>7,518,133</u>
Total Liabilities and Fund Balances	<u>\$ 7,829,707</u>	<u>\$ 1,538,705</u>	<u>\$ 8,182,841</u>	<u>\$ 17,551,253</u>

The accompanying notes are an integral part of this statement.

**City of Santa Paula**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2010**

Fund balances of governmental funds	\$	7,518,133
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.		13,566,019
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		422,955
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Obligations under capital lease agreement		(118,544)
Tax allocation refunding bonds, net of unamortized discount		(3,053,617)
Compensated Absences		(463,835)
Claims payable		(1,229,084)
OPEB Obligation		(138,476)
Pension Related Debt		(3,749,473)
Accrued interest payable is not reported in the funds.		(16,398)
Unamortized issuance costs on the tax allocation bonds have not been reported in the governmental funds.		77,743
		77,743
Net assets of governmental activities	\$	12,815,423

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, 2010**

	General	Redevelopment Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 6,666,822	\$ 2,860,660	\$ 1,218,872	\$ 10,746,354
Licenses and Permits	291,827	-	-	291,827
Intergovernmental	365,164	-	1,458,562	1,823,726
Charges for Services	1,229,009	-	389,465	1,618,474
Fines and Forfeitures	221,432	-	9,846	231,278
Investment Earnings	5,783	3,237	160,242	169,262
Other Revenues	490,253	-	281,660	771,913
	<u>9,270,290</u>	<u>2,863,897</u>	<u>3,518,647</u>	<u>15,652,834</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,842,871	45,606	7,951	1,896,428
Building and Safety	297,580	-	416,168	713,748
Community Services	968,356	-	260,303	1,228,659
Financial Services	403,245	-	4,568	407,813
Fire	1,998,717	-	14,307	2,013,024
Planning	512,706	-	2,648	515,354
Police	5,309,327	-	175,785	5,485,112
Public Works	467,588	-	1,763,597	2,231,185
Economic Development	-	-	646,271	646,271
Pass-thru Payments	-	2,888,082	-	2,888,082
Debt Service:				
Principal	25,085	84,000	61,260	170,345
Interest	10,413	141,100	60,471	211,984
	<u>11,835,888</u>	<u>3,158,788</u>	<u>3,413,329</u>	<u>18,408,005</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,565,598)</u>	<u>(294,891)</u>	<u>105,318</u>	<u>(2,755,171)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,418,128	-	394,102	1,812,230
Transfers Out	-	-	(800,569)	(800,569)
	<u>1,418,128</u>	<u>-</u>	<u>(406,467)</u>	<u>1,011,661</u>
Net Change in Fund Balances	(1,147,470)	(294,891)	(301,149)	(1,743,510)
Fund Balances, Beginning	2,661,668	(280,448)	7,005,292	9,386,512
Prior Period Adjustment	<u>(124,869)</u>	<u>-</u>	<u>-</u>	<u>(124,869)</u>
Fund Balances, Ending	<u>\$ 1,389,329</u>	<u>\$ (575,339)</u>	<u>\$ 6,704,143</u>	<u>\$ 7,518,133</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, 2010**

Net change in fund balances-total governmental funds \$ (1,743,510)

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 \$1,447,261 exceeded depreciation of \$866,304 in the current period. 580,957

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 422,955

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 120,000

Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 50,345

Repayment of Pension Related Debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 307,438

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	5,236
Claims and Judgments	(367,733)
OPEB Obligation	(66,837)
Accrued Interest	621
Amortization of bond discounts and issuance costs	(6,609)
	(697,137)

Change in net assets of governmental activities \$ (697,137)

**City of Santa Paula**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

	Business-Type Activities - Enterprise Funds			
	Utility Authority			Totals
	Water	Sewer	Refuse	
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 7,927,678	\$ 2,779,163	\$ 968,211	\$ 11,675,052
Receivables	821,449	688,057	230,557	1,740,063
Total Current Assets	8,749,127	3,467,220	1,198,768	13,415,115
Noncurrent Assets:				
Restricted Cash:				
Cash with Fiscal Agents	29,160,009	8,349,241	-	37,509,250
Advances to Other Funds	2,100,000	4,944,444	-	7,044,444
Deferred Charges	4,701,553	282,185	-	4,983,738
Capital Assets:				
Land	1,965,000	4,777,631	-	6,742,631
Water Rights	13,834,827	-	-	13,834,827
Buildings	12,178,061	78,037,302	57,250	90,272,613
Improvements	7,142,923	111,617	-	7,254,540
Machinery and Equipment	1,502,018	492,019	1,637,913	1,994,037
Construction in Progress	718,684	10,590,531	-	11,309,215
Less: Accumulated Depreciation	(4,446,945)	(5,274,523)	(1,016,857)	(10,738,325)
Total Capital Assets (Net of Accumulated Depreciation)	32,894,568	88,734,577	678,306	120,669,538
Total Noncurrent Assets	68,856,130	102,310,447	678,306	171,844,883
Total Assets	77,605,257	105,777,667	1,877,074	185,259,998
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	225,497	797,317	31,437	1,054,251
Interest Payable	979,637	254,865	-	1,234,502
Compensated Absences	66,475	2,866	30,680	100,021
Bonds Payable - Current	850,000	-	-	850,000
Capital Lease Payable - Current	-	1,569,374	87,171	1,656,545
Contracts Payable - Current	250,657	-	-	250,657
Total Current Liabilities	2,372,266	2,624,422	149,288	5,145,976
Noncurrent Liabilities:				
Advances from Other Funds	-	2,000,000	-	2,000,000
Bonds Payable	56,695,050	11,837,840	-	68,532,890
Notes Payable	496,500	-	-	496,500
Capital Lease Payable	-	69,138,539	359,608	69,498,147
Contracts Payable	2,289,633	-	-	2,289,633
Pension Related Debt	212,856	-	70,952	283,808
Total Noncurrent Liabilities	59,694,039	82,976,379	430,560	143,100,978
Total Liabilities	62,066,305	85,600,801	579,848	148,246,954
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	25,710,167	12,738,065	231,527	38,679,759
Restricted for:				
Debt Service	5,159,363	1,549,015	-	6,708,378
Unrestricted	(15,330,578)	5,889,786	1,065,699	(8,375,093)
Total Net Assets	\$ 15,538,952	\$ 20,176,866	\$ 1,297,226	\$ 37,013,044

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, 2010**

	Business-Type Activities - Enterprise Funds			
	Utility Authority		Refuse	Totals
	Water	Sewer		
<b>OPERATING REVENUES</b>				
Water Sales	\$ 5,658,115	\$ -	\$ -	\$ 5,658,115
Refuse Sales	-	-	2,195,799	2,195,799
Sewer Sales	-	6,818,236	-	6,818,236
Other Revenues	9,114	58,374	2,852	70,340
Total Operating Revenues	<u>5,667,229</u>	<u>6,876,610</u>	<u>2,198,651</u>	<u>14,742,490</u>
<b>OPERATING EXPENSES</b>				
Cost of Sales	1,696,163	2,419,035	1,541,303	5,656,501
Administration	1,027,666	256,635	116,342	1,400,643
Depreciation	491,562	225,945	100,938	818,445
Total Operating Expenses	<u>3,215,391</u>	<u>2,901,615</u>	<u>1,758,583</u>	<u>7,875,589</u>
Operating Income (Loss)	<u>2,451,838</u>	<u>3,974,995</u>	<u>440,068</u>	<u>6,866,901</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings	69,144	22,964	5,892	98,000
Interest Expense	(1,780,344)	(719,191)	-	(2,499,535)
Gain/(Loss) on Disposal of Capital Assets	86,633	-	-	86,633
Total Nonoperating Revenues (Expenses)	<u>(1,624,567)</u>	<u>(696,227)</u>	<u>5,892</u>	<u>(2,314,902)</u>
Income Before Contributions and Transfers	827,271	3,278,768	445,960	4,551,999
Transfers In	195,394	-	-	195,394
Transfers Out	(358,594)	(514,083)	(334,378)	(1,207,055)
Change in Net Assets	664,071	2,764,685	111,582	3,540,338
Total Net Assets, Beginning	<u>14,874,881</u>	<u>17,412,181</u>	<u>1,185,644</u>	<u>33,472,706</u>
Total Net Assets, Ending	<u>\$ 15,538,952</u>	<u>\$ 20,176,866</u>	<u>\$ 1,297,226</u>	<u>\$ 37,013,044</u>

The accompanying notes are an integral part of this statement.

