

Annual Financial Report and Independent Auditor's Report

For the Fiscal Year Ended June 30, 2014



CITY OF SANTA PAULA FINANCIAL STATEMENTS

Year Ended June 30, 2014

City of Santa Paula Financial Statements Year Ended June 30, 2014

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Independent Auditor's Report

The Honorable City Council City of Santa Paula, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Paula (the "City"), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Paula, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The schedules listed in the Supplementary Information section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the Supplementary Information section of the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules listed in the Supplementary Information section of the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

December 29, 2014

Van Laut + Fankhanel, IIP

CITY OF SANTA PAULA

Management's Discussion and Analysis For the Year Ended June 30, 2014

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, 2014.

Financial Highlights

- The assets of the City of Santa Paula exceeded its liabilities at the close of FY 2013-14 by \$56,508,941(*net position*). Of this amount, \$15,167,587 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$4,171,060.
- As of the close of the current fiscal year, the City of Santa Paula's governmental funds reported combined ending fund balances of \$13,215,766 an increase of \$1,924,915 from the ending balance of 2013 which was \$11,290,851. Pursuant to GASB Statement 54, of the fund balance \$756,538 is unspendable funds (loans receivable and endowments/trusts), \$10,535,933 (restricted fund balance-grant funds and bond proceeds), \$1,206,864 is committed (budgeted for projects and deposit balances) and \$716,431 is (unassigned fund balance) available for spending with some government discretion. However, of the \$716,431, there is a fund set aside as a General Fund Operating Reserve to be held "in the event of an emergency, disaster, or other extraordinary circumstance".
- At the end of the current fiscal year, unreserved fund balance from the general fund was \$1,009,441 or 8% of total general fund expenditures and transfers out equaling \$12,121,350. This is an increase of \$408,479 over the prior year.
- The City of Santa Paula's governmental funds total current liabilities, excluding advances from other funds and deferred inflows, at year-end was \$2,056,129, a decrease of \$209,784 over the prior year.

Overview of the Financial Statements

This discussion and analysis is 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 position* presents information on all of the City of Santa Paula's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only

result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements include not only the City of Santa Paula itself (known as *the primary government*), but also a legally separate Financing Authority for which the City of Santa Paula is financially accountable. Financial information for *these component units* is included in the financial information presented for the primary government itself. The Water and Sewer enterprises, function for all practical purposes as departments of the City of Santa Paula, and therefore have been included as an integral part of the *primary* government. Also, as of February 1, 2012 the Santa Paula Redevelopment Agency became the Designated Local Authority for the former Santa Paula Redevelopment Agency, a Successor Agency Private-purpose trust fund with the City reporting as fiduciary funds.

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

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

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

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

The basic proprietary fund financial statements can be found on pages 8-10 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 11-12 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 13-43 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 44-50 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 51-70 of this report.

Government-wide Financial Analysis

As noted earlier, net position 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 \$60,680,001 at the close of 2013 and \$56,508,941 at June 30, 2014.

A large portion (almost all) of the City of Santa Paula's net position include \$28,896,929 (51.1 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.

		nment-Wide Fina		11.5		
	Tab	ole 1: Summary o	f Net Position			
		June 30, 2013			June 30, 2014	
	Governmental	Business-Type		Governmental	Business-Type	
Assets	Activities	Activities	Total	Activities	Activities	Total
Current and other Assets	13,320,276	41,005,634	54,325,910	14,962,821	42,739,035	57,701,856
Capital Assets (net of depreciation)	20,653,351	127,315,574	147,968,925	19,179,586	117,173,114	136,352,700
Total Assets	33,973,627	168,321,208	202,294,835	34,142,407	159,912,149	194,054,556
Deferred Outflows of Resources						
Deferred Charges on Refundings	-	1,518,827	-	-	1,441,270	1,441,270
Total Deferred Charges on Refundings	-	1,518,827	-	-	1,441,270	1,441,270
Liabilities			-			-
Long-term liabilities outstanding	5,866,005	128,920,431	134,786,436	5,148,317	125,537,487	130,685,804
Other liabilities	1,947,949	6,399,276	8,347,225	2,456,337	5,844,744	8,301,081
Total Liabilities	7,813,954	135,319,707	143,133,661	7,604,654	131,382,231	138,986,885
Net Investment in Capital Assets	20,446,551	22,715,468	43,162,019	19,007,336	9,889,593	28,896,929
Restricted For:						
Transportation and Other Purposes	1,182,107	-	1,182,107	5,388,000	-	5,388,000
Community Development	-	-	-	-	-	-
Nonexpendable	739,473		739,473	743,364		743,364
Public Safety	140,323	-	140,323	190,134	-	190,134
Public Works	6,055,950	-	6,055,950	1,324,474	-	1,324,474
Low and Moderate Housing	-	-	-	-	-	-
Debt Services	-	4,798,486	4,798,486	-	4,798,453	4,798,453
Unrestricted	(2,404,731)	7,006,374	4,601,643	(115,555)	15,283,142	15,167,587
Total Net Position	26,159,673	34,520,328	60,680,001	26,537,753	29,971,188	56,508,941

An additional portion of the City of Santa Paula's net position (22 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$15,167,587 may be used to meet the government's ongoing obligations to citizens and creditors. The increase has been largely related to the sale of the former wastewater treatment plant and the subsequent disposal of capital assets. The balance of the bond proceeds is \$22,963,553 restricted for water and sewer projects.

At the end of the current fiscal year, the City of Santa Paula is able to report a positive balance in net position for Investments in Capital Assets, restricted purposes and unrestricted net position. Separately, the City's governmental *unrestricted net position* shows a negative balance of \$(115,555) which is an increase in fund balance of \$2,289,176 from the previous year's figure of \$(2,404,731). This is the result of the sale of the former wastewater treatment plant land and other reclassifications of fund balance.

The business-type activities unrestricted net position show a positive balance of \$15,283,142, an increase of \$8,276,768 over the prior year's balance of \$7,006,374. These unrestricted funds can only be used for Water and Sewer activities. The Water fund has remaining Capital Bond project funds of \$19,155,260 while the Sewer fund a remaining Capital Bond project balance of

\$3,808,294. The governmental activities showed a decrease of \$1,439,215 for *Invested in Capital Assets while the* business-type activities reported a decrease from the prior year of \$12,825,875. The Governmental activities decreases were largely a result of the removal of the former Redevelopment properties City provided improvements portion. The business-type activities were a result of the sale of the former Wastewater Treatment plant land and the subsequent removal of the decommissioned plant and improvements from the Capital Assets.

	Government-Wide Financial Statements							
	Tak	ble 2: Summa	ry Changes o	f Net Position				
	Г	June 30,2013			June 30,2014			
	Governmental			Governmental				
Revenues	Activities	Type Activities	Total	Activities	Activities	Total		
Charges for services	2,161,904	19,493,976	21,655,880	2,377,976	20,138,964	22,516,940		
Operating grants	1,744,110	-	1,744,110	1,972,523	-	1,972,523		
Capital grants	885,622	-	885,622	1,107,395	-	1,107,395		
General revenues:	-'	-	-	-	-	-		
Property taxes	6,233,236	-1	6,233,236	5,981,182	-	5,981,182		
Sales taxes	1,628,819	_	1,628,819	1,707,894		1,707,894		
Other taxes	865,082		865,082	841,015		841,015		
Investments	73,628		109,727	46,418	38,457	84,875		
Other revenues	178,905	_	178,905	25,859	-	25,859		
Total Revenues	13,771,306			14,060,262		34,237,683		
Expenses					-			
General administration	2,102,437	_	2,102,437	1,218,438	_	1,218,438		
Building and safety	437,177	-	437,177	522,030	-	522,030		
Community services	2,967,518	-	2,967,518	1,933,292	-	1,933,292		
Financial Services	428,409	-	428,409	460,909	-	460,909		
Fire	2,478,436	-	2,478,436	2,930,723	-	2,930,723		
Planning	586,158	-	586,158	475,976	-	475,976		
Police	4,453,434	-	4,453,434	5,530,116		5,530,116		
Public Works	370,217	-	370,217	2,249,048	-	2,249,048		
Interest	19,722	-	19,722	17,448		17,448		
Water	10,122	6,249,461	6,249,461	-	7,296,082	7,296,082		
Sewer		8,229,161	8,229,161		8,887,824	8,887,824		
Total expenses	13,843,508	14,478,622	28,322,130	15,337,980	16,183,906	31,521,886		
Increase in Net Position	10,0-10,000	14,770,022	20,022,100	10,007,000	10,100,000	01,021,000		
before Transfers	(72,202)	5,051,453	4,979,251	(1,277,718)	3,993,515	2,715,797		
Transfers	951,978	(951,978)		1,548,582	(1,548,582)	-,, -		
Increase in Net Position	879,776	4,099,475	4,979,251	270,864	2,444,933	2,715,797		
Extraordinary Loss		_	_	_	_			
Beginning Net Position	27,815,352	33,391,911	61,207,263	26,159,673	34,520,328	60,680,001		
Prior period adjustment	(2,535,455)			107,216	(6,994,073)	(6,886,857		
Ending Net Position	\$26,159,673	\$34,520,328	\$60,680,001	\$26,537,753	\$29,971,188	\$56,508,941		

There was a decrease of \$4,549,140 in total net position reported in connection with the City of Santa Paula's business-type activities. This also relates to the sale of the former Treatment Plant. The previous plant was decommissioned and therefore, all assets and depreciation in relation to the plant were removed from Capital Assets.

Governmental activities. Governmental activities increased the City of Santa Paula's net position by \$378,080 for the current year.

Expenses for governmental activities increased from \$13,843,508 in 2013 to \$15,337,980 in 2014, an increase of \$1,494,472. Previously funded positions were filled as well as some budgeted one-time expenditures were completed.

Business-type activities. Business-type activities decreased the City of Santa Paula's net position by \$4,549,140.

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 \$13,215,766.

The general fund is the chief operating fund of the City of Santa Paula. At June 30, 2014, the unreserved fund balance for the general fund was \$1,009,441, while total fund balance reached \$5,429,906. 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 8.6 percent of the total general fund expenditures, while total fund balance represents 46.3 percent of that same amount.

The City of Santa Paula's unassigned general fund fund balance, increased by \$2,289,176 during the current fiscal year. This reflects an increase in Charges for Services, Grants and Sales Tax as well as the transfer for the sale of the Wastewater Treatment Plant land.

