TOWN OF PARADISE

ANNUAL FINANCIAL REPORT
June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Town Council
Paradise, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Paradise (Town) California, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Town's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Paradise, California as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Town of Paradise, California, will continue as a going concern. As discussed in Note 16 of the notes to the financial statements, the Town's general fund cash balance has been depleted and there was no unassigned fund balance amount remaining to fund the ongoing activities of the Town (with a majority of the fund balance being categorized as nonspendable for advances due from the RDA fund) as of the fiscal year ended June 30, 2011. Additionally, the Town had net assets of $1,174,971 in governmental activities, an annual OPEB cost for the fiscal year ended June 30, 2011 of $2,156,863 and a UAAL amount of $21,236,756 (per information provided in the GASB 45 Actuarial Valuation Report). The annual OPEB cost for the fiscal year ended June 30, 2012 is $2,262,266 (per information provided in the GASB 45 Actuarial Valuation Report). These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 16. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in note 1 of the notes to basic financial statements effective July 1, 2010, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59, *Financial Instruments Omnibus.*

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In accordance with *Government Auditing Standards*, we have also issued a report dated March 26, 2012, on our consideration of the Town'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 3 through 11, the Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Fund, Home Grant Fund, Redevelopment Agency Fund, CAL Home Rehabilitation Fund, and the Schedule of Funding Progress-Other Post-employment Benefits on pages 65 through 71 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 them to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-Capital Improvement Fund, the Combining Non-major Governmental Funds Financial Statements, Non-major Funds Budgetary Comparison Schedules, and Fiduciary Funds financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-Capital Improvement Fund, the Combining Non-major Governmental Funds Financial Statements, Non-major Funds Budgetary Comparison Schedules, and Fiduciary Funds Financial Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, CA
March 26, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Paradise's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

- Net assets increased 22.6 percent by $216,482 or to $1.17 million from a year ago.
- The ending general fund balance for June 30, 2011 is $1,692,426 a 9.3% decrease.
- Capital assets increased $780,160 after accumulated depreciation or 5.7 percent compared to the prior year.
- The Town had $20.59 million in outstanding debt, a decrease of 1.4 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements follow. For governmental activities, the statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts as a trustee or agent for the benefit of those outside the government.

REPORTING THE TOWN AS A WHOLE

The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting which recognizes all of the current year's revenues and expenses regardless of when cash is received or paid.

In the Statement of Net Assets and the Statement of Activities, the Town is reporting its governmental activities. Most of the Town's basic services are reported here, including the police, fire, community development, engineering, and general administration. Property taxes, motor vehicle in lieu, and sales taxes fund most of these activities.

The Town discontinued its business-type activities in 2010/11 as the service fees charged weren't sustaining the primary services of the onsite and development services divisions. The divisions were combined to improve efficiencies. Also, recognizing the importance of maintaining net assets, the Town negotiated medical caps with four of the six employee units thereby decreasing the future long term liabilities associated with post employment benefits.

The Town's assets decreased less than one percent or $46,289 to $24.8 million; however, the Town's liabilities also decreased over one percent, $262,771 to $23.7 million. Thus net assets increased 22.6 percent by $216,482 or to $1.17 million from a year ago. Table 1 below shows a summary of the Net Assets.

Table 1
Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	$10,327,243	$11,034,812		$118,880	$10,327,243	$11,153,692
Capital assets	14,519,625	13,690,454		49,011	14,519,625	13,739,465
Total Assets	24,846,868	24,725,266		167,891	24,846,868	24,893,157
Long term liabilities (due in more than one year)	(19,446,072)	(19,486,571)		(331,865)	(19,446,072)	(19,818,436)
Other liabilities	(4,225,825)	(4,048,075)		(68,157)	(4,225,825)	(4,116,232)
Total liabilities	(23,671,897)	(23,534,646)		(400,022)	(23,671,897)	(23,934,668)
Net Assets:						
Invested in capital assets, net of debt	8,511,315	7,480,955		0	8,511,315	7,480,955
Restricted	6,838,732	540,623			6,838,732	540,623
Unrestricted	(14,175,076)	(6,830,958)		(232,131)	(14,175,076)	(7,063,089)
Total Net Assets	$1,174,971	$1,190,620		$(232,131)	$1,174,971	$958,489

The current actuarial study indicates that the net OPEB obligation at the end of the fiscal year June 30, 2011 is $3,247,374. Because of the tremendous reduction in future OPEB obligations obtained through employee agreement, only a minimal $123,052 was a required addition to liabilities for 2010/11. Please refer to the section on "Next Year's Budget and Assumptions" for additional information on how the Town plans to further decrease this obligation.

As mentioned earlier, the reader will notice a marked decrease in business-type activities. Onsite and building type activities are now accounted for as Governmental Activities. As those divisions were not self sustaining as previously designed, those divisions were combined and restructured in order to more efficiently share personnel resources of other governmental activity funds.

Table 2 below shows another perspective of the net assets of the Town. This year's Town revenues decreased by $225,267 or 1.4 percent. As has been seen nationwide, recession recovery is slow. Property taxes, motor vehicle in-lieu, and charges for services all decreased. Only other taxes which includes sales tax, transient occupancy tax and franchise taxes are showing modest increases. The total cost of programs and services decreased by $2,204,501 or 14 percent. While significant concessions were made by employees to reduce the salary and benefit expenses of the Town and departments cut operating expenses by as much as possible, the reporting of the GASB 45 OPEB liability resulted in the majority of the decreased expense that is reported.

Table 2
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues:						
Charges for Services	$1,135,641	$561,403		$672,014	$1,135,641	$1,233,417
Operating Contributions & Grants	3,063,234	2,899,824		66,045	3,063,234	2,965,869
Capital Contributions & Grants	754,047	1,331,716	335,242		1,089,289	1,331,716
General Revenues:						
Property Taxes	4,748,170	4,886,605			4,748,170	4,886,605
Other Taxes	2,812,393	2,644,865			2,812,393	2,644,865
Motor vehicle in-lieu	2,127,665	2,186,704			2,127,665	2,186,704
Other general revenues	617,863	558,141		12,205	617,863	570,346
Total Revenues	15,259,013	15,069,258	335,242	750,264	15,594,255	15,819,522
Program expenses						
General Government	1,660,087	1,852,001			1,660,087	1,852,001
Community Development	1,264,931	1,695,101			1,264,931	1,695,101
Public Safety	7,734,200	9,074,868			7,734,200	9,074,868
Public Works	1,063,625	352,393			1,063,625	352,393
Parks & Recreation	40,390	21,137			40,390	21,137
Streets	1,533,945	1,596,049			1,533,945	1,596,049
Development Services				492,919		492,919
Wastewater				462,345		462,345
Unallocated Depreciation	913,603	883,757			913,603	883,757
Interest on Long Term Debt	1,166,992	1,151,704			1,166,992	1,151,704
Total Expenses	15,377,773	16,627,010	0	955,264	15,377,773	17,582,274
Excess (deficiency) before transfers & prior period adjustments	(118,760)	(1,557,752)		(205,000)	216,482	(1,762,752)
Transfers	103,111	145,220	(103,111)	(145,220)		
Prior Period Adjustments		679,297		(655,445)		23,852
Increase (decrease) in net assets	$(15,649)	$(733,235)	$232,131	$(1,005,665)	$216,482	$(1,738,900)

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds, (as presented in the balance sheet and the statement of revenues, expenditures and changes in fund balances), reported a combined fund balance of $4,182,555. It reflects a 9.55% decrease in governmental fund balances.