**City of Santa Paula  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2010**

	Utility Authority	
	Water	Sewer
<b>Cash Flows from Operating Activities</b>		
Receipts from Customers and Users	\$ 5,714,569	\$ 6,745,867
Payments to Suppliers	(1,809,373)	(1,803,470)
Payments to Employees	(1,040,423)	(283,532)
	2,864,773	4,658,865
<b>Net Cash Provided (Used) by Operating Activities</b>		
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers In	195,394	-
Advances Received (Paid)	-	(4,944,444)
Transfers Out	(358,594)	(514,083)
Principal Paid on Pension Related Debt	(9,482)	-
	(172,682)	(5,458,527)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>		
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Capital Debt	30,087,012	12,030,000
Acquisition of Capital Assets	(702,176)	(1,740,532)
Sale of Property	86,633	-
Defeasance of Debt	(1,160,572)	-
Cost of Debt Issuance	(927,786)	(481,026)
Interest Paid on Capital Debt	(1,220,646)	(457,645)
Principal Paid on Capital Debt	(734,140)	(203,244)
	25,428,325	9,147,553
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Investment Earnings	69,144	22,964
	69,144	22,964
<b>Net Cash Provided (Used) by Investing Activities</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	28,189,560	8,370,855
Cash and Cash Equivalents, Beginning	8,898,127	2,757,549
<b>Cash and Cash Equivalents, Ending</b>	\$ 37,087,687	\$ 11,128,404
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Operating income	\$ 2,451,838	\$ 3,974,995
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation Expense	491,562	225,945
(Increase) Decrease in Receivables	47,340	(130,743)
(Increase) Decrease in Prepaid Insurance	12,688	-
Increase (Decrease) in Accounts Payable	(125,898)	615,565
Increase (Decrease) in Compensated Absences	(12,757)	(26,897)
	2,864,773	4,658,865
<b>Net Cash Provided By Operating Activities</b>	\$ 2,864,773	\$ 4,658,865
<b>Noncash Investing, Capital, and Financing Activities</b>		
Borrowing under Capital Lease	\$ -	\$ 70,911,157
Amortization of Bond Issuance Costs	121,841	6,681
	121,841	6,681

The accompanying notes are an integral part of this statement.

<u>Refuse</u>	<u>Total</u>
\$ 2,210,844	\$ 14,671,280
(1,575,794)	(5,188,637)
<u>(113,043)</u>	<u>(1,436,998)</u>
522,007	8,045,645
-	195,394
-	(4,944,444)
(334,378)	(1,207,055)
<u>(3,161)</u>	<u>(12,643)</u>
<u>(337,539)</u>	<u>(5,968,748)</u>
107,071	42,224,083
(157,259)	(2,599,967)
-	86,633
-	(1,160,572)
-	(1,408,812)
-	(1,678,291)
<u>(66,819)</u>	<u>(1,004,203)</u>
<u>(117,007)</u>	<u>34,458,871</u>
5,892	98,000
<u>5,892</u>	<u>98,000</u>
73,353	36,633,768
<u>894,858</u>	<u>12,550,534</u>
<u>\$ 968,211</u>	<u>\$ 49,184,302</u>
\$ 440,068	\$ 6,866,901
100,938	818,445
12,193	(71,210)
1,338	14,026
(35,829)	453,838
<u>3,299</u>	<u>(36,355)</u>
<u>\$ 522,007</u>	<u>\$ 8,045,645</u>
\$ -	\$ 70,911,157
<u>-</u>	<u>128,522</u>

The accompanying notes are an integral part of this statement.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

<b>NOTE</b>	<b>DESCRIPTION</b>	<b>PAGE</b>
I	Summary of Significant Accounting Policies	13 - 18
II	Stewardship, Compliance and Accountability	18
III	Detailed Notes on All Funds	19 - 34
IV	Other Information	34 - 39

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Description of Reporting Entity**

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

**Blended Component Units**

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

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

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

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

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

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

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

**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

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

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

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

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

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

The City reports the following major governmental funds:

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

The *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, 2010**

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

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

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

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

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

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

**1) Deposits and Investments**

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

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

**2) Receivables and Payables**

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

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.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

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

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

**2) Receivables and Payables - Continued**

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.

**3) Restricted Assets**

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

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

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

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

**4) Capital Assets**

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

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

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

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

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

**5) Compensated Absences**

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

**6) Long-term Obligations**

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

**City of Santa Paula  
Notes to Financial Statements  
June 30, 2010**

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

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

**6) Long-term Obligations - Continued**

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, 2010:

Mobile Home Rent Review	\$	149,943
State Gas Tax	\$	33,660
Hillsborough Open Space Assessment	\$	6,497
DOJ-BIA Local Law Enforcement 03/04	\$	429
Weed and Seed Support GRT-DOJ	\$	3,296
Congestion Management and Air Quality	\$	25,538
State Homeland Security Grant	\$	481
Federal STP	\$	13,697
Cable Television Fund	\$	8,580
Fire Protection Facilities	\$	13,962
Corp Yard Facilities	\$	1,834

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, 2010**

**III) DETAILED NOTES ON ALL FUNDS**

**A) Cash and Investments**

The City's cash and investments consist of the following at June 30, 2010:

Petty Cash	\$	5,600
Deposits		150,084
Investments		<u>20,722,677</u>
 Total Cash and Investments - Unrestricted		 <u>20,878,361</u>
 Cash and Investments with Fiscal Agents		 42,840,567
Other Restricted Cash		<u>47,669</u>
 Total Restricted Cash and Investments		 <u>42,888,236</u>
 Total Cash and Investments		 <u>\$ 63,766,597</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.

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

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

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

**A) Cash and Investments - Continued**

**Disclosures Relating to Interest Rate Risk**

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

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

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State Investment Pool - LAIF	\$ 20,722,677	\$ 20,722,677	\$ -	\$ -	\$ -
Held by Bond Trustees:					
Money Market	40,709,291	40,709,291			
Mutual Funds	331,275	331,275	-	-	-
<b>Total</b>	<b>\$61,763,243</b>	<b>\$61,763,243</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Disclosures Relating to Credit Risk**

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

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	Aa	Not Rated
State Investment Pool - LAIF	\$ 20,722,677	N/A	\$ -	\$ -	\$ -	\$ 20,722,677
Held by Bond Trustees						
Money Market	40,709,291	N/A		40,709,291		
Mutual Funds	331,275	N/A	-	-	-	331,275
<b>Total</b>	<b>\$61,763,243</b>		<b>\$ -</b>	<b>\$40,709,291</b>	<b>\$ -</b>	<b>\$ 21,053,952</b>

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

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

**A) Cash and Investments - Continued**

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

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

At June 30, 2010, the City held deposits of \$49,704 with financial institutions in excess of the Federal Depository Insurance Corporation's limits in collateralized 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, 2010**

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

**B) Receivables**

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

	General	Redevelopment Debt Service	Water Utility	Refuse Fund	Sewer Utility	Nonmajor and Other Funds	Total
Receivables:							
Interest	\$ 1,304	\$ -	\$ 10,225	\$ 1,445	\$ 5,609	\$ 10,025	\$ 28,608
Taxes	408,625	-	-	-	-	32,821	441,446
Accounts	91,307	1,736	811,224	229,112	682,448	38,262	1,854,089
Intergovernmental	182,255	-	-	-	-	181,753	364,008
Miscellaneous	19,368	-	-	-	-	16,000	35,368
<b>Total Receivables</b>	<b>\$ 702,859</b>	<b>\$ 1,736</b>	<b>\$ 821,449</b>	<b>\$ 230,557</b>	<b>\$ 688,057</b>	<b>\$ 278,861</b>	<b>\$ 2,723,519</b>

**C) Capital Assets**

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 504,119	\$ -	\$ -	\$ 504,119
Construction in Progress	316,041	176,688	(80,049)	412,680
Total Capital Assets, Not Being Depreciated	820,160	176,688	(80,049)	916,799
Capital Assets Being Depreciated:				
Buildings and System	2,772,140	23,641	-	2,795,781
Machinery and Equipment	3,006,013	152,635	-	3,158,648
Improvements Other Than Buildings	11,720,389	1,174,346	-	12,894,735
Total Capital Assets Being Depreciated	17,498,542	1,350,622	-	18,849,164
Less Accumulated Depreciation:				
Buildings and System	(788,030)	(127,477)	-	(915,507)
Machinery and Equipment	(1,989,995)	(288,797)	-	(2,278,792)
Improvements Other Than Buildings	(2,555,615)	(450,030)	-	(3,005,645)
Total Accumulated Depreciation	(5,333,640)	(866,304)	-	(6,199,944)
Total Capital Assets Being Depreciated, Net	12,164,902	484,318	-	12,649,220
Governmental Activities Capital Assets, Net	<u>\$ 12,985,062</u>	<u>\$ 661,006</u>	<u>\$ (80,049)</u>	<u>\$ 13,566,019</u>

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

**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>
<b>Business-type Activities:</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 6,742,631	\$ -	\$ -	\$ 6,742,631
Water Rights	13,834,827	-	-	13,834,827
Construction in Progress	<u>12,411,717</u>	<u>1,776,336</u>	<u>(2,878,838)</u>	<u>11,309,215</u>
Total Capital Assets, Not Being Depreciated	<u>32,989,175</u>	<u>1,776,336</u>	<u>(2,878,838)</u>	<u>31,886,673</u>
Capital Assets Being Depreciated:				
Buildings and System	19,361,456	70,911,157	-	90,272,613
Machinery and Equipment	3,170,393	461,557	-	3,631,950
Improvements Other Than Buildings	<u>4,013,629</u>	<u>3,240,911</u>	<u>-</u>	<u>7,254,540</u>
Total Capital Assets Being Depreciated	<u>26,545,478</u>	<u>74,613,625</u>	<u>-</u>	<u>101,159,103</u>
Less Accumulated Depreciation:				
Buildings and System	(7,880,433)	(491,791)	-	(8,372,224)
Machinery and Equipment	(1,790,048)	(206,420)	-	(1,996,468)
Improvements Other Than Buildings	<u>(249,399)</u>	<u>(120,234)</u>	<u>-</u>	<u>(369,633)</u>
Total Accumulated Depreciation	<u>(9,919,880)</u>	<u>(818,445)</u>	<u>-</u>	<u>(10,738,325)</u>
Total Capital Assets Being Depreciated, Net	<u>16,625,598</u>	<u>73,795,180</u>	<u>-</u>	<u>90,420,778</u>
Business-type Activities Capital Assets, Net	<u>\$ 49,614,773</u>	<u>\$ 75,571,516</u>	<u>\$ (2,878,838)</u>	<u>\$ 122,307,451</u>