The Police expenditure budget makes up more than 46 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 position of the Water and Sewer enterprises at the end of the year amounted to \$29,971,188 a decrease of \$4,549,140 from the prior period. The net position for the proprietary funds – water increased and sewer decreased \$1,671,420 and \$(6,220,560) 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 Positions							
Table 3:	Proprietary	Funds					
	Business-Type Activities						
	Water	Sewer	Total				
Operating Revenues	8,657,825	11,227,742	19,885,567				
Operating Expenses	4,720,448	4,516,794	9,237,242				
Operating Income (loss)	3,937,377	6,710,948	10,648,325				
Total Non-Operating Revenues							
(Expenses)	(2,441,196)	(4,213,614)	(6,654,810)				
Transfers In	175,239	2,606	177,845				
Transfers Out	-	(1,726,427)	(1,726,427)				
Change in Net Positions	1,671,420	773,513	2,444,933				
Total Net Positions, Beginning	16,435,579	18,084,749	34,520,328				
Prior Period Adjustments	-	(6,994,073)	(6,994,073)				
Total Net Positions, Ending	18,106,999	11,864,189	29,971,188				

General Fund Budgetary Highlights

The actual general fund revenue ended \$394,542 over the original budgeted amount. There were \$367,550 in fiscal year adjustments to the final revenue budget. Revenues overall were .3% over budget totals.

Differences between the final budget and the actual expenditures were favorable for all departments except for Community Services and Police. Community Services (\$34,378) and Police (293,503) came in over budget. The majority of the overages are due to unexpected repairs, overtime, consultant services, and equipment. Overall the General Fund expenditures came in under budget by \$1,229,688 or 9.5%.

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, 2014, amounts to \$136,352,700 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements other than buildings, machinery and equipment, as well as construction in progress.

Capital Assets								
Table 4								
(Net of Depreciation)								
	Governmental Business-Type							
Activies Activities Total								
Land	489,183	7,104,082	7,593,265					
Water Rights	-	13,834,827	13,834,827					
Construction in progress	1,257,911	1,138,761	2,396,672					
Buildings and System	1,092,063	78,401,229	79,493,292					
Machinery and Equipment	742,956	1,250,263	1,993,219					
Improvements other than buildings	15,597,473	15,443,952	31,041,425					
Total Capital Assets	19,179,586	117,173,114	136,352,700					

The value of the City's assets has decreased by \$11,616,225 during this reporting period. As stated above, the majority of the decrease is related to the sale of the former Wastewater Treatment Plant. Additional information on the City of Santa Paula's capital assets can be found in note III.C on pages 24 and 25 in this report.

Long-term debt. At the end of the current fiscal year, the City of Santa Paula had total debt outstanding of \$134,267,932 excluding compensated absences. This is a decrease of \$3,547,753 from the prior period's level of \$137,841,533. Governmental activities decreased by \$269,073. Bonds secured solely by specified revenue sources (i.e., revenue bonds) equal \$63,856,222. The remaining debt is backed by the full faith and credit of the government.

The City of Santa Paula's total outstanding debt includes \$62,440,000 principal amount comprised of three series' of revenue bonds issued during the current fiscal year. Additional information on the City of Santa Paula's long-term debt can be found in note III.E on pages 27 to 35 of this report.

Outstanding Debt						
	Table 5					
	Governmental	Business-Type				
	Activies	Activities	Total			
Lease Revenue Bonds:						
Water 2010	-	50,990,000	50,990,000			
Add Deferred Issuance Premiums	-	1,582,608	1,582,608			
Wastewater 2010A	-	5,575,000	5,575,000			
Wastewater 2010B	-	5,875,000	5,875,000			
Less Deferred Issuance Discounts	-	(166,386)	(166,386)			
Loans Payable	172,250	-	172,250			
Claims Liability	2,326,230	-	2,326,230			
Notes Payable	-	496,500	496,500			
Wastewater Facilities Lease	-	64,337,771	64,337,771			
Pension Related Debt	2,496,287	157,587	2,653,874			
OPEB Obligations	425,085	-	425,085			
Compensated Absences	450,465	40,160	490,625			
Total	5,870,317	128,888,240	134,758,557			
June 30, 2013	6,139,390	132,166,920	138,306,310			
Change in Debt Service	(269,073)	(3,278,680)	(3,547,753)			

Next Year's Budgets and Rates

The Water rates were last increased November 1, 2012 and the Sewer rates increased November 1, 2013. There are no scheduled increases until a new rate study and a Prop 218 process is complete. 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.



City of Santa Paula Statement of Net Position June 30, 2014

	Primary Government					
	Governmental	Business-type				
	Activities	Activities	Total			
ASSETS						
Cash and Investments	\$ 10,897,444	\$ 15,456,192	\$ 26,353,636			
Receivables (Net of Allowance)	940,935	2,418,688	3,359,623			
Loans Receivable, Net	-	-	-			
Internal Balances	(100,000)	100,000	-			
Cash - Restricted	3,224,442	24,764,155	27,988,597			
Capital Assets Not Being Depreciated						
Land	489,183	7,104,082	7,593,265			
Water Rights	-	13,834,827	13,834,827			
Construction in Progress	1,257,911	1,138,761	2,396,672			
Capital Assets Net of Accumulated Depreciation						
Buildings and System	1,092,063	78,401,229	79,493,292			
Machinery and Equipment	742,956	1,250,263	1,993,219			
Improvements Other Than Buildings	15,597,473	15,443,952	31,041,425			
Total Assets	34,142,407	159,912,149	194,054,556			
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Charges on Refundings		1,441,270	1,441,270			
Total Deferred Outflows of Resources		4 444 970	1 444 270			
Total Deferred Outflows of Resources		1,441,270	1,441,270			
LIABILITIES						
Accounts Payable and Accrued Liabilities	759,582	1,156,790	1,916,372			
Accrued Interest Payable	-	1,337,201	1,337,201			
Deposits	974,755	-	974,755			
Noncurrent Liabilities						
Due Within One Year	722,000	3,350,753	4,072,753			
Due in More Than One Year	5,148,317	125,537,487	130,685,804			
Total Liabilities	7,604,654	131,382,231	138,986,885			
NET POSITION						
Net Investment in Capital Assets	19,007,336	9,889,593	28,896,929			
Restricted for:	, ,	, ,	, ,			
Transportation and Other Purposes	5,388,000	-	5,388,000			
Community Services:	, ,		, ,			
Nonexpendable	743,364	_	743,364			
Public Safety	190,134	_	190,134			
Public Works	1,324,474	_	1,324,474			
Debt Service	- 1,521,117	4,798,453	4,798,453			
Unrestricted	(115,555)	15,283,142	15,167,587			
Total Nat David	Ф. 00 F07 750	Ф. 00 074 400	Ф. 50 500 044			
Total Net Position	\$ 26,537,753	\$ 29,971,188	\$ 56,508,941			

City of Santa Paula Statement of Activities For the Year Ended June 30, 2014

	Program Revenues					
	Charges for		Operating Grants and		Capital Grants and	
 Expenses		Services	Co	ontributions	Co	ontributions
\$ 1,218,438	\$	324,518	\$	-	\$	-
522,030		378,050		141,303		-
1,933,292		489,047		20,062		111,270
460,909		22,321		-		-
2,930,723		253,508		477,016		5,168
475,976		247,306		-		-
5,530,116		505,615		150,773		6,207
		157,611		1,183,369		984,750
17,448		· -		-		, -
15,337,980		2,377,976		1,972,523		1,107,395
7.296.082		8.766.825		_		_
				_		_
 16,183,906				-		_
		· · · · · · · · · · · · · · · · · · ·				-
\$ 31,521,886	\$:	22,516,940	\$	1,972,523	\$	1,107,395
	522,030 1,933,292 460,909 2,930,723 475,976 5,530,116 2,249,048 17,448 15,337,980 7,296,082 8,887,824 16,183,906	\$ 1,218,438 \$ 522,030 1,933,292 460,909 2,930,723 475,976 5,530,116 2,249,048 17,448 15,337,980 7,296,082 8,887,824 16,183,906	ExpensesCharges for Services\$ 1,218,438 522,030 1,933,292 460,909 22,321 2,930,723 475,976 5,530,116 2,249,048 15,337,980\$ 324,518 378,050 22,321 22,321 247,306 505,615 2,249,048 157,611 2,377,9767,296,082 8,887,824 16,183,906\$ 8,766,825 11,372,139 20,138,964	Expenses Charges for Granges Control \$ 1,218,438 \$ 324,518 \$ 522,030 1,933,292 489,047 460,909 22,321 2,930,723 253,508 475,976 247,306 5,530,116 505,615 2,249,048 157,611 17,448 - - 15,337,980 2,377,976 7,296,082 8,766,825 8,887,824 11,372,139 16,183,906 20,138,964	ExpensesCharges for ServicesOperating Grants and Contributions\$ 1,218,438 522,030 1,933,292 460,909 22,321 475,976 5,530,116 2,249,048 17,448 15,337,980\$ 324,518 489,047 20,062 489,047 22,321 247,306 505,615 150,773 1,183,369 17,448 2377,976477,016 150,773 1,183,369 1,1972,5237,296,082 8,887,824 16,183,9068,766,825 11,372,139 20,138,964-	Expenses Charges for Services Operating Grants and Contributions Operating Grants and Contributions \$ 1,218,438 \$ 324,518 \$ - \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$

General Revenues:

Property Taxes

Sales Taxes

Transient Occupancy Taxes

Franchise Taxes

Business License Taxes

Unrestricted Investment Earnings

Miscellaneous Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (893,920)	\$ -	\$ (893,920)
(2,677)	-	(2,677)
(1,312,913)	-	(1,312,913)
(438,588)	-	(438,588)
(2,195,031)	-	(2,195,031)
(228,670)	-	(228,670)
(4,867,521)	-	(4,867,521)
76,682	-	76,682
(17,448)		(17,448)
(9,880,086)		(9,880,086)
_	1,470,743	1,470,743
-	2,484,315	2,484,315
	3,955,058	3,955,058
(9,880,086)	3,955,058	(5,925,028)
5,981,182	-	5,981,182
1,707,894	-	1,707,894
102,933	-	102,933
614,433	-	614,433
123,649	-	123,649
46,418	38,457	84,875
25,859	· -	25,859
1,548,582	(1,548,582)	, -
10,150,950	(1,510,125)	8,640,825
270,864	2,444,933	2,715,797
26,159,673	34,520,328	60,680,001
107,216	(6,994,073)	(6,886,857)
\$ 26,537,753	\$ 29,971,188	\$ 56,508,941

City of Santa Paula Balance Sheet Governmental Funds June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 2,914,873	\$ 7,982,571	\$ 10,897,444
Receivables	592,219	348,716	940,935
Due from Other Funds	321,792	-	321,792
Loans Receivable	13,174	480,084	493,258
Advances to Other Funds	-	126,041	126,041
Cash - Restricted	3,200,427	24,015	3,224,442
Total Assets	\$ 7,042,485	\$ 8,961,427	\$ 16,003,912
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 624,650	\$ 134,932	\$ 759,582
Due to Other Funds	-	321,792	321,792
Deposits	974,755	-	974,755
Advances From Other Funds	-	226,041	226,041
Total Liabilities	1,599,405	682,765	2,282,170
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Grants	-	12,718	12,718
Unavailable Revenues - Loans Receivable	13,174	480,084	493,258
Total Deferred Inflows of Resources	13,174	492,802	505,976
FUND BALANCE (DEFICITS)			
Nonspendable	13,174	743,364	756,538
Restricted	3,200,427	7,335,506	10,535,933
Committed	1,206,864	(202.010)	1,206,864
Unassigned	1,009,441	(293,010)	716,431
Total Fund Balances (Deficits)	5,429,906	7,785,860	13,215,766
Total Liabilities, Deferred Inflows of			
Resources and Fund Balances	\$ 7,042,485	\$ 8,961,427	\$ 16,003,912

City of Santa Paula Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2014

Fund balances of governmental funds

\$ 13,215,766

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

Capital assets net of depreciation have not been included as financial resources in governmental fund activity.