General Fund Highlights

Over the course of the year, the Town council revised the Town budget several times. The budget was adjusted each time agreements were made with employee groups which included estimates of the savings negotiated. Budget adjustments were also approved at mid-year reflecting additional operating cuts required.

As would be expected in a period of slow economic recovery, some general fund revenue categories have increased, but any revenue categories tied to property assessed values are continuing to decline. General Fund revenues were down $77,827 or less than one percent. Taxes and assessments were marginally up 0.81%. Fines and forfeitures and charges for services were also up slightly by $77,827 and 26,186 respectively. Intergovernmental revenues decreased $201,846 or 8.8%

Town staff, through shared sacrifice concessions, saved the Town substantial salary and benefit dollars. The Town negotiated employee concessions that both reduced expenses for the fiscal year reported and reduced future long term obligations for the Town as follows:

- ✓ As part of their multi-year agreement, the Police Officer's Association agreed to pay 50% of the employee CalPERS contribution and then as of November 1, 2010 they agreed to the remaining 50% with the equivalent 3.65% or 3.05% wage increase.
- ✓ As of September 27, 2010 Confidential/Mid-Management, General OE3, and Police Mid-Management agreed to a 6% salary reduction through the end of the year in addition to permanently swapping paying the employee CalPERS contribution for the equivalent salary increase.
- ✓ Also, as of September 27, 2010, all but one management group member agreed to pay 6% of the employee CalPERS contribution for the remainder of the fiscal year. One of the members agreed to waive 100 administrative leave hours for the year.
- ✓ As of October 24, 2010, the Professional Firefighters Association agreed to a 5% salary reduction through the end of the year in addition to permanently swapping paying the employee CalPERS contribution for the equivalent salary increase.
- ✓ The Town's FTE in July 2010 is 108.28, but with layoffs, early retirement, temporary hours reductions, and attrition the FTE is reduced by 7.83% to 99.80 in June 2011.

Also, departments reduced spending by purchasing only essential supplies. But as reflected under current expenditures, expenditures increased $198,013 or 2.1 percent because of the increased costs of benefits and other fixed expenditures. Debt service principal and interest reflect an increase of $115,739. $15,000 is related to the scheduled debt service increase for the Pension Obligation Bond, and the rest is related to lease purchase contracts. The Pension Obligation Bond was issued to pay for the unfunded liability related to CalPERS pension benefits, and now the Town must pay the bondholders for the bonds issued. This bond issuance also greatly reduced the annual contribution rates for these benefits.

Expenses exceeded revenues by $1,010,259 before transfers are reported. Net of transfers, the net change in general fund balance is a negative $187,573. The ending general fund balance for June 30, 2011 is $1,692,426 a 9.3% decrease compared to the prior year.

Other Key Governmental Funds

The animal control fund saw an increase of revenues and transfers in of $28,347 during the year and a matching increase in expenditures and transfers of $28,347. This means that there was no structural deficit for the year, but left the prior deficit virtually the same at $22,305. The fund is owed $103,117 in state mandated costs reimbursements, but as the State of California has deferred these payments for some time this amount has not been booked as a receivable due to uncertainty. A decision will need to be made to either increase fees to a point that fully funds the services provided or to decrease the amount of service provided as the deficit balance impacts the resources the Town has to provide other services.

The newly created and more efficient building safety and wastewater services fund had revenues and transfers of $1,119,623. This includes an $87,076 transfer from the general fund in order to balance the fund and eliminate the structural deficit. Expenses and transfers out were at the matching $1,119,623 and the fund ended with a zero fund balance. This is the fund created by adding elements of the building (development services) fund and the onsite wastewater funds.

The gas tax fund reports a $250,359 increase in revenues before transfers in from other funds. $253,028 is prior Prop 42, Transportation Congestion Improvement Act, monies previous segregated in another fund that can now be used for regular and continuous street maintenance. The general fund contributed $0 compared to $155,399 the prior year. Expenses and transfers out were increased by $29,292, but the fund balance ended positive at $86,827.

With an increase of revenues of $149,200 and an increase in expenditures of $114,679, the local transportation fund increased its ending fund balance $141,709 to $1,151,988.

PROPRIETARY FUNDS

The proprietary funds are made up of the business-type activities (enterprise funds) and an internal service fund which is related to self insurance funding. The proprietary funds statement of revenues, expenses, and changes in net assets report what is equivalent to the "ending fund balance" in governmental funds. As mentioned before, the development service fund and onsite wastewater district fund were discontinued and elements of them combined to create a more efficient building safety and waste water service fund. The only activity recorded in these prior funds is to close out the funds and transfer the appropriate balances to governmental activities.

The net assets for the internal service fund for self insurance funding decreased to $143,680 for the year compared to the prior year of $350,534. These numbers are all a direct reflection of what the insurance JPA is able to offer the Town in terms of dividends.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At fiscal year end 2011, the Town had $14,519,625, net of depreciation, in a broad range of capital assets, including police and fire equipment, buildings, roads, and vehicles as shown in table 3 below. This amount represents a net increase of $780,160 after depreciation or 5.7 percent compared to last year. Before depreciation, the net increase (including additions and deductions) is $2,328,365.

This year's major additions included:

- CAD/RMS dispatch communication system; hardware and software primarily financed through a lease purchase $347,381
- Two super duty trucks and one dump truck for the public works streets operation primarily financed through a lease purchase 154,715
- Land purchased for a future fire station at the corner of Pentz and Pearson Roads 115,692

Table 3
Capital Assets at Year-end
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	$1,540,247	$1,497,441			$1,540,247	$1,497,441
Construction in progress	400,887	1,188,845			400,887	1,188,845
Buildings and improvements	329,666	278,033			329,666	278,033
Infrastructure	11,093,937	10,027,274			11,093,937	10,027,274
Machinery and equipment	603,563	177,187		46,353	603,563	223,540
Vehicles	551,325	521,674		2,658	551,325	524,332
Totals	$14,519,625	$13,690,454		$49,011	$14,519,625	$13,739,465

The Town's fiscal year 2012 capital budget includes about $1.1 million in street maintenance, rehabilitation, and new construction and design. With personnel shortages and budget constraints, the projects that are actually moving forward are some chip seal and overlay projects and some road rehabilitation work on South Libby. None of these projects are funded through the general fund, but are funded through various federal or state programs. The Town has purposely avoided any large lease purchase projects for the 2012 fiscal year. The only lease purchase approved was a $40,565 lease for the purchase of some essential police equipment.

Debt

At year end, the Town had $20.59 million in notes, bonds, capital leases, other post-employment benefits (OPEB), and compensative absences. $1.1 million of that obligation is due within one year, a decrease of 1.4 percent as shown in table 4.

Table 4
Outstanding Debt at Year-end

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Notes payable	$1,406,514	$1,426,946			$1,406,514	$1,426,946
Bonds payable	14,009,615	14,642,653			14,009,615	14,642,653
Capital leases	1,132,206	858,434		111,545	1,132,206	969,979
OPEB	3,247,374	2,883,104		241,218	3,247,374	3,124,322
Compensated absences	791,789	678,406		31,490	791,789	709,896
Total Liabilities	$20,587,498	$20,489,543		$384,253	$20,587,498	$20,873,796

By implementing a vesting schedule for new hires, starting an irrevocable trust to begin funding the future obligation, and by capping benefits for four of the six employee groups, the Town made considerable progress in reducing the OPEB obligation reported for 2010/11 as required by GASB 45. The Town is aggressively taking steps to further reduce this obligation as quickly as possible.