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

Governmental Activities:	
General Government	\$ 66,186
Community Services	152,452
Fire	122,408
Planning	7,450
Police	107,574
Public Works	192,497
Economic Development	217,233
Non-departmental	<u>504</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 866,304</u>
Business-type Activities:	
Water	\$ 491,562
Sewer	225,945
Refuse	<u>100,938</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 818,445</u>

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

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

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

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 361,459

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

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
Water	Sewer	\$ 2,000,000
Water	Nonmajor Governmental Funds	100,000
Sewer	General Fund	4,944,444
		\$ 7,044,444

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

Sewer Fund Advance

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

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

As provided in the trust agreement of the 2010 Wastewater Revenue Bonds, the Sewer fund of the Utility Authority advanced to the General fund an upfront lease rental payment of \$5,000,000. The advance is to be used by the City to finance certain public capital improvements. At June 30, 2010, of the \$5,000,000 advance, \$4,944,444 was outstanding.

**City of Santa Paula  
Notes to Financial Statements  
June 30, 2010**

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

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

Interfund transfers:

<u>Transfer Out</u>	Transfer In			Total
	General Fund	Water Fund	Other Governmental Funds	
Water Fund	\$ 358,594	\$ -	\$ -	\$ 358,594
Sewer Fund	412,966	97,697	3,420	514,083
Refuse Fund	233,262	97,697	3,419	334,378
Other Governmental Funds	413,306	-	387,263	800,569
	<u>\$ 1,418,128</u>	<u>\$ 195,394</u>	<u>\$ 394,102</u>	<u>\$ 2,007,624</u>

Transfers were made during the 2009-10 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.

**E) Long-Term Debt**

Changes in Long-Term Debt

Long-term debt activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Tax Allocation Refunding Bonds	\$ 3,195,000	\$ -	\$ (120,000)	\$ 3,075,000	\$ 130,000
Less Deferred Amounts: For Issuance Discounts	(22,809)	1,426	-	(21,383)	-
Total Bonds Payable	<u>3,172,191</u>	<u>1,426</u>	<u>(120,000)</u>	<u>3,053,617</u>	<u>130,000</u>
Compensated Absences	469,071		(5,236)	463,835	-
Claims Payable	861,351	367,733	-	1,229,084	-
Capital Lease Payable	168,889	-	(50,345)	118,544	26,316
OPEB Obligation	71,639	66,837	-	138,476	-
Pension Related Debt	4,056,911	-	(307,438)	3,749,473	-
Governmental Activities Long-term Liabilities	<u>\$ 8,800,052</u>	<u>\$ 435,996</u>	<u>\$ (483,019)</u>	<u>\$ 8,753,029</u>	<u>\$ 156,316</u>

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

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

**E) Long-Term Debt - Continued**

Changes in Long-Term Debt - Continued

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-Type Activities:</b>					
Revenue Bonds:					
2003 Revenue Bonds	\$ 26,360,000	\$ -	\$ (26,360,000)	\$ -	\$ -
2010 Water Revenue Bonds	-	55,715,000	-	55,715,000	850,000
Less Deferred Amounts:					
For Issuance Premiums	-	1,855,826	(25,776)	1,830,050	-
Wastewater Revenue Bonds - 2010A	-	5,900,000	-	5,900,000	-
Wastewater Revenue Bonds - 2010B	-	6,130,000	-	6,130,000	-
Add Deferred Amounts:					
For Issuance Discounts	-	(194,867)	2,707	(192,160)	-
Notes Payable	496,500	-	-	496,500	-
Capital Lease Payable	406,527	115,433	(75,181)	446,779	87,171
Wastewater Facilities Lease	-	70,911,157	(203,244)	70,707,913	1,569,374
Contracts Payable	2,614,430	-	(74,140)	2,540,290	250,657
Compensated Absences	136,376	-	(36,355)	100,021	100,021
Pension Related Debt	296,451	-	(12,643)	283,808	-
Business-type Activities					
Long-term Liabilities	<u>\$ 30,310,284</u>	<u>\$ 140,432,549</u>	<u>\$ (26,784,632)</u>	<u>\$ 143,958,201</u>	<u>\$ 2,857,223</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 interest rates ranging from 6.345% to 6.548% for the purpose of retiring \$6,000,000 of Tax Allocation Notes issued on November 1, 1992. The bonds mature on December 1 of each year to 2024 with interest payable semi-annually. On June 7, 2000, the Agency defeased \$2,285,000 of the \$6,900,000 Tax Allocation Refunding Bonds by purchasing United States government securities in an irrevocable trust with an escrow agent utilizing existing funds. The bonds are considered to be partially defeased and the related liability has been removed from long-term debt.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

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

**E) Long-Term Debt - Continued**

Tax Allocation Bonds - Continued

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

Fiscal Year Ending June 30,	Principal	Interest
2011	\$ 130,000	\$ 196,770
2012	140,000	188,550
2013	150,000	179,650
2014	150,000	170,150
2015	160,000	160,590
2016-2020	995,000	632,630
2021-2025	1,350,000	270,075
	<u>\$ 3,075,000</u>	<u>\$ 1,798,415</u>

Capital Leases

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

Assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Asset:		
Machinery and Equipment	\$ 345,772	\$ 565,697
Less: Accumulated Depreciation	(148,188)	(62,693)
Total	<u>\$ 197,584</u>	<u>\$ 503,004</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Governmental Activities	Business-Type Activities
2011	\$ 35,498	\$ 106,615
2012	35,498	106,615
2013	35,498	106,615
2014	35,498	106,615
2015	-	64,570
2016	-	11,260
Total Minimum Lease Payments	141,992	502,290
Less: Interest Amounts	(23,448)	(55,511)
Present Value of Minimum Lease Payments	<u>\$ 118,544</u>	<u>\$ 446,779</u>

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

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

**E) Long-Term Debt - Continued**

Wastewater Facilities Lease

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

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

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

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

	Business-Type Activities
Asset:	
Wastewater Facility	\$ 70,911,157
Less: Accumulated Depreciation	-
Total	\$ 70,911,157

**City of Santa Paula  
Notes to Financial Statements  
June 30, 2010**

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

**E) Long-Term Debt - Continued**

Wastewater Facilities Lease - Continued

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Business-Type Activities
2011	\$ 4,867,462
2012	5,030,514
2013	5,197,268
2014	5,369,464
2015	5,547,280
2016-2020	30,613,168
2021-2025	34,944,980
2026-2030	40,060,396
2031-2035	45,848,180
2036-2040	48,882,367
Total Minimum Lease Payments	226,361,079
Less: Interest Amounts	(155,653,166)
Present Value of Minimum Lease Payments	\$ 70,707,913

Revenue Bonds

**2010 Water Revenue Bonds**

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

At June 30, 2010, the 2003 Water Revenue Bonds (refunded bonds) had an outstanding balance of \$25,700,000. The refunding increases the total debt service payments over the next 30 years by \$2,342,099 and results in an economic loss of \$1,970,279.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

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

**E) Long-Term Debt - Continued**

Revenue Bonds - Continued

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

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

Fiscal Year Ending June 30,	Principal	Interest
2011	\$ 850,000	\$ 2,514,814
2012	1,255,000	2,653,000
2013	1,295,000	2,615,350
2014	1,325,000	2,576,500
2015	1,370,000	2,536,750
2016-2020	7,770,000	11,768,850
2021-2025	9,855,000	9,675,000
2026-2030	12,565,000	6,953,750
2031-2035	11,735,000	3,560,612
2036-2040	7,695,000	1,245,950
	<u>\$ 55,715,000</u>	<u>\$ 46,100,576</u>

**2010 Wastewater Revenue Bonds**

In February 2010, the Utility Authority issued \$5,900,000 aggregate principal amount of Wastewater Enterprise Revenue Bonds, 2010A Series, Non-Taxable, and \$6,130,000 aggregate principal amount of Wastewater Enterprise Revenue Bonds, 2010B Series, Taxable. Proceeds of the bonds will be used to finance an up-front lease payment to the City, finance certain improvements to the Utility Authority's wastewater system, fund a reserve account, and pay issuance costs.