19,179,586

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

12,718

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences	(450,465)
OPEB Obligation	(425,085)
Loans Payable	(172,250)
Claims Liabilities	(2,326,230)
Pension Related Debt	(2,496,287)

Net position of governmental activities

\$ 26,537,753

City of Santa Paula Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2014

	General	Go	Other overnmental Funds	Go	Total overnmental Funds
REVENUES					
Taxes	\$ 8,438,655	\$	271,863	\$	8,710,518
Licenses and Permits	332,928		-		332,928
Intergovernmental	395,077		2,940,451		3,335,528
Charges for Services	1,058,884		287,868		1,346,752
Fines and Forfeitures	184,711		1,947		186,658
Investment Earnings	5,530		37,167		42,697
Other Revenues	 199,091		248,232		447,323
Total Revenues	10,614,876		3,787,528		14,402,404
EXPENDITURES					
Current:					
General Government	1,140,559		95,393		1,235,952
Building and Safety	432,414		81,479		513,893
Community Services	1,045,047		474,608		1,519,655
Financial Services	455,893		2,723		458,616
Fire	2,398,095		473,721		2,871,816
Planning	463,683		10,000		473,683
Police	5,352,200		135,170		5,487,370
Public Works	436,123		1,084,181		1,520,304
Debt Service:					
Principal	-		34,550		34,550
Interest	 		17,448		17,448
Total Expenditures	 11,724,014		2,409,273		14,133,287
Excess (Deficiency) of Revenues					
over Expenditures	 (1,109,138)		1,378,255		269,117
OTHER FINANCING SOURCES (USES)					
Transfers In	1,551,188		829,536		2,380,724
Transfers Out	 (397,336)		(434,806)		(832,142)
Total Other Financing Sources (Uses)	1,153,852		394,730		1,548,582
Net Change in Fund Balances	44,714		1,772,985		1,817,699
Fund Balances, Beginning	5,277,976		6,012,875		11,290,851
Prior Period Adjustment	107,216				107,216
Fund Balances, Ending	\$ 5,429,906	\$	7,785,860	\$	13,215,766

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, 2014

Net change in fund balances-total governmental funds	\$	1,817,699
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 depreciation		
of \$1,055,977 exceeded capital outlay of \$195,169 in the current period.		(860,808)
The net effect of disposals of capital assets is to decrease net position.		(612,957)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(342,143)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal Payments on Capital Leases and Loans Payable Decrease in Pension-related Debt Increase in OPEB Obligation		34,550 110,397 (76,438)
Claims and judgments 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.		232,623
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The following represents the net change in compensated absences in the current period.	f	(32,059)
Change in net position of governmental activities	\$	270,864

City of Santa Paula Statement of Net Position Proprietary Funds June 30, 2014

	Business-type Activities - Enterp		rprise Funds
	Utility A	Utility Authority	
	Water	Sewer	Totals
ASSETS			
Current Assets:			.
Cash and Investments	\$ 10,760,598	\$ 4,695,594	\$ 15,456,192
Receivables	1,303,369	1,115,319	2,418,688
Total Current Assets	12,063,967	5,810,913	17,874,880
Noncurrent Assets:			
Restricted Cash:			
Cash with Fiscal Agents	19,155,260	5,608,895	24,764,155
Advances to Other Funds	100,000		100,000
Capital Assets:			
Land	2,356,451	4,747,631	7,104,082
Water Rights	13,834,827	-	13,834,827
Buildings	12,251,164	74,097,756	86,348,920
Improvements Machinery and Equipment	15,826,322 2,229,935	1,251,652 520,887	17,077,974 2,750,822
Construction in Progress	591,936	546,825	1,138,761
Less: Accumulated Depreciation	(7,036,661)	(4,045,611)	(11,082,272)
•	(7,000,001)	(4,040,011)	(11,002,272)
Total Capital Assets (Net of	40.050.074	77 440 440	447 470 444
Accumulated Depreciation)	40,053,974	77,119,140	117,173,114
Total Noncurrent Assets	59,309,234	82,728,035	142,037,269
Total Assets	71,373,201	88,538,948	159,912,149
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings	1,441,270	-	1,441,270
Total Deferred Outflows of Resources	1,441,270		1,441,270
LIABILITIES			
Current Liabilities:	000 000	770 457	4 450 700
Accounts Payable	383,633	773,157	1,156,790
Interest Payable Compensated Absences	1,056,985 40,160	280,216	1,337,201 40,160
Bonds Payable - Current	1,370,000	210,000	1,580,000
Capital Lease Payable - Current	-	1,730,593	1,730,593
			.,. 00,000
Total Current Liabilities	2,850,778	2,993,966	5,844,744
Noncurrent Liabilities:			
Advances from Other Funds	-	-	-
Bonds Payable	51,202,607	11,073,615	62,276,222
Notes Payable Capital Lease Payable	496,500	62,607,178	496,500 62,607,178
Pension Related Debt	157,587	02,007,170	157,587
		72 690 702	
Total Noncurrent Liabilities	51,856,694	73,680,793	125,537,487
Total Liabilities	54,707,472	76,674,759	131,382,231
NET POSITION			
Net Investment in Capital Assets	3,670,485	6,219,108	9,889,593
Restricted for:		_	
Debt Service	3,910,912	887,541	4,798,453
Unrestricted	10,525,602	4,757,540	15,283,142
Total Net Position	\$ 18,106,999	\$ 11,864,189	\$ 29,971,188

The accompanying notes are an integral part of this statement.

City of Santa Paula Statement of Revenues, Expenses, and Changes in Net Position Proprietary Funds For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds		
	Utility Authority		
	Water	Sewer	Totals
OPERATING REVENUES	Ф 0 500 507	r.	Ф 0 E00 E07
Water Sales Sewer Sales	\$ 8,582,527	\$ - 11,227,742	\$ 8,582,527 11,227,742
Other Revenues	75,298	-	75,298
Total Operating Revenues	8,657,825	11,227,742	19,885,567
OPERATING EXPENSES			
Cost of Sales	2,168,762	2,539,258	4,708,020
Administration	1,406,691	951,116	2,357,807
Depreciation	1,144,995	1,026,420	2,171,415
Total Operating Expenses	4,720,448	4,516,794	9,237,242
Operating Income (Loss)	3,937,377	6,710,948	10,648,325
NONOPERATING REVENUES (EXPENSES)			
Investment Earnings	25,438	13,019	38,457
Interest Expense	(2,575,634)	(4,371,030)	(6,946,664)
Gain/(Loss) on Disposal of Capital Assets	109,000	144,397	253,397
Total Nonoperating Revenues			
(Expenses)	(2,441,196)	(4,213,614)	(6,654,810)
Income Before Contributions and Transfers	1,496,181	2,497,334	3,993,515
Transfers In	175,239	2,606	177,845
Transfers Out		(1,726,427)	(1,726,427)
Change in Net Position	1,671,420	773,513	2,444,933
Total Net Position, Beginning	16,435,579	18,084,749	34,520,328
Prior Period Adjustment		(6,994,073)	(6,994,073)
Total Net Position, Ending	\$ 18,106,999	\$ 11,864,189	\$ 29,971,188

City of Santa Paula Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2014

	Utility Authority		
	Water	Sewer	Total
Cash Flows from Operating Activities	Ф 0.04C C44	Ф 44 400 0E0	£ 20 000 002
Receipts from Customers and Users Payments to Suppliers	\$ 8,816,644 (3,042,051)	\$ 11,192,359 (3,317,437)	\$ 20,009,003 (6,359,488)
Payments to Suppliers Payments to Employees	(1,259,381)	(108,625)	(1,368,006)
Net Cash Provided (Used) by Operating Activities	4,515,212	7,766,297	12,281,509
Cash Flows from Noncapital Financing Activities			
Intrefund Advances Received	2,000,000	-	2,000,000
Interfund Advances Paid	-	(2,000,000)	(2,000,000)
Transfers In	175,239	2,606	177,845
Transfers Out		(1,726,427)	(1,726,427)
Net Cash Provided (Used) by Noncapital Financing Activities	2,175,239	(3,723,821)	(1,548,582)
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(279,279)	(150,540)	(429,819)
Sale of Property	109,000	- (4.200.207)	109,000
Interest Paid on Capital Debt Principal Paid on Capital Debt	(2,576,501) (1,325,000)	(4,368,297) (1,875,118)	(6,944,798) (3,200,118)
i inicipal i aid on dapital best	(1,020,000)	(1,070,110)	(0,200,110)
Net Cash Provided (Used) by Capital and Related			
Financing Activities	(4,071,780)	(6,393,955)	(10,465,735)
Cash Flows from Investing Activities			
Investment Earnings	25,438	13,019	38,457
Net Cash Provided (Used) by Investing Activities	25,438	13,019	38,457
Net Increase (Decrease) in Cash and Cash Equivalents	2,644,109	(2,338,460)	305,649
Cash and Cash Equivalents, Beginning	27,271,749	11,091,761	38,363,510
Cash and Cash Equivalents, Ending	\$ 29,915,858	\$ 8,753,301	\$ 38,669,159
Reconciliation of Operating Income (Loss) to Net Cash			
Provided (Used) by Operating Activities	Ф 2 027 277	Ф C 740 040	Ф 40 C40 225
Operating income Adjustments to reconcile operating income (loss)	\$ 3,937,377	\$ 6,710,948	\$ 10,648,325
to net cash provided (used) by operating activities:			
Depreciation Expense	1,144,995	1,026,420	2,171,415
(Increase) Decrease in Receivables	158,819	(35,383)	123,436
Increase (Decrease) in Accounts Payable	(702,877)	64,311	(638,566)
Increase (Decrease) in Compensated Absences Increase (Decrease) in Pension Related Debt	(6,211) (16,891)	-	(6,211) (16,891)
inclease (Decrease) in Fension Related Debt	(10,091)		(10,091)
Net Cash Provided By Operating Activities	\$ 4,515,212	\$ 7,766,296	\$ 12,281,508
Noncash Investing, Capital, and Financing Activities			
Amortization of Deferred Charges on Refunding	\$ 77,557	\$ -	\$ 77,557
Amortization of (Premium)/Discount on Bonds	(61,860)	6,400	(55,460)

The accompanying notes are an integral part of this statement.