As can be seen through the reduction of notes payable and bonds payable, the only activity recorded in these categories was for the payment of debt service. No additional bonds or notes were issued in 2010/11. As indicated in the capital assets section, some lease purchases were approved in 2010/11 for the purchase of a new CAD/RMS dispatch system and public work trucks.

Please refer to Note 7 for more detailed information about the obligations outstanding.

THE TOWN AS TRUSTEE

The Town is the trustee, or fiduciary, for a number of donation and found money type funds. It is responsible for the assets in these funds and must only be used as indicated in the trust arrangements. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Assets and Liabilities and Changes in Fiduciary Assets and Liabilities. The activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds total assets as of June 30, 2011 are $147,971.

NEXT YEAR'S BUDGET AND ASSUMPTIONS

At the issuance of these financial statements, nine of the twelve months has been completed of the 2011/12 fiscal year. With economic recovery still lagging in the community, the Town's elected and appointed officials have purposely not increased fees in order to encourage growth and business development. Also, while some improvement is being seen in consumer spending areas like sales taxes and franchise fees, property taxes are very slow to recover. The amended general fund budget for 2011/12 currently has $9.3 million available for appropriations before considering transfers in. This is a 3.9% reduction in revenues compared to the year being reported. It is currently expected that 2012/13 will have a very similar revenue outlook with very slow recovery projected and some loss of some one time revenues.

Additional cutbacks, layoffs and employee concessions have been implemented for the 2011/12 fiscal year. A summary of employee concessions and reorganization is indicated below. Current general fund budgeted expenditures amount to $10.3 million. The amended budget projects a $377,162 general fund deficit.

- ✓ All but four employees are paying 100% of the CalPERS employee contribution which is 7% of salary for Miscellaneous Employees and 9% for Public Safety Employees. All employees are paying at least half of the CalPERS employee contribution.

- ✓ All but two employee units have agreed to cap the amount the Town contributes toward health insurance premiums as away to reduce the OPEB obligation. The Town is currently in negotiations with the final two employee groups to achieve this cap. According to the most recent actuary study received for the OPEB obligation, this reduced the present value of future benefits from $45.8 million to $28.9 million, a 37% reduction.

- ✓ A 5% salary reduction for two groups, 50% reduction to allowances for one group, and a waiver of the administrative leave payout provision for another group.

- ✓ By cutting back and restructuring in non general fund activities, the Town has eliminated the need for the general fund to transfer funds into any other fund in order to eliminate structural deficits.

Again, expecting that the financial situation for the 2012/13 budget (now just three months away) will be as challenging if not more challenging than the 2011/12 budget year, the Town will be doing more cutbacks and potentially more layoffs in order to balance the budget. Management and elected officials are evaluating other methods of providing public safety services. They are also prioritizing services and may have to reduce some of the services offered by the Town. Also of high importance will be establishing policy that minimizes unfunded liability and reduces the future obligations of the Town to a level that the Town can sustain.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's Finance Department at 5555 Skyway, Paradise, California.

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TOWN OF PARADISE
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 2,284,066	$ -	$ 2,284,066
Restricted cash and investments with fiscal agents	871,598		871,598
Accounts receivable	1,755,441		1,755,441
Interest receivable	3		3
Prepaid items	17,148		17,148
Loans receivable	4,991,136		4,991,136
Deferred charges - net of accumulated amortization	407,851		407,851
Capital assets:			
Nondepreciable:			
Land and construction in progress	1,941,134		1,941,134
Depreciable:			
Infrastructure, buildings, vehicles, and equipment	20,059,722		20,059,722
Accumulated depreciation	(7,481,231)		(7,481,231)
Total assets	24,846,868		24,846,868
LIABILITIES			
Accounts payable	334,564		334,564
Accrued wages	243,838		243,838
Interest payable	2,505,997		2,505,997
Noncurrent liabilities:			
Due within one year	1,141,426		1,141,426
Due in more than one year	19,446,072		19,446,072
Total liabilities	23,671,897		23,671,897
NET ASSETS			
Invested in capital assets, net of related debt	8,511,315		8,511,315
Restricted for:			
Low/moderate housing	504,235		504,235
Public safety	115,990		115,990
Streets and roads	2,411,023		2,411,023
Community development	3,168,679		3,168,679
Wastewater and drainage	638,805		638,805
Unrestricted	(14,175,076)		(14,175,076)
Total net assets	$ 1,174,971	$ -	$ 1,174,971

The notes to the financial statements are an integral part of this statement.

TOWN OF PARADISE

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2011

		Program Revenues		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	$ 1,660,087	$ 83,056	$ -	$ -
Community development	1,264,931	92,873	850,525	
Public safety	7,734,200	191,352	413,601	5,719
Public works	1,063,625	751,548		
Parks and recreation	40,390	2,670		
Streets	1,533,945	14,142	1,799,108	748,328
Unallocated depreciation	913,603			
Interest on long-term debt	1,166,992			
Total governmental activities	15,377,773	1,135,641	3,063,234	754,047
Business-type activities:				
Development service				165,271
Wastewater				169,971
Total business-type activities				335,242
Total government	$ 15,377,773	$ 1,135,641	$ 3,063,234	$ 1,089,289

General Revenues and Transfers:

Taxes:
- Secured and unsecured property taxes
- Sales and use taxes
- Transient lodging tax
- Franchise taxes
- Real property transfer taxes
- Other taxes

Revenues from other agencies

Motor vehicle in-lieu, unrestricted

Investment income

Other

Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of fiscal year

Net assets at end of fiscal year

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
Net Governmental Activities	Net Business-type Activities	Total
$ (1,577,031)	$ -	$ (1,577,031)
(321,533)		(321,533)
(7,123,528)		(7,123,528)
(312,077)		(312,077)
(37,720)		(37,720)
1,027,633		1,027,633
(913,603)		(913,603)
(1,166,992)		(1,166,992)
(10,424,851)		(10,424,851)
	165,271	165,271
	169,971	169,971
	335,242	335,242
(10,424,851)	335,242	(10,089,609)
4,748,170		4,748,170
1,668,679		1,668,679
161,990		161,990
816,498		816,498
34,063		34,063
131,163		131,163
99,566		99,566
2,127,665		2,127,665
149,358		149,358
368,939		368,939
103,111	(103,111)	
10,409,202	(103,111)	10,306,091
(15,649)	232,131	216,482
1,190,620	(232,131)	958,489
$ 1,174,971	$ -	$ 1,174,971

TOWN OF PARADISE
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2011

	General Fund	Home Grant Fund
ASSETS		
Cash and investments	$ -	$ 11,965
Restricted cash and investments with fiscal agents	65	
Accounts receivable	700,968	
Interest receivable		
Prepaid items	706	
Due from other funds		
Advances receivable	1,879,772	
Loans receivable	3,046	3,187,708
Total assets	$ 2,584,557	$ 3,199,673
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 125,905	$ -
Accrued wages	192,644	
Due to other funds	375,095	
Advances payable	190,386	
Deferred revenue	8,101	3,187,708
Total liabilities	892,131	3,187,708
Fund Balances:		
Nonspendable		
Loans receivable	3,046	
Prepaid items	706	
Advances	1,879,772	
Restricted		11,965
Unassigned	(191,098)	
Total fund balances (deficit)	1,692,426	11,965
Total liabilities and fund balances	$ 2,584,557	$ 3,199,673

The notes to the financial statements are an integral part of this statement.