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

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

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

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

**E) Long-Term Debt - Continued**

Revenue Bonds - Continued

Fiscal Year Ending June 30,	Principal	Interest
2011	\$ -	\$ 268,306
2012	105,000	285,770
2013	110,000	282,620
2014	110,000	279,320
2015	115,000	275,470
2016-2020	650,000	1,315,730
2021-2025	795,000	1,164,095
2026-2030	1,025,000	943,625
2031-2035	1,305,000	655,200
2036-2040	1,685,000	274,050
	<u>\$ 5,900,000</u>	<u>\$ 5,744,216</u>

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

Fiscal Year Ending June 30,	Principal	Interest
2011	\$ -	\$ 385,954
2012	80,000	411,075
2013	85,000	406,675
2014	90,000	402,000
2015	95,000	397,050
2016-2020	555,000	1,901,375
2021-2025	750,000	1,712,000
2026-2030	1,030,000	1,423,775
2031-2035	1,430,000	1,018,850
2036-2040	2,015,000	442,400
	<u>\$ 6,130,000</u>	<u>\$ 8,501,154</u>

Pursuant to each indenture, the Utility Authority covenants to fix, prescribe, revise, and collect rates, fees, and charges for the respective Enterprise as a whole for the services and improvements furnished by the Enterprise during each fiscal year which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield revenues of that Enterprise sufficient to pay the following amounts in the following priority: a) all anticipated service fees due under the DBOF for such fiscal year in the case of the Wastewater Enterprise only;

**City of Santa Paula  
Notes to Financial Statements  
June 30, 2010**

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

**E) Long-Term Debt - Continued**

Revenue Bonds - Continued

b) all anticipated operation and maintenance costs of the enterprise for such fiscal year; c) all debt service payments as they become due and payable during such fiscal year, without preference or priority, except to the extent such debt service payments are payable from the proceeds of the bonds or from any other source of legally available funds of the Utility Authority which have been deposited for such purpose prior to the commencement of such fiscal year; d) the amount, if any, required to restore the amount in the reserve account to the full amount of the reserve requirement; and e) all other payments required to meet any other obligations of the Utility Authority which are charges, liens, encumbrances upon or payable from the revenues during such fiscal year.

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

Notes Payable

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

Fiscal Year Ending June 30,	Principal	Interest
2011	\$ -	\$ 25,000
2012	-	73,000
2013	-	73,000
2014	-	73,000
2015	-	73,000
2016-2020	-	365,000
2021-2025	-	365,000
2026	496,500	73,136
	\$ 496,500	\$ 1,120,136

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:

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

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

**E) Long-Term Debt – Continued**

Contracts Payable - Continued

Fiscal Year Ending June 30,	Principal
2011	\$ 250,657
2012	124,948
2013	124,948
2014	124,948
2015	124,948
2016-2020	624,538
2021-2025	594,440
2026-2030	402,339
2031-2035	151,473
2036-2038	17,051
	\$ 2,540,290

Pension-Related Debt

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

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

Year Ending June 30,	Pension-related Debt		Total
	Principal	Interest	
2011	\$ 93,311	\$ 130,353	\$ 223,664
2012	108,088	122,845	230,933
2013	124,256	114,183	238,439
2014	141,929	104,258	246,187
2015	161,234	92,955	254,189
2016	182,305	80,145	262,450
2017	205,288	65,692	270,980
2018	230,339	49,447	279,786
2019	257,629	31,250	288,879
2020	287,342	10,927	298,269
Total	\$ 1,791,721	\$ 802,055	\$ 2,593,776

**City of Santa Paula  
Notes to Financial Statements  
June 30, 2010**

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

**E) Long-Term Debt - Continued**

Pension-Related Debt - Continued

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

Year Ending June 30,	Pension-related Debt		Total
	Principal	Interest	
2011	\$ 272,945	\$ 157,358	\$ 430,303
2012	308,614	135,673	444,287
2013	347,520	111,206	458,726
2014	389,929	83,706	473,635
2015	436,127	52,901	489,028
2016	486,425	18,497	504,922
Total	<u>\$ 2,241,560</u>	<u>\$ 559,341</u>	<u>\$ 2,800,901</u>

**IV) OTHER INFORMATION**

**A) Risk Management**

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

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

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.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

**IV) OTHER INFORMATION - Continued**

**A) Risk Management - Continued**

2. Self-Insurance Programs of the Authority - Continued

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.

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, 2010, the amount of these liabilities was \$1,229,084. This liability is the City's best estimate based on available information.

**City of Santa Paula  
Notes to Financial Statements  
June 30, 2010**

**IV) OTHER INFORMATION - Continued**

**A) Risk Management - Continued**

5. Claims Liabilities - Continued

Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended June 30, 2010	Year Ended June 30, 2009
Unpaid Claims, Beginner of Year	\$ 861,351	\$ 1,108,280
Incurred Claims	367,733	-
Claim Payments	-	(246,929)
Unpaid Claims, End of Year	\$ 1,229,084	\$ 861,351

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

**B) Contingent Liabilities**

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

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

**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.

**City of Santa Paula  
Notes to Financial Statements  
June 30, 2010**

**IV) OTHER INFORMATION - Continued**

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

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

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2010 was 15.295% for miscellaneous employees and 33.585% for safety employees. The contribution requirements of plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Three Year Trend Information for the Miscellaneous and Safety Plans:

Fiscal Year	Required Contributions	Percentage Contributed
6/30/08	\$ 1,429,597	100%
6/30/09	\$ 1,547,880	100%
6/30/10	\$ 1,534,872	100%

**D) Post Employment Benefits**

*Plan Description.* The City of Santa Paula's defined benefit postemployment healthcare plan, (DPHP), provides medical benefits to eligible retired City employees. DPHP is part of the Public Agency portion of the California Employers' Retiree Benefit Trust Fund (CERBT), an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. DPHP selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through City resolution. CalPERS issues a Comprehensive Annual Financial Report (CAFR). The CAFR is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

*Funding Policy.* The contribution requirements of plan members and the City are established and may be amended by the Council. The City contributes \$101 per employee per month.

*Annual OPEB Cost.* For 2010, the City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

**IV) OTHER INFORMATION - Continued**

**D) Post Employment Benefits - Continued**

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

Annual required contribution	\$ 102,042
Interest on net OPEB obligation	3,582
Adjustment to annual required contribution	<u>(4,660)</u>
Annual OPEB cost (expense)	100,964
Contributions made	(34,127)
Increase in net OPEB obligation	66,837
Net OPEB obligation – beginning of the year	<u>71,639</u>
Net OPEB obligation – end of the year	<u><u>\$ 138,476</u></u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending June 30, 2010 and the two preceding fiscal years as follows:

THREE-YEAR TREND INFORMATION FOR CERBT			
Fiscal Year	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$ 100,964	33.8%	138,476
6/30/09	\$ 102,042	29.8%	71,639
6/30/08	*	*	*

\*The information for the year ended June 30, 2008 is unavailable. GASB 45 was implemented in fiscal year 2009.

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

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

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

**City of Santa Paula**  
**Notes to Financial Statements**  
**June 30, 2010**

**IV) OTHER INFORMATION - Continued**

**D) Post Employment Benefits - Continued**

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

**E) Loans Receivable**

An allowance for doubtful accounts has been established for the loans receivable balance in the governmental activities section of the statement of net assets for \$969,117. The loans receivable balance of \$26,750 is net of the allowance.

**F) Prior Period Adjustments**

The prior period adjustment for \$124,960 is due to prior year payments made in the General Fund that should have reduced liabilities; however, they were recorded as expenditures.

**G) Declining Fund Balance**

The City's fund balance in the General fund has declined by approximately \$1.3 million over the past fiscal year resulting in an unreserved fund balance of \$1,366,019. In the fiscal years ending June 30, 2009 and 2010, operating expenditures have exceeded revenues by \$2,503,449 and \$2,565,598 respectively. The effects of these deficiencies of revenues over expenditures have been partially offset by transfers from other funds. The City is actively working to reduce expenditures to be more in line with revenues. It is unclear at this time if the City will be able to cut expenditures as necessary.

**H) Construction Commitments**

The estimated amount of remaining construction contract obligations at year-end is \$429,442.

**I) Subsequent Events**

In February 2011, the City Council voted to disband the City's Refuse division and enter into a franchise agreement with a third party solid waste collection hauler at a future date. As of the issuance of these financial statements the City's Refuse division is still operating and the financial statement effects of shutting down its operations has not been determined.