City of Santa Paula Statement of Fiduciary Net Position Fiduciary Fund June 30, 2014

	Successor Agency Private-purpose	
	1	rust Fund
ASSETS		
Cash and Investments	\$	1,811,337
Restricted Cash and Investments		294,500
Interest Receivable		878
Loans Receivable, Net		14,709
Property Held for Resale		818,178
Total Assets		2,939,602
LIABILITIES		
Interest Payable		13,383
Bonds Payable		2,489,321
		,,-
Total Liabilities		2,515,733
NET POSITION		
Net Position Held in Trust for Successor Agency	\$	423,869

City of Santa Paula Statement of Changes in Fiduciary Net Position Fiduciary Fund For the Year Ended June 30, 2014

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Taxes	\$ 497,358
Interest Income	3,941
Property Contribution from City of Santa Paula	612,957
Total Additions	1,114,256
DEDUCTIONS	
Administrative Costs	67,166
Interest on Bonds	166,731
Total Deductions	233,897
Change in Net Position	880,359
Net Position - Beginning of Year	(456,490)
Net Position - End of Year	\$ 423,869

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

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

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

B) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) 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.

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

The City reports the following fiduciary funds:

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

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.

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 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) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Governmental Accounting Standards Board Statement No. 68

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

E) Assets, Liabilities, and Net Assets or Equity

1) Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments (including restricted assets) with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, cash equivalents represents demand deposits of proprietary funds held in financial institutions or in cash management pools where funds can be added or withdrawn at anytime without prior notice or penalty and with a maturity 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.

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2) Receivables and Payables

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

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

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

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 XIIIA 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.

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

3) Restricted Assets

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

4) Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the current year.

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:

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5) Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Cash compensations for accrued vacations are generally not payable until the employee terminates employment with the City. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the government funds only if they have matured, for example, as a result of employee resignations and retirements.

6) Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

7) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position and the statement of net position – proprietary funds. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8) Net Position

In the Government-wide, proprietary funds, and fiduciary fund financial statements, net position is classified in the following categories.

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position

This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category represents the net position of the City that is not externally restricted for any project or other purpose.

9) Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position.

10) Fund Balance

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

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

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

II) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The following non-major funds had deficit fund balances at June 30, 2014:

Mobile Home Rent Review	\$ 172,938
Housing and Community Development II	4,382
CA Oil Museum	3,771
Hillsborough Open Space Assessment	1,194
State Homeland Security Grant	442
Transportation Enhancement Grant	8,143
BJA Vest Grant	12,718
Corp Yard Facilities	1,993
Harding Park Trust	87,429

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

III) DETAILED NOTES ON ALL FUNDS

A) Cash and Investments

The City's cash and investments consist of the following at June 30, 2014:

Petty Cash	\$	5,600
Deposits		2,631,942
Investments		53,810,528
Total Cash and Investments	\$	56,448,070
		· · · · · · · · · · · · · · · · · · ·
Statement of Net Position:		
Cash and Investments	\$	26,353,636
	Ψ	
Restricted Cash and Investments		27,988,597
Statement of Fiduciary Net Position:		
Cash and Investments		1,811,337
Restricted Cash and Investments		294,500
Total Cash and Investments	\$	56,448,070
	<u> </u>	55, 1.0,010

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

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

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

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

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

III) DETAILED NOTES ON ALL FUNDS - Continued

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:

		R	urity (in Months	5)	
Investment Tune	Carrying	12 Months	13 to 24	25 to 60	More Than
Investment Type	Amount	Or Less	Months	<u>Months</u>	60 Months
State Investment Pool - LAIF	\$25,243,487	\$25,243,487	\$ -	\$ -	\$ -
Certificates of Deposit Held by Bond Trustees:	307,960	307,960	-	-	-
Money Market Mutual Funds	28,259,081	28,259,081			
Total	\$53,810,528	\$53,810,528	\$ -	\$ -	\$ -

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.

					Rating as	of Year End
Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure		AAA	Not Rated
State Investment Pool - LAIF Certificates of Deposit Held by Bond Trustees	\$ 25,243,487 307,960	N/A N/A	\$	-	\$ -	\$25,243,487 307,960
Money Market Mutual Funds	28,259,081	N/A			28,259,081	<u> </u>
Total	\$ 53,810,528		\$	_	\$28,259,081	\$25,551,447

III) DETAILED NOTES ON ALL FUNDS - 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, 2014, none of the City's deposits with financial institutions in excess of the Federal Depository Insurance Corporation's limits were held in uncollateralized accounts.

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

Investment in State Investment Pool

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

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	 Water Utility	 Sewer Utility	lonmajor nd Other Funds	 Total
Receivables:					
Interest	\$ 1,553	\$ 4,190	\$ 3,301	\$ 3,737	\$ 12,781
Taxes	442,755	-	-	42,111	484,866
Accounts	82,242	1,299,179	1,112,018	22,179	2,515,618
Intergovernmental	 65,669	 <u>-</u>	 <u>-</u>	 280,689	 346,358
Total Receivables	\$ 592,219	\$ 1,303,369	\$ 1,115,319	\$ 348,716	\$ 3,359,623

C) Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated	4 500 440	•	4.0.000	Φ 400.400
Land	\$ 509,112	\$ -	\$ (19,929)	\$ 489,183
Construction in Progress	2,047,529	91,937	(881,555)	1,257,911
Total Capital Assets, Not Being Depreciated	2,556,641	01 027	(001 494)	1,747,094
Deprecialed	2,000,041	91,937	(901,484)	1,747,094
Capital Assets Being Depreciated:				
Buildings and System	2,950,504	29,200	(851,805)	2,127,899
Machinery and Equipment	3,786,053	74,032	-	3,860,085
Improvements Other Than Buildings	20,306,293	881,555		21,187,848
Total Capital Assets Being				
Depreciated	27,042,850	984,787	(851,805)	27,175,832
Less Accumulated Depreciation:				
Buildings and System	(1,216,280)	(71,956)	252,400	(1,035,836)
Machinery and Equipment	(2,921,631)	(195,498)	202,400	(3,117,129)
Improvements Other Than Buildings	(4,808,229)	(788,523)	6,377	(5,590,375)
Total Accumulated	(1,000,==0)	(100,000)		(0,000,010)
Depreciation	(8,946,140)	(1,055,977)	258,777	(9,743,340)
·		<u></u>		
Total Capital Assets Being				
Depreciated, Net	18,096,710	(71,190)	(593,028)	17,432,492
Governmental Activities Capital Assets, Net	\$ 20,653,351	\$ 20,747	\$ (1,494,512)	\$ 19,179,586

III) DETAILED NOTES ON ALL FUNDS - Continued

Business-type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated Land Water Rights Construction in Progress Total Capital Assets, Not Being Depreciated	\$ 7,134,082 13,834,827 7,909,323 28,878,232	\$ - 223,511 223,511	\$ (30,000) - - - (6,994,073) * (7,024,073)	\$ 7,104,082 13,834,827 1,138,761 22,077,670
Capital Assets Being Depreciated: Buildings and System Machinery and Equipment Improvements Other Than Buildings Total Capital Assets Being Depreciated	93,389,183 2,630,396 17,077,974 113,097,553	85,882 120,426 - 206,308	(7,126,145) - - - (7,126,145)	86,348,920 2,750,822 17,077,974 106,177,716
Less Accumulated Depreciation: Buildings and System Machinery and Equipment Improvements Other Than Buildings Total Accumulated Depreciation	(12,489,196) (1,366,743) (804,272) (14,660,211)	(1,207,849) (133,816) (829,750) (2,171,415)	5,749,354 - - - 5,749,354	(7,947,691) (1,500,559) (1,634,022) (11,082,272)
Total Capital Assets Being Depreciated, Net	98,437,342	(1,965,107)	(1,376,791)	95,095,444
Business-type Activities Capital Assets, Net	\$ 127,315,574	<u>\$ (1,741,596)</u>	\$ (8,400,864)	\$ 117,173,114

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

Governmental Activities:	
General Government	\$ 202,297
Community Services	405,229
Fire	76,534
Building and Safety	5,079
Police	64,290
Public Works	 302,548
	_
Total Depreciation Expense – Governmental Activities	\$ 1,055,977
Business-type Activities:	
Water	\$ 1,144,995
Sewer	1,026,420
Total Depreciation Expense – Business-type Activities	\$ 2,171,415

^{*}In prior years the City capitalized costs related to a new sewer project that was never completed. The \$6,994,073 should have been expensed in prior years. See Restatement of Net Position Note IV G for more information.

III) DETAILED NOTES ON ALL FUNDS - Continued

D) Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2014 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	,	Amount
General Fund	Nonmajor Governmental Funds	\$	321,792
	Total	\$	321,792

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	Nonmajor Governmental Funds	\$ 100,000
Nonmajor Governmental		
Funds	Nonmajor Governmental Funds	126,041
	Total	\$ 226,041

Amounts payable to the Water fund relate to working capital loans made to the Corporate Yard Facilities fund. Amounts payable between the Nonmajor Governmental Funds are for park projects. 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. The lease agreements are determined to be operating leases, and therefore no liability or asset has been recorded.

As provided in the trust agreement of the 2010 Wastewater Revenue Bonds, the Sewer fund of the Utility Authority transferred to the General fund an upfront lease rental payment of \$5,000,000. The payment is to be used by the City to finance certain public capital improvements. The unspent balance as of June 30, 2014 is \$3,200,427 and is included in restricted fund balance.

III) DETAILED NOTES ON ALL FUNDS - Continued

Interfund transfers:

Transfers Out	 General Fund	Water Fund	_	Sewer Fund	Go	Other vernmental Funds	Total
Sewer Fund	\$ 1,551,188	\$ 175,239	\$	-	\$	-	\$ 1,726,427
General Fund	-	-		-		397,336	397,336
Other Governmental Funds	 	 <u>-</u>		2,606		432,200	 434,806
	\$ 1,551,188	\$ 175,239	\$	2,606	\$	829,536	\$ 2,558,569

Transfers were made from the Sewer funds to the Water fund to reimburse various costs. Transfers were made from the General Fund to the Other Governmental Funds and between the Other Governmental Funds to provide resources for various projects.

The Sewer Fund transferred \$1,551,188 to the General Fund for lease payments as a result of the sale of land under the decommissioned waste water treatment plant. The lease payment was paid in accordance with the Wastewater Enterprise Lease Agreement between the City of Santa Paula and the Santa Paula Utility Authority.