Redevelopment Agency Fund	Cal Home Rehabilitation Fund	Capital Improvement Fund	Other Governmental Funds	Totals
$ 2,742	$ 75,431	$ 16,870	$ 2,033,378	$ 2,140,386
372,982			498,551	871,598
			1,054,473	1,755,441
3				3
			16,442	17,148
			1,675,267	1,675,267
			190,386	2,070,158
6,753	1,169,902		623,727	4,991,136
$ 382,480	$ 1,245,333	$ 16,870	$ 6,092,224	$ 13,521,137
$ 4,316	$ -	$ 16,870	$ 187,473	$ 334,564
4,315			46,879	243,838
			1,300,172	1,675,267
1,879,772				2,070,158
6,753	1,169,902		642,291	5,014,755
1,895,156	1,169,902	16,870	2,176,815	9,338,582
				3,046
			16,442	17,148
				1,879,772
367,096	75,431		3,942,054	4,396,546
(1,879,772)			(43,087)	(2,113,957)
(1,512,676)	75,431		3,915,409	4,182,555
$ 382,480	$ 1,245,333	$ 16,870	$ 6,092,224	$ 13,521,137

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TOWN OF PARADISE

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2011

Fund Balances - Governmental Funds		$ 4,182,555
Amounts reported for governmental activities in the Statement of Net Assets are different from those reported in the governmental funds because of the following:		
Capital assets net of accumulated depreciation have not been included as financial resources in the governmental funds.		14,519,625
Deferred charges represent costs associated with the issuance of long-term debt, which are deferred and amortized over the period during which the debt is outstanding. The costs are reported as expenditures of current financial resources in the governmental funds.		
Deferred charges		407,851
The liabilities below are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Notes payable	$ (1,406,514)	
Bonds payable, net of original issue discount	(14,009,615)	
Capital leases payable	(1,132,206)	
Other post-employment benefits	(3,247,374)	
Compensated absences	(791,789)	(20,587,498)
Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.		(2,505,997)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		143,680
Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized for transactions that do not represent available financial resources. In the statement of net assets and statement of activities, however, revenues and assets are reported regardless of when financial resources are available.		5,014,755
NET ASSETS OF GOVERNMENTAL ACTIVITIES		$ 1,174,971

The notes to the financial statements are an integral part of this statement.

TOWN OF PARADISE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2011

	General Fund	Home Grant Fund
Revenues:		
Taxes and assessments	$ 7,003,820	$ -
Licenses, permits, and impact fees	25,441	
Fines and forfeitures	104,747	
Use of money and property	13,066	
Intergovernmental revenues	2,284,820	
Charges for services	133,753	
Program income		35,916
Other revenues	147,122	
Total revenues	9,712,769	35,916
Expenditures:		
Current:		
General government	1,587,550	
Community development	332,589	27,254
Public safety	7,142,396	
Public works	260,084	
Parks and recreation	40,390	
Streets		
Capital outlay	126,233	
Debt service:		
Principal	980,488	
Interest and fiscal charges	253,298	
Total expenditures	10,723,028	27,254
Excess of revenues over (under) expenditures	(1,010,259)	8,662
Other Financing Sources (Uses):		
Proceeds from the issuance of debt		
Transfers in	909,762	
Transfers out	(87,076)	(4,972)
Total other financing sources (uses)	822,686	(4,972)
Net change in fund balances	(187,573)	3,690
Fund balances (deficits) - July 1, 2010	1,865,727	8,275
Prior period adjustments	14,272	
Fund balances (deficits) - July 1, 2010, restated	1,879,999	8,275
Fund balances (deficits) - June 30, 2011	$ 1,692,426	$ 11,965

The notes to the financial statements are an integral part of this statement.

Redevelopment Agency Fund	Cal Home Rehabilitation Fund	Capital Improvement Fund	Other Governmental Funds	Totals
$ 333,983	$ -	$ -	$ 214,659	$ 7,552,462
			756,644	782,085
			48,886	153,633
135	416		23,199	36,816
			3,726,599	6,011,419
			68,644	202,397
8,941	9,885		6,773	61,515
320			227,791	375,233
343,379	10,301		5,073,195	15,175,560
			42,120	1,629,670
182,345			1,029,035	1,571,223
			434,411	7,576,807
		46,955	695,830	1,002,869
				40,390
			1,505,023	1,505,023
		874,659	624,649	1,625,541
20,432			166,416	1,167,336
278,288			78,445	610,031
481,065		921,614	4,575,929	16,728,890
(137,686)	10,301	(921,614)	497,266	(1,553,330)
			672,834	672,834
		921,614	332,515	2,163,891
(51,104)	(494)		(1,539,275)	(1,682,921)
(51,104)	(494)	921,614	(533,926)	1,153,804
(188,790)	9,807		(36,660)	(399,526)
(1,323,886)	65,624		3,966,341	4,582,081
			(14,272)	
(1,323,886)	65,624		3,952,069	4,582,081
$ (1,512,676)	$ 75,431	$ -	$ 3,915,409	$ 4,182,555

TOWN OF PARADISE

RECONCILIATION OF THE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2011

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measure only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES		$ (399,526)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of $1,625,510 exceed depreciation of $913,603 in the current period.		711,907
Capital assets and long-term debt transferred from business-type funds are not reported on the governmental funds.		(62,534)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Capital contributions		68,253
Repayment of long-term receivables is treated as revenues in the governmental funds, but the repayment reduces long-term receivables in the Statement of Net Assets. Issuance of long-term receivables is treated as expenditures in the governmental funds, but the issuance increases long-term receivables in the Statement of Net Assets. Certain accrued interest revenues of long-term receivables are not available to pay for current period expenditures, and are not reported as revenues in the governmenal funds, but the accrued interest increases the long-term receivables in the Statement of Net Assets.		
Issuance of loans	$ 534,019	
Repayment of loans	(61,473)	
Loans written off	(198,536)	
Accrued interest	112,542	386,552
Deferred revenues, not recognized as revenues in the governmental fund statements because the revenues were not available within 60 days of close of fiscal year. This is the net change.		26,665
Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but deferred and amortized throughout the period during which the related debt is outstanding in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but in the Statement of Net Assets, the repayment reduces long-term liabilities.		
Repayment of debt principal is added back to fund balance	1,167,336	
Amortization expense of costs of issuance	(24,374)	
Proceeds from Issuance of long-term debt	(672,834)	470,128
In the governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or an other financing use at the time of issuance. In the government-wide statements, the premium or discount is amortized over the life of the debt.		
Amortization of original issue discount for the current period		(3,259)
This is the amount of the change in the payable relating to other post-employment benefits payable in the current period.		(364,270)
Accrued interest is interest due on long-term debt payable. This is the net change in accrued interest for the current period.		(529,328)
The amounts below, included in the Statement of Activities, do not provide (require) the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds (net change):		
Compensated absences		(113,383)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities.		(206,854)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		$ (15,649)

The notes to the financial statements are an integral part of this statement.

TOWN OF PARADISE
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2011

	Business-type Activities Enterprise Funds			
	Development Service Fund	Onsite Wastewater District Fund	Totals	Governmental Activities - Internal Service Fund
ASSETS				
Current Assets:				
Cash and investments	$ -	$ -	$ -	$ 143,680
Total current assets				143,680
Total assets				143,680
NET ASSETS				
Unrestricted				143,680
Total net assets	$ -	$ -	$ -	$ 143,680

The notes to the financial statements are an integral part of this statement.