Subsequent to year-end, the State of California has been working on resolving State budget deficits. Included in the Governor's current proposals is the elimination of redevelopment agencies throughout California. It is unknown at this time if the proposal will become part of the State's final budget, or what effect it will have on the City's Redevelopment Agency.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Santa Paula**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 6,992,272	\$ 6,485,272	\$ 6,666,822	\$ 181,550
Licenses & Permits	304,175	304,175	291,827	(12,348)
Intergovernmental	546,968	546,968	365,164	(181,804)
Charges for Services	1,190,116	1,190,116	1,229,009	38,893
Fines and Forfeitures	122,592	122,592	221,432	98,840
Investment Earnings	46,964	46,964	5,783	(41,181)
Other Revenues	88,917	99,395	490,253	390,858
	<u>9,292,004</u>	<u>8,795,482</u>	<u>9,270,290</u>	<u>474,808</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,431,020	1,400,520	1,842,871	(442,351)
Building and Safety	282,098	275,425	297,580	(22,155)
Community Services	1,196,170	1,089,245	968,356	120,889
Financial Services	341,995	341,995	403,245	(61,250)
Fire	1,980,242	1,939,335	1,998,717	(59,382)
Planning	432,056	396,481	512,706	(116,225)
Police	5,057,883	5,259,280	5,309,327	(50,047)
Public Works	7,722	(9,177)	467,588	(476,765)
Debt Service:				
Principal	26,000	26,000	25,085	915
Interest	10,000	10,000	10,413	(413)
	<u>10,765,186</u>	<u>10,729,104</u>	<u>11,835,888</u>	<u>(1,106,784)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,473,182)</u>	<u>(1,933,622)</u>	<u>(2,565,598)</u>	<u>(631,976)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,531,195	1,422,852	1,418,128	(4,724)
Transfers Out	(22,770)		-	-
	<u>1,508,425</u>	<u>1,422,852</u>	<u>1,418,128</u>	<u>(4,724)</u>
Net Change in Fund Balances	35,243	(510,770)	(1,147,470)	(636,700)
Fund Balances, Beginning	2,661,668	2,661,668	2,661,668	-
Prior Period Adjustment			(124,869)	(124,869)
Fund Balances, Ending	<u>\$ 2,696,911</u>	<u>\$ 2,150,898</u>	<u>\$ 1,389,329</u>	<u>\$ (761,569)</u>

**City of Santa Paula**  
**Schedule of Funding Progress for DPHP**  
Year Ended June 30, 2010

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

**City of Santa Paula**  
**Notes to Required Supplementary Information**  
June 30, 2010

**Budgetary Information**

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

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

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

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

Fund	Excess Expenditures
General Fund	\$ 1,106,784

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

## **SUPPLEMENTARY INFORMATION**

**City of Santa Paula**  
**Nonmajor Governmental Funds**  
June 30, 2010

**Special Revenue Funds**

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

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

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

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

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

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

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

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

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

JAG (Justice Assistance Grant) - This fund is used to account for law enforcement for specified purposes.

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

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

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

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

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

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

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

**City of Santa Paula**  
**Nonmajor Governmental Funds - Continued**  
June 30, 2010

**Special Revenue Funds** - Continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**City of Santa Paula**  
**Nonmajor Governmental Funds**  
June 30, 2010

**Capital Project Funds**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**City of Santa Paula**  
**Nonmajor Governmental Funds**  
June 30, 2010

**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, 2010**

	Special Revenue	Capital Projects	Debt Service	Permanent Funds	Total
<b>ASSETS</b>					
Cash and Investments	\$ 1,744,483	\$ 3,219,268	\$ 99,000	\$ 1,516,003	\$ 6,578,754
Cash with Fiscal Agent	-	-	89,643	-	89,643
Receivables	267,757	4,586	-	6,518	278,861
Due From Other Funds	-	-	-	-	-
Loans Receivable	440,220	542,473	-	-	982,693
Prepaid Insurance	-	-	-	-	-
Cash - Restricted	47,669	-	-	-	47,669
Property Held for Resale	-	205,221	-	-	205,221
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 2,500,129</u>	<u>\$ 3,971,548</u>	<u>\$ 188,643</u>	<u>\$ 1,522,521</u>	<u>\$ 8,182,841</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Accrued					
Liabilities	\$ 45,394	\$ 15,107	\$ 753	\$ 42	\$ 61,296
Due to Other Funds	347,497	13,962	-	-	361,459
Deferred Revenue	440,220	515,723	-	-	955,943
Advances From Other Funds	-	100,000	-	-	100,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>833,111</u>	<u>644,792</u>	<u>753</u>	<u>42</u>	<u>1,478,698</u>
Fund Balances:					
Reserved for:					
Encumbrances	206,592	221,387	-	-	427,979
Loans	-	26,750	-	-	26,750
Debt Service	-	-	89,643	-	89,643
Property Held for Resale	-	205,221	-	-	205,221
Unreserved, Reported in:					
Special Revenue Funds	1,460,426	-	-	-	1,460,426
Capital Project Funds	-	2,873,398	-	-	2,873,398
Debt Service Funds	-	-	98,247	-	98,247
Permanent Funds	-	-	-	1,522,479	1,522,479
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>1,667,018</u>	<u>3,326,756</u>	<u>187,890</u>	<u>1,522,479</u>	<u>6,704,143</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$ 2,500,129</u>	<u>\$ 3,971,548</u>	<u>\$ 188,643</u>	<u>\$ 1,522,521</u>	<u>\$ 8,182,841</u>

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2010**

	<u>Mobile Home Rent Review</u>	<u>State Gas Tax</u>	<u>Local Transportation TDA</u>	<u>Proposition 1B</u>	<u>Housing and Community Development I</u>
<b>ASSETS</b>					
Cash and Investments	\$ -	\$ -	\$ 7,638	\$ -	\$ 68,808
Receivables	-	-	-	486	92
Due from Other Funds	-	-	-	-	-
Loans Receivable	-	-	-	-	-
Cash - Restricted	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,638</u>	<u>\$ 486</u>	<u>\$ 68,900</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 76	\$ 11,074	\$ 124	\$ -	\$ -
Due to Other Funds	149,867	22,586	-	486	-
Deferred Revenue	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>149,943</u>	<u>33,660</u>	<u>124</u>	<u>486</u>	<u>-</u>
Fund Balances:					
Reserved for:					
Encumbrances	-	-	-	-	-
Loans	-	-	-	-	-
Unreserved, Reported in:					
Special Revenue Funds	<u>(149,943)</u>	<u>(33,660)</u>	<u>7,514</u>	<u>-</u>	<u>68,900</u>
Total Fund Balances	<u>(149,943)</u>	<u>(33,660)</u>	<u>7,514</u>	<u>-</u>	<u>68,900</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,638</u>	<u>\$ 486</u>	<u>\$ 68,900</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>
\$ -	\$ 8,286	\$ 16,455	\$ -	\$ -	\$ -	\$ -
49,311	-	16	115	10,569	59	-
-	-	-	-	-	-	-
223,671	-	-	-	-	-	-
47,669	-	-	-	-	-	-
<u>\$ 320,651</u>	<u>\$ 8,286</u>	<u>\$ 16,471</u>	<u>\$ 115</u>	<u>\$ 10,569</u>	<u>\$ 59</u>	<u>\$ -</u>
\$ 17,266	\$ 7,064	\$ -	\$ 90	\$ -	\$ -	\$ -
58,197	-	-	6,522	10,998	59	3,296
223,671	-	-	-	-	-	-
<u>299,134</u>	<u>7,064</u>	<u>-</u>	<u>6,612</u>	<u>10,998</u>	<u>59</u>	<u>3,296</u>
193,460	300	-	-	9,338	-	-
-	-	-	-	-	-	-
<u>(171,943)</u>	<u>922</u>	<u>16,471</u>	<u>(6,497)</u>	<u>(9,767)</u>	<u>-</u>	<u>(3,296)</u>
<u>21,517</u>	<u>1,222</u>	<u>16,471</u>	<u>(6,497)</u>	<u>(429)</u>	<u>-</u>	<u>(3,296)</u>
<u>\$ 320,651</u>	<u>\$ 8,286</u>	<u>\$ 16,471</u>	<u>\$ 115</u>	<u>\$ 10,569</u>	<u>\$ 59</u>	<u>\$ -</u>

CONTINUED

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Special Revenue Funds (Continued)  
June 30, 2010**

	<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>	<u>NPDES Storm Water Quality</u>
<b>ASSETS</b>					
Cash and Investments	\$ 202,707	\$ -	\$ 1,107,785	\$ 8,312	\$ 87,348
Receivables	75,533	-	2,000	-	32,817
Due from Other Funds	-	-	-	-	-
Loans Receivable	-	-	-	216,549	-
Cash - Restricted	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 278,240</u>	<u>\$ -</u>	<u>\$ 1,109,785</u>	<u>\$ 224,861</u>	<u>\$ 120,165</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ (796)	\$ 4,218	\$ 2,585	\$ -	\$ (142)
Due to Other Funds	-	21,320	-	-	-
Deferred Revenue	-	-	-	216,549	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,549</u>	<u>-</u>
Total Liabilities	<u>(796)</u>	<u>25,538</u>	<u>2,585</u>	<u>216,549</u>	<u>(142)</u>
Fund Balances:					
Reserved for:					
Encumbrances	-	3,494	-	-	-
Loans	-	-	-	-	-
Unreserved, Reported in:					
Special Revenue Funds	<u>279,036</u>	<u>(29,032)</u>	<u>1,107,200</u>	<u>8,312</u>	<u>120,307</u>
Total Fund Balances	<u>279,036</u>	<u>(25,538)</u>	<u>1,107,200</u>	<u>8,312</u>	<u>120,307</u>
Total Liabilities and Fund Balances	<u>\$ 278,240</u>	<u>\$ -</u>	<u>\$ 1,109,785</u>	<u>\$ 224,861</u>	<u>\$ 120,165</u>