E) Long-term Debt

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2014 was as follows:

	Beginning					Ending	Dι	ue Within
	Balance	 Additions	Reductions		Balance		One Year	
Governmental Activities:								
Compensated Absences	\$ 418,406	\$ 87,625	\$	(55,566)	\$	450,465	\$	80,000
Loan Payable	206,800	-		(34,550)		172,250		34,550
Claims Liability	2,558,853	-		(232,623)		2,326,230		-
OPEB Obligation	348,647	112,528		(36,090)		425,085		-
Pension Related Debt	2,606,684	 396,960		(507,357)		2,496,287		607,450
Governmental Activities								
Long-term Liabilities	\$ 6,139,390	\$ 597,113	\$	(866,186)	\$	5,870,317	\$	722,000

III) DETAILED NOTES ON ALL FUNDS - Continued

	Beginning Balance		Additions		Reductions		Ending Balance		Due Within One Year
Business-type Activities:									
Revenue Bonds:									
2010 Water Revenue Bonds	¢ 52.245.000	φ		φ	(4.335.000)	φ	E0 000 000	φ	1 270 000
	\$ 52,315,000	\$	-	\$	(1,325,000)	\$	50,990,000	\$	1,370,000
Add Deferred Amounts: Issuance Premiums	1,644,468				(61.960)		1 500 600		
Wastewater Revenue	1,044,400		-		(61,860)		1,582,608		-
Bonds - 2010A	5,685,000		_		(110,000)		5,575,000		115,000
Wastewater Revenue	3,003,000		_		(110,000)		3,373,000		113,000
Bonds -2010B	5,965,000		_		(90,000)		5,875,000		95,000
Add Deferred Amounts:	0,000,000				(00,000)		0,070,000		00,000
Issuance Discounts	(172,786)		_		6,400		(166,386)		_
Notes Payable	496.500		-		-		496.500		-
Wastewater Facilities Lease	,		-		(1,675,118)		64,337,771		1,730,593
Compensated Absences	46,371		21,823		(28,034)		40,160		40,160
Pension Related Debt	174,478		-		(16,891)		157,587		-
Business-type Activities									
Long-term Liabilities	\$132,166,920	\$	21,823	\$	(3,300,503)	\$	128,888,240	\$	3,350,753

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 loans payable are as follows:

	Governmental Activities			
Asset: Improvements Other than Buildings Less: Accumulated Depreciation	\$	345,000 (57,500)		
Total	\$	287,500		

III) DETAILED NOTES ON ALL FUNDS - Continued

Loan Payable

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

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

Fiscal Year				
Ending June 30,	Principal		lı	nterest
	<u></u>	_		_
2015	\$	34,550	\$	13,780
2016		34,550		11,016
2017		34,550		8,252
2018		34,550		5,488
2019		34,050		2,724
		_		_
	\$	172,250	\$	41,260

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.

III) DETAILED NOTES ON ALL FUNDS - Continued

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

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

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

	Business-type Activities	_
Asset: Wastewater Facility Less: Accumulated Depreciation	\$ 70,911,157 (3,545,558)	_
Total	\$ 67,365,599	_

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 are as follows:

Fiscal	Fiscal Busin		
Year Ending June 30,		Activities	
2015	\$	5,539,671	
2016		5,723,033	
2017		5,912,379	
2018		6,107,883	
2019		6,309,750	
2020-2024		34,174,335	
2025-2029		38,765,115	
2030-2034		44,567,127	
2035-2039		50,018,718	
2040		9,268,118	
		_	
Total Minimum Lease Payments		206,386,129	
Less: Interest Amounts	((142,048,358)	
Present Value of Minimum Lease Payments	\$	64,337,771	

III) DETAILED NOTES ON ALL FUNDS - Continued

Revenue Bonds

2010 Water Revenue Bonds

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

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

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

Fiscal Year Ending June 30,	Principal	Interest
2015	\$ 1,370,000	\$ 2,536,750
2016	1,420,000	2,481,950
2017	1,485,000	2,425,150
2018	1,545,000	2,365,750
2019	1,620,000	2,288,500
2020-2024	9,390,000	10,144,500
2025-2029	11,965,000	7,552,000
2030-2034	13,180,000	4,229,825
2035-2039	7,315,000	1,627,750
2040	1,700,000	88,738
	\$ 50,990,000	\$ 35,740,913

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.

III) DETAILED NOTES ON ALL FUNDS - Continued

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

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

Fiscal Year Ending June 30,	Principal		Interest		
2015	\$ 115,000	\$	275,470		
2016	120,000		271,445		
2017	125,000		267,245		
2018	130,000		263,495		
2019	135,000		259,270		
2020-2024	760,000		1,201,425		
2025-2029	975,000		992,375		
2030-2034	1,240,000		719,738		
2035-2039	1,605,000		358,313		
2040	370,000		19,425		
	 		•		
	\$ 5,575,000	\$	4,628,201		

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

Fiscal Year Ending June 30,	Principal	Interest
	 Tillopai	 mtoroot
2015	\$ 95,000	\$ 397,050
2016	100,000	391,825
2017	105,000	386,325
2018	110,000	380,550
2019	115,000	374,500
2020-2024	705,000	1,758,025
2025-2029	965,000	1,488,912
2030-2034	1,340,000	1,112,063
2035-2039	1,880,000	574,000
2040	 460,000	 32,200
	\$ 5,875,000	\$ 6,895,450

III) DETAILED NOTES ON ALL FUNDS - Continued

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

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

Notes Payable

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

Fiscal Year Ending June 30,	F	Principal	1	Interest
2015	\$	-	\$	73,000
2016		-		73,000
2017		-		73,000
2018		-		73,000
2019		-		73,000
2020-2024		-		365,000
2025-2026		496,500		146,136
	\$	496,500	\$	876,136

III) DETAILED NOTES ON ALL FUNDS - Continued

Pension-Related Debt

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

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

Year Ending		Pension-re			
June 30,		Principal	Interest		Total
	_			_	
2015	\$	171,323	\$ 119,153	\$	290,476
2016		193,208	105,983		299,191
2017		217,004	91,162		308,166
2018		242,865	74,546		317,411
2019		270,953	55,981		326,934
2020		301,444	35,298		336,742
2021		334,526	 12,318		346,844
		_	·	•	
Total	\$	1,731,323	\$ 494,441	\$	2,225,764

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

Year Ending	Pension-related Debt				
June 30,	F	Principal	Ir	nterest	Total
2015 2016	\$	436,127 486,424	\$	52,901 18,497	\$ 489,028 504,921
Total	\$	922,551	\$	71,398	\$ 993,949

III) DETAILED NOTES ON ALL FUNDS - Continued

Fiduciary Fund

Tax Allocation Bonds

On March 21, 1994, the Redevelopment Agency of the City of Santa Paula adopted a resolution authorizing the sale of \$6,900,000 aggregate principal amount of Santa Paula Redevelopment Project 1994 Tax Allocation Refunding Bonds at interest rates ranging from 6.345% to 6.548% for the purpose of retiring \$6,000,000 of Tax Allocation Notes issued on November 1, 1992. The bonds mature on December 1 of each year to 2024 with interest payable semi-annually. On June 7, 2000, the Agency defeased \$2,285,000 of the \$6,900,000 Tax Allocation Refunding Bonds by purchasing United States government securities in an irrevocable trust with an escrow agent utilizing existing funds. The bonds are considered to be partially defeased and the related liability has been removed from long-term debt.

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

Fiscal Year Ending June 30,	Principal	Interest
2015	\$ 160,000	\$ 160,590
2016	175,000	150,430
2017	185,000	139,300
2018	200,000	127,500
2019	215,000	114,600
2020-2024	1,265,000	351,300
2025	305,000	19,575
	\$ 2,505,000	\$ 1,063,295

Changes in Long-term Debt

The following is a schedule of changes in long-term debt of the Successor Agency for the fiscal year ended June 30, 2014.

	Beginning Balance			Additions Deletions			Ending Balance		Due Within One Year	
Bonds Payable: Tax Allocation Refunding Bonds Unamortized Discount	\$	2,655,000 (17,105)	\$	-	\$	(150,000) 1,426	\$	2,505,000 (15,679)	\$	160,000
Total	\$	2,637,895	\$		\$	(148,574)		2,489,321	\$	160,000

III) DETAILED NOTES ON ALL FUNDS - Continued

F) Fund Balance

The details of the fund balances as of June 30, 2014 are presented below:

	General Fund	Total Non-major Governmental Funds	Total Governmental Funds		
Nonspendable:					
Loans Receivable	\$ 13,174	\$	\$ 13,174		
Permanent Endowments	, ,,	743,364	743,364		
Restricted for:					
Street Work	3,200,427	3,291,788	6,492,215		
Public Safety		162,813	162,813		
Community Development		90,183	90,183		
Miscellaneous Grants		29,883	29,883		
Cable Television		80,998	80,998		
Hazard Abatement		202,001	202,001		
Inclusionary Housing					
Ordinance		21,813	21,813		
Development Fees		3,456,027	3,456,027		
Committed to:			-		
CJPIA Insurance Premiums	534,000	-	534,000		
Police Vehicles	94,741	-	94,741		
Overhead Rate Study	39,500	-	39,500		
Capital Improvements	538,623	-	538,623		
Assigned to:			-		
Unassigned:	1,009,441	(293,010)	716,431		
Total Fund Balance	\$ 5,429,906	\$ 7,785,860	\$ 13,215,766		

The unassigned category above encompasses fund designations that do not satisfy the criteria of the other categories presented. The \$2,216,305 reported in the General Fund includes the council approved operating reserve of \$1,009,441.

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 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code 6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverage. The Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

2. Self Insurance Programs of the Authority

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

IV) OTHER INFORMATION - Continued

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

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

Workers' Compensation

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

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

3. Purchased Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$52,912,691. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

4. Adequacy of Protection

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

IV) OTHER INFORMATION - Continued

5. Claims and Judgments

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

Year	Beginning of Year Liability		Claim	current Year as and Changes an Estimates	For	m Payments Current and rior Years	End of Year Liability		
2012-2013 2013-2014	\$	2,535,455 2,558,853	\$	94,734	\$	71,336 232,623	\$	2,558,853 2,326,630	

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, as part of a consent judgment entered into on September 24, 2007, was required to construct a new water recycling facility ("WRF") no later than December 15, 2010. The WRF was constructed and placed into operation prior to the December 15, 2010 deadline. However, the WRF does not fully comply with the consent judgment, and therefore, may be subject to additional penalties. The amount of penalties, if any, has not been determined.

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.

IV) OTHER INFORMATION - Continued

C) Employee Retirement Systems and Pension Plans

Defined Benefit Pension Plan

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

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

Funding Policy. Safety and miscellaneous plan members are required to contribute 8% and 9%, respectively of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. As of the 2007-08 fiscal year, both plans were required to participate in risk pools, which includes pooled employer contribution rates. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2014 was 28.093% and 10.781% for Tier 1 and Tier 2 for miscellaneous employees and 39.266% 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 ontributions	Percentage Contributed			
6/30/12	\$ 1,465,197	100%			
6/30/13	\$ 2,114,132	100%			
6/30/14	\$ 2,218,679	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. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. DPHP selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through City resolution. The DPHP does not issue a publicly available report.

IV) OTHER INFORMATION - Continued

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by the Council. The City contributed \$115 per employee from July through December 2013, and \$119 thereafter.