TOWN OF PARADISE

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2011

	Business-type Activities Enterprise Funds			
	Development Service Fund	Onsite Wastewater District Fund	Totals	Governmental Activities- Internal Service Fund
Operating Revenues:				
Charges for services	$ -	$ -	$ -	$ 171,005
Total operating revenues				171,005
Operating income				171,005
Income (Loss) before capital contributions				171,005
Capital contributions	165,271	169,971	335,242	
Income (loss) before transfers	165,271	169,971	335,242	171,005
Transfers out	(2,826)	(100,285)	(103,111)	(377,859)
Change in net assets	162,445	69,686	232,131	(206,854)
Net assets (deficit) at July 1, 2010	(162,445)	(69,686)	(232,131)	350,534
Net assets (deficit) at June 30, 2011	$ -	$ -	$ -	$ 143,680

The notes to the financial statements are an integral part of this statement.

TOWN OF PARADISE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2011

	Business-type Activities Enterprise Funds			
	Development Service Fund	Onsite Wastewater District Fund	Totals	Governmental Activities- Internal Service Fund
Cash Flows from Operating Activities:				
Receipts from customers	$ 1,711	$ 47,053	$ 48,764	$ 171,005
Payments to suppliers and users	8,443	6,630	15,073	
Payments to employees	(137,106)	(150,008)	(287,114)	
Net cash provided (used) by operating activities	(126,952)	(96,325)	(223,277)	171,005
Cash Flows from Non-Capital and Related Financing Activities:				
Funds due to other funds	(251,494)		(251,494)	
Funds due from other funds	246,648		246,648	
Transfers out	(2,826)	(100,285)	(103,111)	(377,859)
Net cash provided(used) by non-capital and related financing activities	(7,672)	(100,285)	(107,957)	(377,859)
Cash Flows from Capital and Related Financing Activities:				
Capital contributions	130,377	142,331	272,708	
Net cash provided (used) by capital and related financing activities	130,377	142,331	272,708	
Cash Flows from Investing Activities:				
Interest on investments		37	37	
Net cash provided by investing activities		37	37	
Net increase(decrease) in cash and cash equivalents	(4,247)	(54,242)	(58,489)	(206,854)
Cash and cash equivalents - July 1, 2010	4,247	54,242	58,489	350,534
Cash and cash equivalents - June 30, 2011	$ -	$ -	$ -	$ 143,680
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets:				
Cash and investments	$ -	$ -	$ -	$ 143,680
Total Cash and Investments	$ -	$ -	$ -	$ 143,680

(Continued)

The notes to the financial statements are an integral part of this statement.

TOWN OF PARADISE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2011
(Continued)

	Business-type Activities Enterprise Funds			
	Development Service Fund	Onsite Wastewater District Fund	Totals	Governmental Activities- Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ -	$ -	$ -	$ 171,005
Adjustments to reconcile operating income(loss) to net provided (used) by operating activities:				
(Increase) Decrease in operating assets:				
Accounts receivable	1,711	47,053	48,764	
Prepaid expenses	9,502	6,934	16,436	
Increase (Decrease) in operating liabilities:				
Accounts payable	(1,059)	(304)	(1,363)	
Accrued wages	(6,729)	(7,677)	(14,406)	
Other post-employement benefits	(118,367)	(122,851)	(241,218)	
Compensated absences	(12,010)	(19,480)	(31,490)	
Net cash provided (used) by operating Activities	$ (126,952)	$ (96,325)	$ (223,277)	$ 171,005

The notes to the financial statements are an integral part of this statement.

TOWN OF PARADISE
STATEMENT OF FIDUCIARY ASSETS AND LIABILTIES
AGENCY FUNDS
June 30, 2011

Assets		
Cash and investments	$	146,650
Due from others		1,321
Total assets	$	147,971
Liabilities		
Accounts payable	$	3,090
Due to others		144,881
Total liabilities	$	147,971

The notes to the financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying basic financial statements present the financial activity of the Town of Paradise (Town), which is the primary government, along with the financial activities of its component units, which are entities for which the Town is financially accountable. Although they are separate legal entities, blended component units are, in substance, part of the Town's operations and are reported as an integral part of the Town's basic financial statements. The Town's component units, which are described below, are blended component units of the Town.

The Town Council serves in a separate session as the governing body of the Paradise Redevelopment Agency (Agency). Although the Agency is a legal entity apart from the Town, the Agency is included as a blended component unit in the accompanying financial statements. The financial activities of the foregoing entity have been aggregated and merged (termed "blending") with those of the Town in the accompanying financial statements, as it meets the criteria for inclusion as set forth in the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB No. 39.

The Agency was established by the Town Council to eliminate blight within the defined redevelopment area by encouraging and assisting planned development of low-income housing and commercial projects. Separate financial statements are prepared by the Agency and are available at the Town Administration offices.

B. Basis of Presentation

The Town's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Statements require that the financial statements described below be presented:

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the primary government (Town) and its component units. These statements include the financial activities of the overall Town government, except for fiduciary activities. Eliminations have been made to minimize double counting or internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental, proprietary,* and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

An internal service fund is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements. This fund accounts for charges to other funds and departments for insurance premiums.

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Change in Net Assets, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Change in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liabilities are incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Town maintains thirteen agency funds.

C. Major Funds

GASB Statement No. 34 defines major funds and requires that the Town's major governmental and proprietary funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures/expenses equal to ten percent of their fund-type total or five percent of the overall total (including governmental and business type funds). The General Fund is always a major fund. The Town may also select other funds it believes should be presented as major funds.

The Town reported the following major governmental funds in the accompanying financial statements:

General Fund
This fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund of the Town.

Home Grant Fund
This fund accounts for Home Grant monies collected and spent by the Town.

Redevelopment Agency Fund
This fund is used to account for revenues and expenditures related to the Redevelopment Agency.

Cal Home Rehabilitation Fund
This fund is used to account for revenues and expenditures related to the Cal Home Rehabilitation Grant.

Capital Improvement Fund
This fund is used to account for the activities related to capital improvements of the Town.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Major Funds (Continued)

The Town reported the following major proprietary funds:

Development Service Fund
This fund previously accounted for the activities of providing development management to residents of the Town. During the fiscal year 2010/2011, it was determined by the Town to combine the Development Service Fund with the Onsite Wastewater District Fund (due to reduction of staffing in both funds, due to the sharing of certain functions and staffing for both funds, and both funds not being able to self-sustain without the support of the General Fund) into one special revenue fund: Building Safety and Waste Water Services Fund.

Onsite Wastewater District Fund
This fund previously accounted for the activities of onsite wastewater to residents of the Town. During the fiscal year 2010/2011, it was determined by the Town to combine the Development Service Fund with the Onsite Wastewater District Fund (due to reduction of staffing in both funds, due to the sharing of certain functions and staffing for both funds, and both funds not being able to self-sustain without the support of the General Fund) into one special revenue fund: Building Safety and Waste Water Services Fund.