<u>SLESF-COPS State</u>	<u>CLEEP</u>	<u>COPS State</u>	<u>Beverage Container Recycling</u>	<u>Area Agency on Aging</u>	<u>State Homeland Security Grant</u>	<u>Office of Traffic Safety</u>
\$ 94,511	\$ -	\$ -	\$ 21,536	\$ -	\$ -	\$ -
25,183	-	-	5,029	10,755	15,708	16,729
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 119,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,565</u>	<u>\$ 10,755</u>	<u>\$ 15,708</u>	<u>\$ 16,729</u>
\$ 1,728	\$ -	\$ -	\$ -	\$ 991	\$ -	\$ 1,615
-	-	-	-	4,753	16,189	15,057
-	-	-	-	-	-	-
<u>1,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,744</u>	<u>16,189</u>	<u>16,672</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>117,966</u>	<u>-</u>	<u>-</u>	<u>26,565</u>	<u>5,011</u>	<u>(481)</u>	<u>57</u>
<u>117,966</u>	<u>-</u>	<u>-</u>	<u>26,565</u>	<u>5,011</u>	<u>(481)</u>	<u>57</u>
<u>\$ 119,694</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,565</u>	<u>\$ 10,755</u>	<u>\$ 15,708</u>	<u>\$ 16,729</u>

CONTINUED

**City of Santa Paula**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds (Continued)**  
**June 30, 2010**

	Federal STP	FEMA Seismic Retrofit Grant	CA Used Oil Block Grant	Cable Television Fund	Stormwater Program
<b>ASSETS</b>					
Cash and Investments	\$ -	\$ 11	\$ 10,879	\$ -	\$ -
Receivables	-	-	15	9,059	14,134
Due from Other Funds	-	-	-	-	-
Loans Receivable	-	-	-	-	-
Cash - Restricted	-	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 11</b>	<b>\$ 10,894</b>	<b>\$ 9,059</b>	<b>\$ 14,134</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 27	\$ -	\$ 25	\$ 1,194	\$ (1,745)
Due to Other Funds	13,670	-	-	16,445	8,052
Deferred Revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>13,697</b>	<b>-</b>	<b>25</b>	<b>17,639</b>	<b>6,307</b>
Fund Balances:					
Reserved for:					
Encumbrances	-	-	-	-	-
Loans	-	-	-	-	-
Unreserved, Reported in:					
Special Revenue Funds	(13,697)	11	10,869	(8,580)	7,827
<b>Total Fund Balances</b>	<b>(13,697)</b>	<b>11</b>	<b>10,869</b>	<b>(8,580)</b>	<b>7,827</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 11</b>	<b>\$ 10,894</b>	<b>\$ 9,059</b>	<b>\$ 14,134</b>

<u>Safe Routes To School</u>	<u>Transportation Enhancement Grant</u>	<u>BJA Vest Grant</u>	<u>Miscellaneous State Grants</u>	<u>EPA Grant</u>	<u>GHAD-GEO Hazardous Abatement Dist</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 5,014	\$ 105,193	\$ 1,744,483
-	-	-	-	7	140	267,757
-	-	-	-	-	-	-
-	-	-	-	-	-	440,220
-	-	-	-	-	-	47,669
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,021</u>	<u>\$ 105,333</u>	<u>\$ 2,500,129</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,394
-	-	-	-	-	-	347,497
-	-	-	-	-	-	440,220
-	-	-	-	-	-	833,111
-	-	-	-	-	-	206,592
-	-	-	-	-	-	-
-	-	-	-	5,021	105,333	1,460,426
-	-	-	-	5,021	105,333	1,667,018
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,021</u>	<u>\$ 105,333</u>	<u>\$ 2,500,129</u>

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2010**

	Redevelopment Agency Exempt	Redevelopment Agency Housing Bond	Library Expansion Facilities	Law Enforcement Facilities	Water Distribution Facilities
<b>ASSETS</b>					
Cash and Investments	\$ 422,229	\$ 233,768	\$ 150,166	\$ 27,135	\$ 170,412
Receivables	713	313	200	36	228
Loans Receivable	26,750	515,723	-	-	-
Property Held for Resale	205,221	-	-	-	-
	<u>654,913</u>	<u>749,804</u>	<u>150,366</u>	<u>27,171</u>	<u>170,640</u>
Total Assets	<u>\$ 654,913</u>	<u>\$ 749,804</u>	<u>\$ 150,366</u>	<u>\$ 27,171</u>	<u>\$ 170,640</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 406	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-
Deferred Revenue	-	515,723	-	-	-
Advances From Other Funds	-	-	-	-	-
	<u>406</u>	<u>515,723</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>406</u>	<u>515,723</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Reserved for:					
Encumbrances	11,387	210,000	-	-	-
Loans	26,750	-	-	-	-
Property Held for Resale	205,221	-	-	-	-
Unreserved, Reported in:					
Capital Projects Funds	411,149	24,081	150,366	27,171	170,640
	<u>654,507</u>	<u>234,081</u>	<u>150,366</u>	<u>27,171</u>	<u>170,640</u>
Total Fund Balances	<u>654,507</u>	<u>234,081</u>	<u>150,366</u>	<u>27,171</u>	<u>170,640</u>
Total Liabilities and Fund Balances	<u>\$ 654,913</u>	<u>\$ 749,804</u>	<u>\$ 150,366</u>	<u>\$ 27,171</u>	<u>\$ 170,640</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>
\$ 507,580	\$ -	\$ 136,398	\$ 141,792	\$ 307,308	\$ 125,476	\$ 833,207
678	-	182	189	538	168	1,114
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 508,258</u>	<u>\$ -</u>	<u>\$ 136,580</u>	<u>\$ 141,981</u>	<u>\$ 307,846</u>	<u>\$ 125,644</u>	<u>\$ 834,321</u>
\$ -	\$ -	\$ -	\$ -	\$ 14,693	\$ -	\$ -
-	13,962	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>13,962</u>	<u>-</u>	<u>-</u>	<u>14,693</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>508,258</u>	<u>(13,962)</u>	<u>136,580</u>	<u>141,981</u>	<u>293,153</u>	<u>125,644</u>	<u>834,321</u>
<u>508,258</u>	<u>(13,962)</u>	<u>136,580</u>	<u>141,981</u>	<u>293,153</u>	<u>125,644</u>	<u>834,321</u>
<u>\$ 508,258</u>	<u>\$ -</u>	<u>\$ 136,580</u>	<u>\$ 141,981</u>	<u>\$ 307,846</u>	<u>\$ 125,644</u>	<u>\$ 834,321</u>

CONTINUED

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Capital Projects Funds - Continued  
June 30, 2010**

	Corp Yard Facilities	Sewer Collection Facilities	Storm Drain Facilities	Total
<b>ASSETS</b>				
Cash and Investments	\$ 98,026	\$ 35,677	\$ 30,094	\$ 3,219,268
Receivables	140	47	40	4,586
Loans Receivable	-	-	-	542,473
Property Held for Resale	-	-	-	205,221
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 98,166</u>	<u>\$ 35,724</u>	<u>\$ 30,134</u>	<u>\$ 3,971,548</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Accrued				
Liabilities:	\$ -	\$ -	\$ 8	\$ 15,107
Due to Other Funds	-	-	-	13,962
Deferred Revenue	-	-	-	515,723
Advances From Other Funds	100,000	-	-	100,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>100,000</u>	<u>-</u>	<u>8</u>	<u>644,792</u>
Fund Balances:				
Reserved for:				
Encumbrances	-	-	-	221,387
Loans	-	-	-	26,750
Property Held for Resale	-	-	-	205,221
Unreserved, Reported in:				
Capital Projects Funds	(1,834)	35,724	30,126	2,873,398
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>(1,834)</u>	<u>35,724</u>	<u>30,126</u>	<u>3,326,756</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$ 98,166</u>	<u>\$ 35,724</u>	<u>\$ 30,134</u>	<u>\$ 3,971,548</u>

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
Year Ended June 30, 2010**

	Redevelopment Set-Aside Debt Service	<u>Total</u>
<b>ASSETS</b>		
Cash and Investments	\$ 99,000	\$ 99,000
Cash with Fiscal Agent	89,643	89,643
Receivables	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 188,643</u>	<u>\$ 188,643</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 753	\$ 753
Advances From Other Funds	<u>-</u>	<u>-</u>
Total Liabilities	<u>753</u>	<u>753</u>
Fund Balances:		
Reserved for:		
Debt Service	89,643	89,643
Unreserved, Reported in:		
Debt Service	<u>98,247</u>	<u>98,247</u>
Total Fund Balances	<u>187,890</u>	<u>187,890</u>
Total Liabilities and Fund Balances	<u>\$ 188,643</u>	<u>\$ 188,643</u>

**City of Santa Paula  
Combining Balance Sheet  
Nonmajor Permanent Funds  
June 30, 2010**

	<u>Community Center Endowment</u>	<u>Museum Endowment</u>	<u>Harding Park Trust</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Investments	\$ 505,481	\$ 211,131	\$ 799,391	\$ 1,516,003
Receivables	675	282	5,561	6,518
	<u>506,156</u>	<u>211,413</u>	<u>804,952</u>	<u>1,522,521</u>
Total Assets	<u>\$ 506,156</u>	<u>\$ 211,413</u>	<u>\$ 804,952</u>	<u>\$ 1,522,521</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ 42</u>
	<u>-</u>	<u>-</u>	<u>42</u>	<u>42</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>42</u>	<u>42</u>
Fund Balances:				
Unreserved, Reported in:				
Permanent Funds	<u>506,156</u>	<u>211,413</u>	<u>804,910</u>	<u>1,522,479</u>
	<u>506,156</u>	<u>211,413</u>	<u>804,952</u>	<u>1,522,521</u>
Total Liabilities and Fund Balances	<u>\$ 506,156</u>	<u>\$ 211,413</u>	<u>\$ 804,952</u>	<u>\$ 1,522,521</u>