Annual OPEB Cost. For 2014, the City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Annual required contribution	\$ 111,683
Interest on net OPEB obligation	17,432
Adjustment to annual required contribution	(16,587)
Annual OPEB cost (expense)	112,528
Contributions made	(36,090)
Increase in net OPEB obligation	 76,438
Net OPEB obligation – beginning of the year	348,647
Net OPEB obligation – end of the year	\$ 425,085

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, 2014 and the two preceding fiscal years as follows:

	THR	REE-YEAR TRE	END INFORMATION DP	HP					
Fiscal	An	nual OPEB	Percentage of	Net OPEB					
Year	С	ost (AOC)	OPEB Cost	Obligation					
		,	Contributed	Contributed					
6/30/14	\$	112,528	32.1%	425,085					
6/30/13	\$	112,344	32.1%	348,647					
6/30/12	\$	108,685	32.6%	272,393					

Funded Status and Funding Progress. As of July 1, 2012, the actuarial valuation accrued liability for benefits was \$1,174,307, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,126,370 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 50 percent.

IV) OTHER INFORMATION - Continued

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

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

Valuation Date	July 1, 2012
Discount Rate	0.05
Ultimate Trend Rate	0.05
HealthCare trend rates: Initial, Ultimate	.08, .05
Dental	0.04
Vision (tied to dental)	0.04
Other (tied to dental)	0.04
Age-adjustment factor	0
Cap inflator	
(neg = full inflation, 0 = frozen)	0.04
Percent of Retirees with Spouses)	0.6

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 position for \$493,258. The loans receivable balance of \$0 is net of the allowance.

F) Construction Commitments

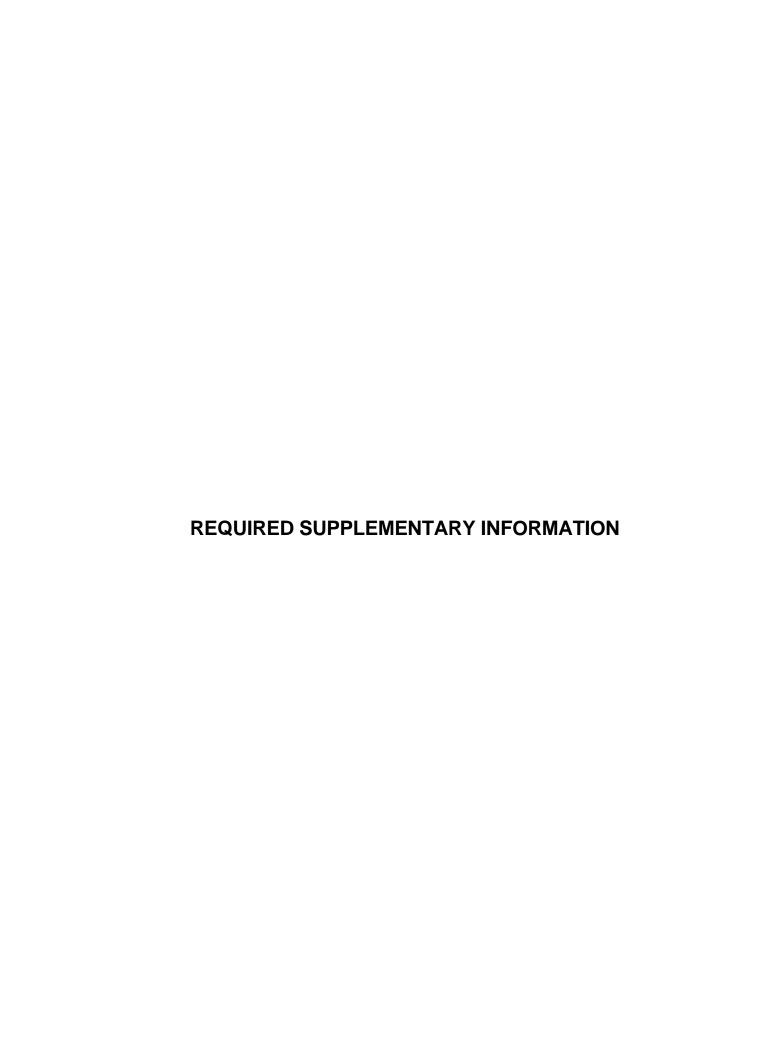
The estimated amount of remaining construction contract obligations at year-end is \$643,145.

IV) OTHER INFORMATION - Continued

G) Prior Period Adjustment

The prior period adjustment in the Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities – Governmental Activities of \$107,216 is the result of reclassifying deposits which should have been recognized as revenues when received.

The prior period adjustment in the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Activities – Business-type Activities of \$6,994,073 is to remove assets capitalized in prior years for a project that was never completed and should have been expensed.



City of Santa Paula Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - General Fund For the Year Ended June 30, 2014

	Budgeted	l Amounts	Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 8,067,000	\$ 8,241,550	\$ 8,438,655	\$ 197,105
Licenses & Permits	434,100	434,100	332,928	(101,172)
Intergovernmental	352,800	382,800	395,077	12,277
Charges for Services	1,071,594	1,138,594	1,058,884	(79,710)
Fines and Forfeitures	231,750	231,750	184,711	(47,039)
Investment Earnings	3,200	3,200	5,530	2,330
Other Revenues	59,890	155,890	199,091	43,201
Total Revenues	10,220,334	10,587,884	10,614,876	26,992
EXPENDITURES				
Current:				
General Government	1,321,464	1,324,527	1,140,559	183,968
Building and Safety	333,000	463,032	432,414	30,618
Community Services	978,121	1,010,669	1,045,047	(34,378)
Financial Services	484,512	486,574	455,893	30,681
Fire	2,241,415	2,408,837	2,398,095	10,742
Planning	613,323	615,793	463,683	152,110
Police	4,870,266	5,058,697	5,352,200	(293,503)
Public Works	1,564,468	1,585,573	436,123	1,149,450
Total Expenditures	12,406,569	12,953,702	11,724,014	1,229,688
Excess (Deficiency) of Revenues				
over Expenditures	(2,186,235)	(2,365,818)	(1,109,138)	1,256,680
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	1,551,188	1,551,188
Transfers Out	-	-	(397,336)	(397,336)
Sale of Capital Assets	1,600,000	1,600,000		(1,600,000)
Total Other Financing				
Sources (Uses)	1,600,000	1,600,000	1,153,852	(446,148)
Net Change in Fund Balances	(586,235)	(765,818)	44,714	810,532
Fund Balances, Beginning	5,277,976	5,277,976	5,277,976	-
Restatement of Net Position			107,216	107,216
Fund Balances, Ending	\$ 4,691,741	\$ 4,512,158	\$ 5,429,906	\$ 917,748

City of Santa Paula Schedule of Funding Progress for DPHP For the Year Ended June 30, 2014

						Actuarial						
						Accrued						UAAL as a
Actua	uarial Actuarial Liability				Unfunded					Percentage of		
Valua	ation		Value of		(/	AAL) Entry	AAL	Fund	ed	Covered		Covered
Da	te		Assets			Age	(UAAL)	Rati	0	Payroll		Payroll
			(A)			(B)	(B - A)	(A/E	3)		(C)	[(B-A)/C]
06/30	0/09	\$		-	\$	1,115,534	\$ 1,115,534	0%)	\$	2,199,767	50.71%
07/0	1/12	\$		-	\$	1,174,307	\$ 1,174,307	0%)	\$	2,126,370	55.23%

City of Santa Paula Notes to Required Supplementary Information June 30, 2014

Budgetary Information

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

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

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

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



City of Santa Paula Nonmajor Governmental Funds June 30, 2014

Special Revenue Funds

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

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

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

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

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

CA Oil Museum Fund - 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.

DOJ-BJA Local Law Enforcement Fund - 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.

SAFER Grant Fund - This fund is used to account for grants specific for Fire Department staffing.

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.

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.

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.

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.

City of Santa Paula Nonmajor Governmental Funds - Continued June 30, 2014

Special Revenue Funds - Continued

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.

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.

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, 2014

Capital Project Funds

Congestion Management and Air Quality Fund - This fund is used to account for specific revenue sources that are restricted for congestion management and air quality.

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, 2014

Capital Project Funds - continued

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

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

Permanent Funds

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

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

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

City of Santa Paula Combining Balance Sheet Nonmajor Governmental Funds June 30, 2014

	Special Revenue	Capital Projects	Permanent Funds	Total
ASSETS				
Cash and Investments	\$ 3,740,426	\$ 3,453,289	\$ 788,856	\$ 7,982,571
Receivables	337,562	1,751	9,403	348,716
Loans Receivable	480,084	-	-	480,084
Advances to Other Funds	-	126,041	-	126,041
Cash - Restricted	24,015			24,015
Total Assets	\$ 4,582,087	\$ 3,581,081	\$ 798,259	\$ 8,961,427
LIABILITIES				
Accounts Payable and Accrued				
Liabilities	\$ 113,415	\$ 5,234	\$ 16,283	\$ 134,932
Due to Other Funds	321,792	· -	-	321,792
Advances From Other Funds		100,000	126,041	226,041
Total Liabilities	435,207	105,234	142,324	682,765
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	12,718	-	-	12,718
Unavailable Revenues - Loans Receivable	480,084			480,084
Total Deferred Inflows of Resources	492,802			492,802
FUND BALANCE				
Nonspendable	_	_	743,364	743,364
Restricted	3,857,666	3,477,840	-	7,335,506
Unassigned	(203,588)	(1,993)	(87,429)	(293,010)
Total Fund Balances	3,654,078	3,475,847	655,935	7,785,860
Total Liabilities, Deferred Inflows of				
Resources and Fund Balances	\$ 4,582,087	\$ 3,581,081	\$ 798,259	\$ 8,961,427

City of Santa Paula Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2014

	Mobile Home Rent Review	State Gas Tax	Local Transportation TDA	Housing and Community Development I	(CDBG) Housing and Community Development II	
ASSETS Cash and Investments Receivables Loans Receivable Cash - Restricted	\$ - - - -	\$ 2,162,675 94,284 -	\$ 861,472 374 - -	\$ 69,773 35 -	\$ - 15,191 263,520 24,015	
Total Assets	\$ -	\$ 2,256,959	\$ 861,846	\$ 69,808	\$ 302,726	
LIABILITIES Accounts Payable and Accrued Liabilities Due to Other Funds Total Liabilities	\$ - 172,938 172,938	\$ 37,781	\$ 4,712 	\$ - -	\$ 4,374 39,214 43,588	
DEFERRED INFLOWS OF RESOURCES Unavailable Revenues - Grants Unavailable Revenues - Loans Receivable		-		-	263,520	
Total Deferred Inflows of Resources					263,520	
FUND BALANCE Restricted Unassigned	(172,938)	2,219,178	857,134 -	69,808	(4,382)	
Total Fund Balances	(172,938)	2,219,178	857,134	69,808	(4,382)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 2,256,959	\$ 861,846	\$ 69,808	\$ 302,726	