D. Basis of Accounting

The government-wide and proprietary funds financial statements are reported using the *economic resources measurement* focus and along with the fiduciary fund using the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary funds financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that they have matured. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest, and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the Town may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures/expenses. The Town's policy is to first apply restricted grant resources to such programs, followed by general revenues, if necessary.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Compensated Absences

In compliance with Governmental Accounting Standards Board Statement No. 16, the Town has established a liability for accrued sick leave and vacation in relevant funds. All vacation is accrued when incurred in the government-wide and proprietary funds financial statements. This liability is set up for the current employees at the current rates of pay. If sick leave and vacation are not used by the employee during the term of employment, compensation is payable to the employee at the time of retirement. Such compensation is calculated at the employee's prevailing rate at the time of retirement or termination. Each fiscal year, an adjustment to the liability is made based on pay rate changes and adjustments for the current portion. The General Fund is primarily responsible for the repayment of the governmental portion of compensated absences.

F. Property Taxes

California Constitution Article XIII A, limits the combined property tax rate to one percent of a property's assessed valuation. Additional taxes may be imposed with voter approval. Assessed value is calculated at one hundred percent of a property's fair value, as defined by Article XIII A, and may be increased no more than two percent per year unless a change in ownership occurs. The state legislature has determined the method of distributing the one percent tax levy among the various taxing jurisdictions.

Property tax revenues are recognized in the fiscal year for which taxes have been levied, and collected within sixty days of fiscal year end. Property taxes are billed and collected as follows:

	Secured	Unsecured
Valuation/Lien Date(s)	January 1	January 1
Levy Date(s)	July 1	July 1
Due Date(s)	November 1 (50%) February 1 (50%)	August 1
Delinquency Date(s)	December 10 (Nov.) April 10 (Feb.)	August 31

The Town adopted an alternative method of property tax distribution (the "Teeter Plan"). Under this method, the Town receives 100% of its secured property tax levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The Town receives payments as a series of advances made by the County throughout the fiscal year. The secured property tax levy is recognized as revenue upon receipt including the final payment, which generally is received within 60 days after the fiscal year end.

G. Capital Assets

Capital assets, which include property, plant, equipment, construction in progress, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized.

Assets	Years
Buildings and Improvements	5 to 25
Infrastructure	20
Vehicles	5 to 10
Machinery and Equipment	5 to 10

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and American Institute of Certified Public Accountants (AICPA), require management to make assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

I. New Accounting Pronouncements

The Town implemented the requirements of GASB Statement No. 54 and GASB Statement No. 59 during the fiscal year ended June 30, 2011.

GASB Statement No. 54
For the fiscal year ended June 30, 2011, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are described in Note 10 of these notes to the basic financial statements.

GASB Statement No. 59
For the fiscal year ended June 30, 2011, the Town implemented GASB Statement No. 59, "*Financial Instruments Omnibus*". This Statement establishes standards to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The implementation of this Statement did not have an effect on these financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for governmental funds. The Town's budget ordinance requires that, in June of each year, the Town Manager must submit a preliminary budget that includes projected expenditures and the means of financing them to the Town Council for the fiscal year commencing the following July 1. As modified during public study sessions, the preliminary budget becomes the proposed budget. Following public hearings on the proposed budget, the final annual budget is adopted by the Town Council in June (of the current fiscal year). After adoption of the final budget, transfers of appropriations within a general fund department, or within other funds, can be made by the Town Manager. Budget modifications between funds; increases or decreases to a fund's overall budget; or transfers that affect capital projects, must be approved by the Town Council or Agency Board. Authorized amendments are normally made during the fiscal year.

Budgetary control is enhanced by integrating the budget into the general ledger accounts. Encumbrance accounting is employed by the Town.

There were no budgets prepared for the Home Grant Special Revenue Fund, Cluster Septic Special Revenue Fund, the Traffic Signal Special Revenue Fund, and Memorial Trail Special Revenue Fund.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Balances

Major Governmental Fund

A deficit fund balance of $1,512,676 exists in the Redevelopment Agency Fund. This fund balance deficit is primarily due to the Town incurring costs in excess of revenues.

Non-major Funds

A deficit fund balance of $4,339 exists in the Cluster Septic Fund. This fund balance deficit is primarily due to the Town incurring costs in excess of revenues. The Town will alleviate this deficit as revenues are received.

A deficit fund balance of $22,306 exists in the Animal Control Shelter Fund. This fund balance deficit is primarily due to the Town incurring costs in excess of revenues. The Town will alleviate this deficit as revenues are received.

C. Excess of Expenditures Over Appropriations

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2011:

Major Fund	Final Appropriation	Expenditures	Excess
General Fund	$ 10,661,692	$ 10,723,028	$ 61,336
Non-major Funds			
NARC Task Force Fund	34,625	36,686	2,061
EDBG Repayment Fund	79,946	87,312	7,366
School Resource Officer Fund	115,375	116,468	1,093
AVOID Fund	30,000	69,733	39,733

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	$ 2,284,066
Restricted cash and investments with fiscal agents	871,598
Fiduciary funds:	
Cash and investments	146,650
Total cash and investments	$ 3,302,314

Cash and investments as of June 30, 2011 consist of the following:

Petty cash	$ 1,975
Deposits with financial institutions	237,304
Investments	3,063,035
Total cash and investments	$ 3,302,314

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

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

The table below identifies the investment types that are authorized for the Town by the California Government Code (or the Town's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Town's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Town, rather than the general provisions of the California Government Code or the Town's investment policy. The Town's investment policy states that the maximum investment percentage allowed for money market accounts is 15%, but the total invested of the Town's pooled cash in money market accounts exceeded the 15% maximum.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Asset Backed Securities	5 years	20%	None
Bankers Acceptances	270 days	40%	None
Commercial Paper (avg. Maturity -31 days)	31 days	30%	None
Commercial Paper (avg. Maturity -180 days)	180 days	15%	None
Local Agency Investment Fund (LAIF)	N/A	Unlimited	$50 million
Medium Term Notes	5 years	30%	None
Money Market Accounts	N/A	15%	None
Mutual Funds	N/A	15%	None
Negotiable Certificates of Deposit	3 years	30%	None
Repurchase Agreements	1 year	10%	None
Time Certificates of Deposit	3 years	Unlimited	None
Treasury Bills and Notes	5 years	Unlimited	None
U.S. Government and Agency Securities	5 years	Unlimited	None

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Town's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Money Market Accounts	N/A	None	None
Certificates of Deposit with Banks and Savings & Loans	None	None	None
Investment Contracts	None	None	None
Commercial Paper, Prime Quality	None	None	None
Municipal Obligations	None	None	None
Banker's Acceptances, Prime Quality	1 year	None	None
Local Agency Investment Fund (LAIF)	None	None	None

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Town manages its exposure to interest rate 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 flows and liquidity needed for operations.

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

		Remaining Maturity (in Months)					
Investment Type	Totals	12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More Than 60 Months
State Investment Pool (LAIF)	$ 16,857	$ 16,857	$ -	$ -	$ -	$ -	$ -
Money Market Funds	2,673,131	2,673,131					
Held by Bond Trustees:							
Money Market Funds	373,047	373,047					
Totals	$ 3,063,035	$ 3,063,035	$ -	$ -	$ -	$ -	$ -

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The Town has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

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, the Town's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

				Rating as of Fiscal Year End			
Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	AAA	AA	A	Not Rated
State Investment Pool (LAIF)	$ 16,857	N/A	$ -	$ -	$ -	$ -	$ 16,857
Money Market Funds	2,673,131	N/A		2,174,580			498,551
Held by Bond Trustees:							
Money Market Funds	373,047	N/A		373,047			
Totals	$ 3,063,035		$ -	$ 2,547,627	$ -	$ -	$ 515,408

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The investment policy of the Town contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Town has no investments in any one issuer (other than mutual funds, money market funds, and external investment pools) that represent 5% or more of the total Town 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 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 Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental 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 fair 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 Town deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2011, all of the Town's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts as required by the California Government Code as stated above.