**City of Santa Paula**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2010**

	Special Revenue	Capital Projects	Debt Service	Permanent Funds	Total
<b>REVENUES</b>					
Taxes	\$ 1,159,381	\$ 59,491	\$ -	\$ -	\$ 1,218,872
Intergovernmental	1,458,562	-	-	-	1,458,562
Charges for Services	384,976	4,489	-	-	389,465
Fines and Forfeitures	9,846	-	-	-	9,846
Investment Earnings	126,276	24,686	-	9,280	160,242
Other Revenues	206,529	20	-	75,111	281,660
<b>Total Revenues</b>	<b>3,345,570</b>	<b>88,686</b>	<b>-</b>	<b>84,391</b>	<b>3,518,647</b>
<b>EXPENDITURES</b>					
General Government	4,852	2,089	1,010	-	7,951
Building and Safety	416,168	-	-	-	416,168
Community Services	226,060	30,225	-	4,018	260,303
Financial Services	4,568	-	-	-	4,568
Fire	14,120	187	-	-	14,307
Planning	-	2,648	-	-	2,648
Police	175,504	281	-	-	175,785
Public Works	1,527,916	216,285	-	19,396	1,763,597
Economic Development	233,304	412,967	-	-	646,271
Pass-through Payments	-	-	-	-	-
Debt Service:					
Principal	25,260	-	36,000	-	61,260
Interest	-	-	60,471	-	60,471
<b>Total Expenditures</b>	<b>2,627,752</b>	<b>664,682</b>	<b>97,481</b>	<b>23,414</b>	<b>3,413,329</b>
Excess (Deficiency) of Revenues Over Expenditures	717,818	(575,996)	(97,481)	60,977	105,318
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	197,607	-	196,495	-	394,102
Transfers Out	(594,474)	(206,095)	-	-	(800,569)
<b>Total Other Financing Sources (Uses)</b>	<b>(396,867)</b>	<b>(206,095)</b>	<b>196,495</b>	<b>-</b>	<b>(406,467)</b>
Net Change in Fund Balances	320,951	(782,091)	99,014	60,977	(301,149)
Fund Balances - Beginning	1,346,067	4,108,847	88,876	1,461,502	7,005,292
Fund Balances - Ending	<u>\$ 1,667,018</u>	<u>\$ 3,326,756</u>	<u>\$ 187,890</u>	<u>\$ 1,522,479</u>	<u>\$ 6,704,143</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, 2010**

	Mobile Home Rent Review	State Gas Tax	Local Transportation TDA	Proposition 1B	Housing and Community Development I
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 353,683	\$ -	\$ -
Intergovernmental	-	491,228	-	-	-
Charges for Services	2,575	28,926	-	-	-
Fines and Forfeitures	-	-	-	-	-
Investment Earnings	-	-	-	3,425	433
Other Revenues	-	-	21,162	-	-
<b>Total Revenues</b>	<b>2,575</b>	<b>520,154</b>	<b>374,845</b>	<b>3,425</b>	<b>433</b>
<b>EXPENDITURES</b>					
General Government	4,852	-	-	-	-
Building and Safety	-	-	-	-	1,364
Community Services	-	-	-	-	-
Financial Services	-	-	4,568	-	-
Fire	-	-	-	-	-
Police	-	-	-	-	-
Public Works	-	318,360	-	605,740	-
Economic Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<b>4,852</b>	<b>318,360</b>	<b>4,568</b>	<b>605,740</b>	<b>1,364</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,277)	201,794	370,277	(602,315)	(931)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	186,208	-	-	-
Transfers Out	-	(4,559)	(341,548)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>181,649</b>	<b>(341,548)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(2,277)</b>	<b>383,443</b>	<b>28,729</b>	<b>(602,315)</b>	<b>(931)</b>
Fund Balances - Beginning	(147,666)	(417,103)	(21,215)	602,315	69,831
Fund Balances - Ending	<u>\$ (149,943)</u>	<u>\$ (33,660)</u>	<u>\$ 7,514</u>	<u>\$ -</u>	<u>\$ 68,900</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>
\$ -	\$ -	\$ -	\$ 7,991	\$ -	\$ 50,285	\$ -
405,078	-	-	-	44,415	-	20,316
11,585	17,516	-	-	-	-	-
-	-	9,846	-	-	-	-
6,333	1,186	60	-	-	59	-
7,612	160,705	-	-	-	-	3,355
<u>430,608</u>	<u>179,407</u>	<u>9,906</u>	<u>7,991</u>	<u>44,415</u>	<u>50,344</u>	<u>23,671</u>
-	-	-	-	-	-	-
414,804	-	-	-	-	-	-
-	169,201	-	11,471	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,441	-	44,844	-	25,054
39	-	-	-	-	44,204	-
-	-	-	-	-	-	-
25,260	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>440,103</u>	<u>169,201</u>	<u>1,441</u>	<u>11,471</u>	<u>44,844</u>	<u>44,204</u>	<u>25,054</u>
<u>(9,495)</u>	<u>10,206</u>	<u>8,465</u>	<u>(3,480)</u>	<u>(429)</u>	<u>6,140</u>	<u>(1,383)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(9,495)	10,206	8,465	(3,480)	(429)	6,140	(1,383)
31,012	(8,984)	8,006	(3,017)	-	(6,140)	(1,913)
<u>\$ 21,517</u>	<u>\$ 1,222</u>	<u>\$ 16,471</u>	<u>\$ (6,497)</u>	<u>\$ (429)</u>	<u>\$ -</u>	<u>\$ (3,296)</u>

CONTINUED

**City of Santa Paula**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Continued**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2010**

	<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>	<u>NPDES Storm Water Quality</u>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 714,716	\$ -	\$ 32,706
Intergovernmental	269,615	-	-	-	-
Charges for Services	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Investment Earnings	1,138	-	6,285	11	505
Charges for Services	20	-	-	-	-
Total Revenues	<u>270,773</u>	<u>-</u>	<u>721,001</u>	<u>11</u>	<u>33,211</u>
<b>EXPENDITURES</b>					
General Government	-	-	-	-	-
Building and Safety	-	-	-	-	-
Community Services	-	-	-	-	-
Financial Services	-	-	-	-	-
Fire	-	-	-	-	-
Police	-	-	-	-	-
Public Works	189,320	25,538	-	-	12,862
Economic Development	-	-	233,304	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>189,320</u>	<u>25,538</u>	<u>233,304</u>	<u>-</u>	<u>12,862</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>81,453</u>	<u>(25,538)</u>	<u>487,697</u>	<u>11</u>	<u>20,349</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	-
Transfers Out	-	-	(236,425)	-	(1,800)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(236,425)</u>	<u>-</u>	<u>(1,800)</u>
Net Change in Fund Balances	81,453	(25,538)	251,272	11	18,549
Fund Balances - Beginning	<u>197,583</u>	<u>-</u>	<u>855,928</u>	<u>8,301</u>	<u>101,758</u>
Fund Balances - Ending	<u>\$ 279,036</u>	<u>\$ (25,538)</u>	<u>\$ 1,107,200</u>	<u>\$ 8,312</u>	<u>\$ 120,307</u>

<u>SLESF-COPS State</u>	<u>CLEEP</u>	<u>COPS State</u>	<u>Beverage Container Recycling</u>	<u>Area Agency on Aging</u>	<u>State Homeland Security Grant</u>	<u>Office of Traffic Safety</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
139,372	-	-	14,123	21,500	29,780	16,729
-	-	-	-	-	-	-
634	-	-	116	-	-	-
-	-	-	-	12,826	-	-
<u>140,006</u>	<u>-</u>	<u>-</u>	<u>14,239</u>	<u>34,326</u>	<u>29,780</u>	<u>16,729</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	29,356	-	-
-	-	-	-	-	-	-
-	-	-	-	-	14,120	-
84,650	-	-	-	-	2,843	16,672
-	-	-	4,874	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>84,650</u>	<u>-</u>	<u>-</u>	<u>4,874</u>	<u>29,356</u>	<u>16,963</u>	<u>16,672</u>
-	-	-	-	-	-	-
<u>55,356</u>	<u>-</u>	<u>-</u>	<u>9,365</u>	<u>4,970</u>	<u>12,817</u>	<u>57</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
<u>55,356</u>	<u>-</u>	<u>-</u>	<u>9,365</u>	<u>4,970</u>	<u>12,817</u>	<u>57</u>
<u>62,610</u>	<u>-</u>	<u>-</u>	<u>17,200</u>	<u>41</u>	<u>(13,298)</u>	<u>-</u>
<u>\$ 117,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,565</u>	<u>\$ 5,011</u>	<u>\$ (481)</u>	<u>\$ 57</u>

CONTINUED

**City of Santa Paula**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Continued**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2010**