CA Oil useum	Asset rfeiture	Ope	borough n Space essment	Loc: Enfor	J-BJA al Law ecment 3/04	Trans	Local sportation Article 3	 SAFER Grant		Cal Home Grant Dept. of HCD	
\$ 2,015	\$ 6,749 3 -	\$	- 172 -	\$	- 928 -	\$	3,961 1 -	\$ 96,875 - -	\$	8,087 - 216,564	
\$ 2,015	\$ 6,752	\$	172	\$	928	\$	3,962	\$ 96,875	\$	224,651	
\$ 5,786	\$ -	\$	705 661	\$	- 928	\$	1,400	\$ 12,333 76,406	\$	-	
5,786	-		1,366		928		1,400	 88,739			
-	-		-		-		-	-		- 216,564	
								 		216,564	
(3,771)	6,752		- (1,194)		- -		2,562 -	8,136 -		8,087 -	
(3,771)	6,752		(1,194)		-		2,562	8,136		8,087	
\$ 2,015	\$ 6,752	\$	172	\$	928	\$	3,962	\$ 96,875	\$	224,651	

CONTINUED

City of Santa Paula Combining Balance Sheet Nonmajor Special Revenue Funds (Continued) June 30, 2014

	NPDES Storm Water Quality		SLESF-COPS State		Beverage Container Recycling		Area Agency on Aging		State Homeland Security Grant	
ASSETS Cash and Investments Receivables Loans Receivable Cash - Restricted	\$	9,993 41,239 - -	\$	129,921 25,064 - -	\$	9,130 5 - -	\$	8,970 6,091 - -	\$	- - -
Total Assets	\$	51,232	\$	154,985	\$	9,135	\$	15,061	\$	
LIABILITIES Accounts Payable and Accrued Liabilities Due to Other Funds	\$	197 <u>-</u>	\$	7,060	\$	- -	\$	2,773	\$	- 442
Total Liabilities		197		7,060				2,773		442
DEFERRED INFLOWS OF RESOURCES Unavailable Revenues - Grants Unavailable Revenues - Loans Receivable		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		- -
Total Deferred Inflows of Resources				<u> </u>		<u> </u>				
FUND BALANCE Restricted Unassigned		51,035 -		147,925		9,135		12,288		- (442)
Total Fund Balances		51,035		147,925		9,135		12,288		(442)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$	51,232	\$	154,985	\$	9,135	\$	15,061	\$	

Federal STP	Used Oil ock Grant	Cable elevision Fund	ormwater Program	ancement Grant				ellaneous State Grants
\$ - -	\$ 20,737 11 -	\$ 72,906 8,092	\$ 169,464 89	\$ - 34,497 -	\$	- 12,718 -	\$	- 1,081 -
\$ -	\$ 20,748	\$ 80,998	\$ 169,553	\$ 34,497	\$	12,718	\$	1,081
\$ -	\$ - -	\$ - -	\$ 7,674 -	\$ 25,236 17,404	\$	- 12,718	\$	- 1,081
	 		 7,674	42,640		12,718		1,081
-	- -	- -	-	-		12,718		-
_	_	_	-			12,718		_
- -	 20,748	80,998	161,879 -	- (8,143)		- (12,718)		- -
	 20,748	80,998	 161,879	(8,143)		(12,718)		
\$ -	\$ 20,748	\$ 80,998	\$ 169,553	\$ 34,497	\$	12,718	\$	1,081

City of Santa Paula Combining Balance Sheet Nonmajor Special Revenue Funds (Continued) June 30, 2014

	Н	HAD-GEO azardous tement Dist	 Total
ASSETS Cash and Investments Receivables Loans Receivable Cash - Restricted	\$	204,573 812 - -	\$ 3,740,426 337,562 480,084 24,015
Total Assets	\$	205,385	\$ 4,582,087
LIABILITIES Accounts Payable and Accrued Liabilities Due to Other Funds	\$	3,384	\$ 113,415 321,792
Total Liabilities		3,384	435,207
DEFERRED INFLOWS OF RESOURCES Unavailable Revenues - Grants Unavailable Revenues - Loans Receivable		<u>-</u>	 12,718 480,084
Total Deferred Inflows of Resources		-	492,802
FUND BALANCE Restricted Unassigned		202,001	3,857,666 (203,588)
Total Fund Balances		202,001	 3,654,078
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$	205,385	\$ 4,582,087

City of Santa Paula Combining Balance Sheet Nonmajor Capital Projects Funds June 30, 2014

	Congestion Management and Air Quality		Library Expansion Facilities		Law Enforcement Facilities		Water Distribution Facilities		Н	lusionary lousing dinance
ASSETS Cash and Investments	\$		\$	224,955	\$	14,455	\$	757,470	\$	21,802
Receivables	Ψ	-	Ψ	114	Ψ	8	Ψ	383	Ψ	11
Advances to Other Funds										
Total Assets	\$		\$	225,069	\$	14,463	\$	757,853	\$	21,813
LIABILITIES AND FUND BALANCES Liabilities: Accounts Payable and Accrued										
Liabilities Advances From Other Funds	\$	<u>-</u>	\$	- -	\$	3,282	\$	-	\$	<u>-</u>
Total Liabilities						3,282				
Fund Balances: Restricted Unassigned		-		225,069		11,181		757,853		21,813
Onassigned										
Total Fund Balances		-		225,069		11,181		757,853		21,813
Total Liabilities and Fund Balances	\$		\$	225,069	\$	14,463	\$	757,853	\$	21,813

Fire otection acilities	Public Meeting acilities	Go	General overnment acilities	lm	Traffic Impact Fees		arks and ecreation acilities	Parkland Facilities	orp Yard acilities
\$ 26,903 14 -	\$ 314,515 160	\$	220,645 112 -	\$	461,008 231 -	\$	20,393 12 -	\$ 1,041,372 524 126,041	\$ 97,952 55 -
\$ 26,917	\$ 314,675	\$	220,757	\$	461,239	\$	20,405	\$ 1,167,937	\$ 98,007
\$ - -	\$ - -	\$	1,952 -	\$	- -	\$	- -	\$ - -	\$ 100,000
-	-		1,952		_		-		100,000
26,917 -	314,675		218,805		461,239 -		20,405	1,167,937 -	 - (1,993)
26,917	314,675		218,805		461,239		20,405	1,167,937	(1,993)
\$ 26,917	\$ 314,675	\$	220,757	\$	461,239	\$	20,405	\$ 1,167,937	\$ 98,007

City of Santa Paula Combining Balance Sheet Nonmajor Capital Projects Funds - Continued June 30, 2014

	Sewer Collection Facilities		Storm Drain Facilities		Harding Park Improvements		Quality pact Fee	Total	
ASSETS	¢ 100.706		•		•				
Cash and Investments Receivables	\$	123,706 62	\$	124,307 63	\$	-	\$ 3,806 2	\$ 3,453,289 1,751	
Advances to Other Funds								126,041	
Total Assets	\$	123,768	\$	124,370	\$		\$ 3,808	\$ 3,581,081	
LIABILITIES AND FUND BALANCES Liabilities: Accounts Payable and Accrued									
Liabilities: Advances From Other Funds	\$	-	\$	-	\$	-	\$ -	\$ 5,234 100,000	
Total Liabilities							 	105,234	
Fund Balances: Restricted Unassigned		123,768		124,370		- -	3,808	3,477,840 (1,993)	
Total Fund Balances		123,768		124,370			 3,808	3,475,847	
Total Liabilities and Fund Balances	\$	123,768	\$	124,370	\$		\$ 3,808	\$ 3,581,081	

City of Santa Paula Combining Balance Sheet Nonmajor Permanent Funds June 30, 2014

	ommunity Center ndowment	Museum Endowment	Harding ark Trust	Total
ASSETS Cash and Investments Receivables	\$ 531,404 270	\$ 211,583 107	\$ 45,869 9,026	\$ 788,856 9,403
Total Assets	\$ 531,674	\$ 211,690	\$ 54,895	\$ 798,259
LIABILITIES AND FUND BALANCES Liabilities: Accounts Payable Advances from Other Funds Total Liabilities	\$ - -	\$ - 	\$ 16,283 126,041	\$ 16,283 126,041
Fund Balances: Nonspendable Unassigned	531,674 -	211,690	 142,324	 743,364 (87,429)
Total Fund Balance	 531,674	211,690	 (87,429)	 655,935
Total Liabilities and Fund Balances	\$ 531,674	\$ 211,690	\$ 54,895	\$ 798,259

City of Santa Paula Combining Satement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds For the Year Ended June 30, 2014

	Special Revenue	Capital Projects	Permanent Funds	Total
REVENUES				
Taxes	\$ 49,525	\$ 222,338	\$ -	\$ 271,863
Intergovernmental	2,940,206	245	-	2,940,451
Charges for Services	196,126	-	91,742	287,868
Fines and Forfeitures	1,947	-	-	1,947
Investment Earnings	27,384	7,952	1,831	37,167
Other Revenues	244,512		3,720	248,232
Total Revenues	3,459,700	230,535	97,293	3,787,528
EXPENDITURES				
General Government	5,022	90,371	_	95,393
Building and Safety	81,236	243	_	81,479
Community Services	275,299	120,626	78,683	474,608
Financial Services	2,723	-	-	2,723
Fire	441,120	32,601	_	473,721
Planning	, -	10,000	-	10,000
Police	90,058	45,112	_	135,170
Public Works	1,082,051	2,130	_	1,084,181
Debt Service:	, ,	,		, ,
Principal	34,550	_	_	34,550
Interest	17,448			17,448
Total Expenditures	2,029,507	301,083	78,683	2,409,273
Excess (Deficiency) of Revenues				
Over Expenditures	1,430,193	(70,548)	18,610	1,378,255
OTHER FINANCING SOURCES (USES)				
Transfers In	828,305	1,231	_	829,536
Transfers Out	(430,969)	(2,606)	(1,231)	(434,806)
	(100,000)	(=,==)	(1,=11)	(101,000)
Total Other Financing				
Sources (Uses)	397,336	(1,375)	(1,231)	394,730
Net Change in Fund Balances	1,827,529	(71,923)	17,379	1,772,985
Fund Balances - Beginning	1,826,549	3,547,770	638,556	6,012,875
Fund Balances - Ending	\$ 3,654,078	\$ 3,475,847	\$ 655,935	\$ 7,785,860

City of Santa Paula Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Special Revenue Funds For the Year Ended June 30, 2014

	Mobile Home Rent Review	State Gas Tax	Local Transportation TDA	Housing and Community Development I	(CDBG) Housing and Community Development II
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	948,654	788,000	-	141,303
Charges for Services	9,962	10,950	-	-	13,958
Fines and Forfeitures Investment Earnings	-	3,215	1,296	160	- 8,455
Other Revenues	-	3,213	1,290	-	11,204
Carlot Revenues					11,201
Total Revenues	9,962	962,819	789,296	160	174,920
EXPENDITURES					
General Government	4,797	-	-	-	-
Building and Safety	-	-	-	-	81,236
Community Services	-	-	-	-	18,567
Financial Services	-	-	2,723	-	-
Fire	-	-	-	-	-
Police Public Works	-	- 779,831	- 45,104	-	59,086
Debt Service:	_	113,031	45,104	_	39,000
Principal	_	_	_	_	_
Interest	-	-	-	-	-
Total Expenditures	4,797	779,831	47,827		158,889
Evenes (Deficiency) of Devenues					
Excess (Deficiency) of Revenues Over Expenditures	5,165	182,988	741,469	160	16,031
Over Experialtures	3,103	102,900	741,403	100	10,031
OTHER FINANCING SOURCES (USES)					
Transfers In	-	828,305	-	-	-
Transfers Out			(430,969)		
Total Other Financing Sources (Uses)	-	828,305	(430,969)	-	_
3 ()					
Net Change in Fund Balances	5,165	1,011,293	310,500	160	16,031
Fund Balances - Beginning	(178,103)	1,207,885	546,634	69,648	(20,413)
Fund Balances - Ending	\$ (172,938)	\$ 2,219,178	\$ 857,134	\$ 69,808	\$ (4,382)