Investment in State Investment Pool

The Town is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Town's investment in this pool is reported in the accompanying financial statements at amounts based upon the Town'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.

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at June 30, 2011, is as follows:

Current Interfund Balances
Current interfund balances arise from one fund advancing monies to another fund with the intent of being repaid in the next fiscal year.

Receivable Fund	Payable Fund	Amount
Non-major Fund - Special Revenue Fund:	Major Fund:	
Local Transportation Fund	General Fund	$ 375,095

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Current Interfund Balances (Continued):

Receivable Fund	Payable Fund	Amount
Non-major Fund - Special Revenue Fund:	Non-major Funds - Special Revenue Funds:	
Local Transportation Fund	Cluster Septic Fund	$ 4,339
Local Transportation Fund	Animal Control Shelter Fund	23,174
Local Transportation Fund	Gas Tax Fund	278,976
Local Transportation Fund	Narc Task Force Fund	184
Local Transportation Fund	SLESF Fund	29,856
Local Transportation Fund	CMAQ Fund	35,297
Local Transportation Fund	School Resource Officer Fund	29,117
Local Transportation Fund	CDBG Fund	29,213
Local Transportation Fund	Building Safety and Waste Water Services F	194,749
95 Impact Road Fund	Building Safety and Waste Water Services F	13,429
95 Impact Road Fund	AVOID Fund	13,981
95 Impact Road Fund	First Time Home Buyer Fund	99,659
95 Impact Road Fund	ARRA Fund	213,377
Non-major Fund - Special Revenue Fund:	Non-major Fund - Capital Projects Fund:	
95 Impact Road Fund	Capital Leases Fund	259,554
95 Impact Drainage Fund	Capital Leases Fund	75,267
		$ 1,675,267

Long-term Interfund Advances

At June 30, 2011, the funds below have made/received advances that were not expected to be repaid within one year.

The advance to the Redevelopment Agency (Agency) was to assist the Agency with administrative, operation, and program costs. The advance of $1,879,772 for the Agency was composed of the following: $43,316 is the balance as of June 30, 2011 of a loan that matures on March 21, 2012 and bears interest at 4.5%; $657,595 is the balance as of June 30, 2011 of a loan that matures on July 1, 2015 and bears interest at 4.5%; $479,613 is the balance as of June 30, 2011 of a loan that matures on March 1, 2016 and bears interest at 4.5%; $699,248 is an advance that is to be repaid when funds become available to the Agency and carries an interest rate of 0%.

The advance to the General Fund was to assist the Town to pay for administrative, operational, and other costs of the General Fund. The advance of $190,386 for the General Fund was composed of the following: $28,476 is the balance as of June 30, 2011 of a loan that matures on July 1, 2012 and bears interest at 4.97%; $109,785 is the balance as of June 30, 2011 of a loan that matures on March 15, 2014 and bears interest at 3.75%; $52,125 is the balance as of June 30, 2011 of a loan that matures on January 1, 2016 and bears interest at 4.97%.

Receivable Fund	Payable Fund	Amount
Major Fund:	Major Fund:	
General Fund	Redevelopment Agency Fund	$ 1,879,772
Non-major Fund - Special Revenue Fund:	Major Fund:	
Building Safety and Waste Water Services	General Fund	190,386
		$ 2,070,158

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Interfund Transfers

In general, the Town uses interfund transfers to (1) move revenues from the funds that collect them to the funds that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds in accordance with budgetary authorization, and (3) move cash to debt service funds from the funds responsible for payment as debt service payments become due. The transfers made out of two closed enterprise funds for the fiscal year 2010-11 were transferred to special revenue funds as explained in Note 1C.

Interfund transfers were as follows:

	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	$ 909,762	$ 87,076
Home Grant Fund		4,972
Redevelopment Agency Fund		51,104
Cal Home Rehabilitation Fund		494
Capital Improvement Fund	921,614	
Major Proprietary Funds:		
Development Service Fund		2,826
Onsite Wastewater District Fund		100,285
Internal Service Fund:		
Self Insurance Fund		377,859
Non-major Governmental Funds:		
Special Revenue Funds:		
Animal Control Shelter Fund		29,897
Gas Tax Fund	71,694	104,884
Traffic Safety Fund		26,000
EDBG Repayment Fund	70,634	16,686
SLESF Fund		45,000
Traffic Congestion Relief Fund		235,389
CMAQ Fund		33,300
BTA Memorial So Ext Grant Fund		86,750
Traffic Signal Fund		12,080
CalHome Grant Fund		32,459
95 Impact Signalization Fund		420
95 Impact FDFC Fund		18,284
CDBG Fund		51,015
Code Enforcement Reimbursement Fund		3,698
95 Impact Road Fund		9,408
Building Safety and Waste Water Services	185,709	134,520
Low/Moderate Income Housing Fund		4,328
95 Impact Drainage Fund		30,054
First Time Home Buyer Fund		32,709
Local Transportation Fund		4,116
ARRA Fund		628,278
Capital Projects Fund:		
Capital Leases Fund	4,478	
Total	$ 2,163,891	$ 2,163,891

NOTE 5 – LOANS RECEIVABLE

Housing Rehabilitation and Affordable Housing Loans

The Town engages in programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the Town's terms. Although these loans are expected to be repaid in full, their balance has been offset by deferred revenue, as they are not expected to be repaid during the current fiscal year. The balance of the loans receivable arising from these programs at June 30, 2011, was $4,988,090.

The general fund has loans receivable at June 30, 2011, of $3,046 for employee computer loans. Under the agreements with the employees, the employees pay back these loans through payroll deductions.

NOTE 6 - CAPITAL ASSETS

A. Governmental Activities

Capital asset governmental activity for the fiscal year ended June 30, 2011 was as follows:

	Balance at July 1, 2010	Additions	Deletions	Transfers	Adjustments	Balance at June 30, 2011
Capital Assets, not being depreciated:						
Land	$ 1,497,441	$ 42,806	$ -	$ -	$ -	$ 1,540,247
Construction in progress	1,188,845	874,659		(1,662,617)		400,887
Total	2,686,286	917,465		(1,662,617)		1,941,134
Capital Assets, being depreciated:						
Buildings and improvements	1,654,827	76,010				1,730,837
Infrastructure	11,791,016			1,662,617		13,453,633
Machinery and equipment	986,159	469,280	(51,250)	192,252		1,596,441
Vehicles	3,023,869	231,008	(66,800)	83,234	7,500	3,278,811
Total	17,455,871	776,298	(118,050)	1,938,103	7,500	20,059,722
Less accumulated depreciation for:						
Buildings and improvements	(1,376,794)	(24,377)				(1,401,171)
Infrastructure	(1,763,742)	(595,954)				(2,359,696)
Machinery and equipment	(808,972)	(89,257)	51,250	(145,899)		(992,878)
Vehicles	(2,502,195)	(204,015)	66,800	(80,576)	(7,500)	(2,727,486)
Total	(6,451,703)	(913,603)	118,050	(226,475)	(7,500)	(7,481,231)
Capital Assets being depreciated, net	11,004,168	(137,305)		1,711,628		12,578,491
Capital Assets, net	$ 13,690,454	$ 780,160	$ -	$ 49,011	$ -	$ 14,519,625

Depreciation expense of $913,603 is shown in the statement of activities as unallocated depreciation.