	Federal STP	FEMA Seismic Retrofit Grant	CA Used Oil Block Grant	Cable Television Fund	Stormwater Program Fund
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	6,406	-	-
Charges for Services	238,154	-	-	25,103	61,117
Fines and Forfeitures	-	-	-	-	-
Investment Earnings	-	-	62	-	-
Other Revenues	-	-	-	-	-
<b>Total Revenues</b>	<b>238,154</b>	<b>-</b>	<b>6,468</b>	<b>25,103</b>	<b>61,117</b>
<b>EXPENDITURES</b>					
General Government	-	-	-	-	-
Building and Safety	-	-	-	-	-
Community Services	-	-	-	16,032	-
Financial Services	-	-	-	-	-
Fire	-	-	-	-	-
Police	-	-	-	-	-
Public Works	251,851	-	2,473	-	72,445
Economic Development	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total Expenditures</b>	<b>251,851</b>	<b>-</b>	<b>2,473</b>	<b>16,032</b>	<b>72,445</b>
Excess (Deficiency) of Revenues Over Expenditures	(13,697)	-	3,995	9,071	(11,328)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	11,399
Transfers Out	-	-	-	-	(10,142)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,257</b>
<b>Net Change in Fund Balances</b>	<b>(13,697)</b>	<b>-</b>	<b>3,995</b>	<b>9,071</b>	<b>(10,071)</b>
Fund Balances - Beginning	-	11	6,874	(17,651)	17,898
<b>Fund Balances - Ending</b>	<b>\$ (13,697)</b>	<b>\$ 11</b>	<b>\$ 10,869</b>	<b>\$ (8,580)</b>	<b>\$ 7,827</b>

<u>Safe Routes To School</u>	<u>Transportation Enhancement Grant</u>	<u>BJA Vest Grant</u>	<u>Miscellaneous State Grants</u>	<u>EPA Grant</u>	<u>GHAD-GEO Hazardous Abatement Dist</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,159,381
-	-	-	-	-	-	1,458,562
-	-	-	-	-	-	384,976
-	-	-	-	-	-	9,846
-	-	-	-	31	105,998	126,276
849	-	-	-	-	-	206,529
<u>849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31</u>	<u>105,998</u>	<u>3,345,570</u>
-	-	-	-	-	-	4,852
-	-	-	-	-	-	416,168
-	-	-	-	-	-	226,060
-	-	-	-	-	-	4,568
-	-	-	-	-	-	14,120
-	-	-	-	-	-	175,504
-	-	-	-	-	210	1,527,916
-	-	-	-	-	-	233,304
-	-	-	-	-	-	25,260
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210</u>	<u>2,627,752</u>
<u>849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31</u>	<u>105,788</u>	<u>717,818</u>
-	-	-	-	-	-	197,607
-	-	-	-	-	-	(594,474)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(396,867)</u>
849	-	-	-	31	105,788	320,951
(849)	-	-	-	4,990	(455)	1,346,067
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,021</u>	<u>\$ 105,333</u>	<u>\$ 1,667,018</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, 2010**

	Redevelopment Agency Exempt	Redevelopment Agency Housing Bond	Library Expansion Facilities	Law Enforcement Facilities	Water Distribution Facilities
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 4,193	\$ 1,183	\$ 16,109
Charges for Services	4,489	-	-	-	-
Investment Earnings	5,401	2,198	930	168	1,036
Other Revenues	20	-	-	-	-
Total Revenues	<u>9,910</u>	<u>2,198</u>	<u>5,123</u>	<u>1,351</u>	<u>17,145</u>
<b>EXPENDITURES</b>					
General Government	-	-	731	-	-
Building and Safety	-	-	-	-	-
Community Services	-	-	-	-	-
Fire	-	-	-	-	-
Planning	-	-	-	-	-
Police	-	-	-	281	-
Public Works	-	-	-	-	688
Economic Development	191,278	221,689	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	<u>191,278</u>	<u>221,689</u>	<u>731</u>	<u>281</u>	<u>688</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(181,368)</u>	<u>(219,491)</u>	<u>4,392</u>	<u>1,070</u>	<u>16,457</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	-
Transfers Out	<u>(205,511)</u>	<u>(584)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(205,511)</u>	<u>(584)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(386,879)	(220,075)	4,392	1,070	16,457
Fund Balances - Beginning	<u>1,041,386</u>	<u>454,156</u>	<u>145,974</u>	<u>26,101</u>	<u>154,183</u>
Fund Balances - Ending	<u>\$ 654,507</u>	<u>\$ 234,081</u>	<u>\$ 150,366</u>	<u>\$ 27,171</u>	<u>\$ 170,640</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>
\$ -	\$ 1,513	\$ 4,127	\$ 3,299	\$ 5,062	\$ -	\$ 19,725
-	-	-	-	-	-	-
3,168	-	844	879	2,933	780	5,285
-	-	-	-	-	-	-
<u>3,168</u>	<u>1,513</u>	<u>4,971</u>	<u>4,178</u>	<u>7,995</u>	<u>780</u>	<u>25,010</u>
-	-	661	697	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	53	30,172
-	187	-	-	-	-	-
2,648	-	-	-	-	-	-
-	-	-	-	214,319	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,648</u>	<u>187</u>	<u>661</u>	<u>697</u>	<u>214,319</u>	<u>53</u>	<u>30,172</u>
<u>520</u>	<u>1,326</u>	<u>4,310</u>	<u>3,481</u>	<u>(206,324)</u>	<u>727</u>	<u>(5,162)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>520</u>	<u>1,326</u>	<u>4,310</u>	<u>3,481</u>	<u>(206,324)</u>	<u>727</u>	<u>(5,162)</u>
<u>507,738</u>	<u>(15,288)</u>	<u>132,270</u>	<u>138,500</u>	<u>499,477</u>	<u>124,917</u>	<u>839,483</u>
<u>\$ 508,258</u>	<u>\$ (13,962)</u>	<u>\$ 136,580</u>	<u>\$ 141,981</u>	<u>\$ 293,153</u>	<u>\$ 125,644</u>	<u>\$ 834,321</u>

CONTINUED

**City of Santa Paula**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Continued**  
**Nonmajor Capital Project Funds**  
**For the Year Ended June 30, 2010**

	Corp Yard Facilities	Sewer Collection Facilities	Storm Drain Facilities	Total
<b>REVENUES</b>				
Taxes	\$ -	\$ 2,693	\$ 1,587	\$ 59,491
Charges for Services	-	-	-	4,489
Investment Earnings	658	218	188	24,686
Other Revenues	-	-	-	20
	<u>658</u>	<u>2,911</u>	<u>1,775</u>	<u>88,686</u>
Total Revenues				
<b>EXPENDITURES</b>				
General Government	-	-	-	2,089
Building and Safety	-	-	-	-
Community Services	-	-	-	30,225
Fire	-	-	-	187
Planning	-	-	-	2,648
Police	-	-	-	281
Public Works	515	137	626	216,285
Economic Development	-	-	-	412,967
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>515</u>	<u>137</u>	<u>626</u>	<u>664,682</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>143</u>	<u>2,774</u>	<u>1,149</u>	<u>(575,996)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	(206,095)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(206,095)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	143	2,774	1,149	(782,091)
Fund Balances - Beginning	<u>(1,977)</u>	<u>32,950</u>	<u>28,977</u>	<u>4,108,847</u>
Fund Balances - Ending	<u>\$ (1,834)</u>	<u>\$ 35,724</u>	<u>\$ 30,126</u>	<u>\$ 3,326,756</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, 2010**

	Redevelopment Set-Aside Debt Service	Total
<b>REVENUES</b>		
Taxes	\$ -	\$ -
Investment Earnings	-	-
	-	-
Total Revenues	-	-
<b>EXPENDITURES</b>		
General Government	1,010	1,010
Debt Service:		
Principal	36,000	36,000
Interest	60,471	60,471
	97,481	97,481
Total Expenditures	97,481	97,481
Excess (Deficiency) of Revenues Over Expenditures	(97,481)	(97,481)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	196,495	196,495
Transfers Out	-	-
	196,495	196,495
Total Other Financing Sources (Uses)	196,495	196,495
Net Change in Fund Balances	99,014	99,014
Fund Balances - Beginning	88,876	88,876
Fund Balances - Ending	\$ 187,890	\$ 187,890

**City of Santa Paula**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Permanent Funds**  
**For the Year Ended June 30, 2010**

	Community Center Endowment	Museum Endowment	Harding Park Trust	Total
<b>REVENUES</b>				
Investment Earnings	\$ 3,147	\$ 1,317	\$ 4,816	\$ 9,280
Other Revenues	1,488	-	73,623	75,111
Total Revenues	<u>4,635</u>	<u>1,317</u>	<u>78,439</u>	<u>84,391</u>
<b>EXPENDITURES</b>				
Community Services	2,833	1,185	-	4,018
Public Works	-	-	19,396	19,396
Total Expenditures	<u>2,833</u>	<u>1,185</u>	<u>19,396</u>	<u>23,414</u>
Excess (Deficiency) of Revenues Over Expenditures	1,802	132	59,043	60,977
Fund Balances - Beginning	<u>504,354</u>	<u>211,281</u>	<u>745,867</u>	<u>1,461,502</u>
Fund Balances - Ending	<u>\$ 506,156</u>	<u>\$ 211,413</u>	<u>\$ 804,910</u>	<u>\$ 1,522,479</u>