CA Oil luseum	Ass Forfe		Hillsborough Open Space Assessment		DOJ-BJA Local Law Enforecment 03/04		Local Transportation TDA Article 3		SAFER Grant		CAL Home Grant Dept. of HCD	
\$ -	\$	-	\$	8,291	\$	-	\$	-	\$	-	\$	-
- 22,862		-		-		10,012		2,515 -		760,760		-
-		1,947		-		-		-		-		-
 13,071 165,768		16 -		4 -		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
 201,701		1,963		8,295		10,012		2,515		760,760		
-		-		-		-		-		-		225
-		-		-		-		-		-		-
197,272 -		-		-		-		-		-		-
-		-		-		-		-		414,919		-
-		2,317		-		10,012		-		-		-
-		-		9,171		-		1,400		-		-
- -		-		-		- -		-		- -		<u>-</u>
 197,272		2,317		9,171		10,012		1,400		414,919		225
 4,429		(354)		(876)				1,115		345,841		(225)
- -		- -		- -		- -		- -		- -		- -
 				_								-
4,429		(354)		(876)		-		1,115		345,841		(225)
 (8,200)		7,106		(318)				1,447		(337,705)		8,312
\$ (3,771)	\$	6,752	\$	(1,194)	\$		\$	2,562	\$	8,136	\$	8,087

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, 2014

	Sto	NPDES Storm Water Quality		SLESF-COPS State		everage ontainer ecycling	Area Agency on Aging		State Homeland Security Grant	
REVENUES										
Taxes	\$	41,234	\$	-	\$	-	\$	-	\$	-
Intergovernmental Charges for Services		-		125,000		-		20,062		25,759
Fines and Forfeitures		-		-		-		-		-
Investment Earnings		40		261		43		22		-
Other Revenues								11,718		
Total Revenues		41,274		125,261		43		31,802		25,759
EXPENDITURES										
General Government		-		-		-		-		-
Building and Safety		-		-		-		-		-
Community Services Financial Services		-		-		13,299		31,437		-
Fire		-		_		-		-		26,201
Police		-		93,397		-		-		
Public Works		48,458		-		195		-		-
Debt Service:										
Principal Interest		-		-		-		-		-
interest										
Total Expenditures		48,458		93,397		13,494		31,437		26,201
Excess (Deficiency) of Revenues										
Over Expenditures		(7,184)		31,864		(13,451)		365		(442)
OTHER FINANCING SOURCES (USES)										
Transfers In		-		-		-		-		-
Transfers Out		-								
Total Other Financing Sources (Uses)										
Net Change in Fund Balances		(7,184)		31,864		(13,451)		365		(442)
Fund Balances - Beginning		58,219		116,061		22,586		11,923		
Fund Balances - Ending	\$	51,035	\$	147,925	\$	9,135	\$	12,288	\$	(442)

	deral TP	CA Used Oil Block Grant			Cable Television Fund		ormwater Program Fund	Enh	sportation ancement Grant		BJA Vest Grant	Miscellaneous State Grants	
\$	-	\$	- 8,633	\$	- - 32,623	\$	109,508	\$	- -	\$	-	\$	- - -
	- - -		- 42 -				308 -		- - 55,822		- - -		- - -
			8,675		32,623		109,816		55,822				
	-		-		-		-		-		-		-
	-		-		14,724 - -		-		- -		-		-
	-		- 6,423		-		- 55,593		63,704		(15,668) -		-
	<u>-</u>		-		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		-
			6,423		14,724		55,593		63,704		(15,668)		
			2,252		17,899		54,223		(7,882)		15,668		
	-		-		-		-		-		-		-
			-		-		-		-		-		-
	-		2,252		17,899		54,223		(7,882)		15,668		-
\$		\$	18,496 20,748	<u> </u>	63,099 80,998	\$	107,656 161,879	\$	(8,143)	\$	(28,386)	\$	
Ψ		Ψ	20,170	Ψ	00,000	Ψ	101,019	Ψ	(0,170)	Ψ	(12,110)	Ψ	

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, 2014

	GHAD-GEO Hazardous Abatement Dist		Total
REVENUES			
Taxes	\$ -	\$	49,525
Intergovernmental	-	Ψ	2,940,206
Charges for Services	105,771		196,126
Fines and Forfeitures	-		1,947
Investment Earnings	451		27,384
Other Revenues			244,512
Total Revenues	106,222		3,459,700
EXPENDITURES			
General Government	-		5,022
Building and Safety	-		81,236
Community Services	-		275,299
Financial Services	-		2,723
Fire	-		441,120
Police	-		90,058
Public Works	13,086		1,082,051
Debt Service:	04.550		0.4.550
Principal	34,550		34,550
Interest	17,448	_	17,448
Total Expenditures	65,084		2,029,507
Excess (Deficiency) of Revenues			
Over Expenditures	41,138		1,430,193
OTHER FINANCING SOURCES (USES)			
Transfers In	-		828,305
Transfers Out			(430,969)
Total Other Financing Sources (Uses)			397,336
Net Change in Fund Balances	41,138		1,827,529
Fund Balances - Beginning	160,863		1,826,549
Fund Balances - Ending	\$ 202,001	\$	3,654,078

City of Santa Paula

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Capital Project Funds For the Year Ended June 30, 2014

	Congestion Management and Air Quality		Library Expansion Facilities		Law Enforcement Facilities		Water Distribution Facilities		Inclusionary Housing Ordinance	
REVENUES										
Taxes	\$	-	\$	15,651	\$	6,207	\$	12,670	\$	-
Charges for Services		-		-		245		-		-
Investment Earnings				549		96		1,715		56
Total Revenues				16,200		6,548		14,385		56
EXPENDITURES										
General Government		-		88,418		-		-		-
Building and Safety		-		-		-		-		-
Community Services		-		-		-		-		-
Fire		-		-		-		-		-
Planning		-		-		-		-		10,000
Police		-		-		45,112		-		-
Public Works		-		-		-		-		-
Economic Development								-		
Total Expenditures				88,418		45,112				10,000
Excess (Deficiency) of Revenues										
Over Expenditures				(72,218)		(38,564)		14,385		(9,944)
OTHER FINANCING SOURCES (USES)	1									
Transfers In		-		-		-		-		-
Transfers Out										
Total Other Financing Sources (Uses)						<u> </u>				
Net Change in Fund Balances		-		(72,218)		(38,564)		14,385		(9,944)
Fund Balances - Beginning				297,287		49,745		743,468		31,757
Fund Balances - Ending	\$		\$	225,069	\$	11,181	\$	757,853	\$	21,813

Fire rotection acilities	Public Meeting Facilities	Go	General overnment Facilities	Traffic pact Fees	Parks and Recreation Facilities		Parkland Facilities		Corp Yard Facilities	
\$ 5,168	\$ 13,022	\$	13,551	\$ 66,490	\$	-	\$	82,067	\$	-
100	 709		- 494	 972		- 191		2,261		243
5,268	13,731		14,045	 67,462		191		84,328		243
_	_		1,953	_		_		_		_
_	_		-	_		_		_		243
-	-		-	_		106,162		14,464		
32,601	-		-	-		-		-		-
-	-		-	-		-		-		-
-	-		-	-		-		-		-
-	-		-	148		-		-		-
 	 			 				-		
 32,601	 		1,953	 148		106,162		14,464		243
 (27,333)	13,731		12,092	 67,314		(105,971)		69,864		
-	-		-	-		-		-		-
-	-									
(27,333)	13,731		12,092	67,314		(105,971)		69,864		-
 54,250	300,944		206,713	393,925		126,376	1	,098,073		(1,993)
\$ 26,917	\$ 314,675	\$	218,805	\$ 461,239	\$	20,405	\$ 1	,167,937	\$	(1,993)

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, 2014

	Sewer Collection Facilities		Storm Drain Facilities		Harding Park Improvements		Air Quality Impact Fee		Total	
REVENUES										
Taxes	\$	5,162	\$	2,350	\$	-	\$	-	\$	222,338
Intergovernmental		-		-		-		-		245
Investment Earnings		276		281				9		7,952
Total Revenues		5,438		2,631				9		230,535
EXPENDITURES										
General Government		-		-		-		-		90,371
Building and Safety		-		-		-		-		243
Community Services		-		-		-		-		120,626
Fire		-		-	-			-		32,601
Planning		-		-		-		-		10,000
Police	-		-		-		-			45,112
Public Works	1,982		-		-		-			2,130
Economic Development										
Total Expenditures		1,982								301,083
Excess (Deficiency) of Revenues										
Over Expenditures		3,456		2,631				9		(70,548)
OTHER FINANCING SOURCES (USES)										
Transfers In		-		-		1,231		-		1,231
Transfers Out		(2,606)		-		-				(2,606)
Total Other Financing		(0,000)				4 004				(4.075)
Sources (Uses)		(2,606)				1,231				(1,375)
Net Change in Fund Balances		850		2,631		1,231		9		(71,923)
Fund Balances - Beginning		122,918		121,739		(1,231)		3,799	3	3,547,770
Fund Balances - Ending	\$	123,768	\$	124,370	\$		\$	3,808	\$ 3	3,475,847

City of Santa Paula Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Permanent Funds For the Year Ended June 30, 2014

	Community Center Endowment		Museum Idowment	Harding ark Trust		Total
REVENUES Investment Earnings Charges for Services Other Revenues	\$	1,214 - 3,720	\$ 485 - -	\$ 132 91,742 -	\$	1,831 91,742 3,720
Total Revenues		4,934	 485	 91,874	97,293	
EXPENDITURES Community Services Public Works		1,092 -	436 -	77,155 -		78,683 -
Total Expenditures		1,092	 436	 77,155		78,683
Excess (Deficiency) of Revenues Over Expenditures		3,842	49	 14,719		18,610
OTHER FINANCING SOURCES (USES) Transfers Out			<u> </u>	(1,231)		(1,231)
Total Other Financing Sources (Uses)			 <u>-</u>	 (1,231)		(1,231)
Net Change in Fund Balances		3,842	49	13,488		17,379
Fund Balances - Beginning		527,832	 211,641	 (100,917)		638,556
Fund Balances - Ending	\$	531,674	\$ 211,690	\$ (87,429)	\$	655,935