NOTE 6 - CAPITAL ASSETS (CONTINUED)

B. Business-type activities

Capital asset business-type activity for the fiscal year ended June 30, 2011 was as follows:

	Balance at July 1, 2010	Additions	Deletions	Transfers	Balance at June 30, 2011
Development Service Activity					
Capital Assets, being depreciated:					
Vehicles	$ 44,708	$ -	$ -	$ (44,708)	$ -
Machinery and equipment	114,191			(114,191)	
Total Development Service Capital Assets, being depreciated	158,899			(158,899)	
Less - accumulated depreciation for:					
Vehicles	(44,708)			44,708	
Machinery and equipment	(87,703)			87,703	
Total accumulated depreciation	(132,411)			132,411	
Total Development Service Capital Assets, being depreciated, net	$ 26,488	$ -	$ -	$ (26,488)	$ -
Onsite Wastewater District Activity					
Capital Assets, being depreciated:					
Vehicles	$ 38,526	$ -	$ -	$ (38,526)	$ -
Machinery and equipment	78,061			(78,061)	
Total Onsite Wastewater District Capital assets, being depreciated	116,587			(116,587)	
Less - accumulated depreciation for:					
Vehicles	(35,868)			35,868	
Machinery and equipment	(58,196)			58,196	
Total accumulated depreciation	(94,064)			94,064	
Total Onsite Wastewater District Capital assets, being depreciated, net	$ 22,523	$ -	$ -	$ (22,523)	$ -
Total Business-type Activities					
Capital Assets, being depreciated:					
Vehicles	$ 83,234	$ -	$ -	$ (83,234)	$ -
Machinery and equipment	192,252			(192,252)	
Total Capital Assets, being depreciated	275,486			(275,486)	
Less - accumulated depreciation for:					
Vehicles	(80,576)			80,576	
Machinery and equipment	(145,899)			145,899	
Total Accumulated Depreciation	(226,475)			226,475	
Total Capital Assets, being depreciated, net	49,011			(49,011)	
Total Capital Assets, net	$ 49,011	$ -	$ -	$ (49,011)	$ -

NOTE 7 –LONG-TERM DEBT

A. Compensated Absences

Town employees accumulate earned but unused vacation and sick leave benefits, which can be converted to cash at termination of employment. The Town has estimated that the due within one year balance of compensated absences is $120,558. The remaining amounts are reported as non-current liabilities due in more than one year on the statement of net assets. No expenditure is reported for these amounts in the fund statements. In the statement of activities, the expenditure is allocated to each function based on usage. The non-current portion of these vested benefits, payable in accordance with various collective bargaining agreements, at June 30, 2011, total $671,231 for governmental activities.

B. Notes Payable

Notes payable at June 30, 2011, consisted of the following:

Note payable to Jeffords - the note bears interest at 8%, payable in monthly installments based upon a fifteen year amortization schedule, and matures in full on June 2, 2019.	$ 101,400
Note payable to Sweeney - the note bears interest at 6.5%, payable in monthly installments based upon a seven year amortization schedule, and matures in full on November 1, 2011.	5,114
2006 Subordinate Tax allocation notes - the notes bear interest at 4.85% and 5.10% and are payable on December 1 and June 1, and the principal matures in full on December 1, 2016.	1,300,000
	$ 1,406,514

The scheduled annual minimum debt service requirements at June 30, 2011, are as follows:

Fiscal Year Ending June 30,	Notes Payable		
	Principal	Interest	Total
2012	$ 14,545	$ 71,529	$ 86,074
2013	10,213	70,663	80,876
2014	11,061	69,816	80,877
2015	11,979	68,898	80,877
2016	12,974	67,903	80,877
2017-2019	1,345,742	37,698	1,383,440
	$ 1,406,514	$ 386,507	$ 1,793,021

NOTE 7 –LONG-TERM DEBT (CONTINUED)

C. Bonds Payable

On April 1, 2007, the Town pursuant to an Agreement with the California Statewide Communities Development Authority issued $10,918,154 of Pension Obligation Bonds. The aggregate total amount of the bonds for all agencies was $87,475,699 which includes $65,140,000 of Series A-1 current interest and $22,335,699 of Series A-2 capital appreciation bonds. The Town only participated in the Series A-2 bonds. The issuance of the bonds provided monies to meet the Town's obligation to pay the Town's unfunded accrued actuarial liability (UAAL) and employer contribution amount to the California Public Employees Retirement System (PERS). The Town's obligation includes among others, the requirement to amortize the unfunded accrued liability over a multi-year period. On April 1, 2007, the Town contributed $10,635,313 of the bond proceeds to PERS to fund a portion of the unfunded liability and the employer contribution amount for the Miscellaneous and Safety Plans that provides retirement benefits to the Town's employees and public safety officers. The Town paid cost of issuance fees of $282,841.

Interest on Series A-2 capital appreciation bonds is payable on June 1 and December 1. The rate of interest varies from 5.160% to 5.694% per annum. Principal is payable in annual installments ranging from $238,761 to $648,234 commencing on June 1, 2010 and ending on June 1, 2031. The balance outstanding as of June 30, 2011 was $9,633,623.

Fiscal Year Ending June 30,	Bonds Payable		
	Principal	Interest	Total
2012	$ 623,643	$ 186,357	$ 810,000
2013	609,441	225,559	835,000
2014	597,611	267,389	865,000
2015	580,547	309,453	890,000
2016	570,929	354,072	925,001
2017-2021	2,616,003	2,478,998	5,095,001
2022-2026	2,301,236	3,688,764	5,990,000
2027-2031	1,734,213	4,170,787	5,905,000
	$ 9,633,623	$ 11,681,379	$ 21,315,002

On October 21, 2009, the Town issued the 2009 Tax Allocation Refunding Bonds in the amount of $4,480,000. The refunding bond was used to refund the entire outstanding 2003 Tax Allocation Notes and the 2005 Tax Allocation Notes. The Refunding Bonds have a stated interest rate from 4.80% to 6.00% and mature on June 1, 2043. The Refunding Bonds are subject to redemption prior to their stated maturity, at the option of the Town, as a whole or in part pro rata among maturities and by lot within a maturity, on any date on or after June 1, 2019 from funds derived by the Town from any sources at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon to the redemption date, without premium. The original issue bond discount on these bonds is being amortized over the life of the bonds and is included with long-term debt on the balance sheet. The principal balance outstanding at June 30, 2011 is $4,375,992, which is net of the $104,008 of unamortized original issue bond discount.

NOTE 7 –LONG-TERM DEBT (CONTINUED)

C. Bonds Payable (Continued)

Fiscal Year Ended June 30,	Bonds Payable		
	Principal	Interest	Total
2012	$ -	$ 262,855	$ 262,855
2013		262,855	262,855
2014		262,855	262,855
2015		262,855	262,855
2016		262,855	262,855
2017-2021	410,000	1,275,408	1,685,408
2022-2026	535,000	1,151,175	1,686,175
2027-2031	715,000	977,725	1,692,725
2032-2036	945,000	738,300	1,683,300
2037-2041	1,260,000	420,000	1,680,000
2042-2043	615,000	55,800	670,800
	4,480,000	5,932,683	10,412,683
Less bond discount	(104,008)		(104,008)
	$ 4,375,992	$ 5,932,683	$ 10,308,675

D. Capital Lease Obligations

The Town has entered into various lease agreements as lessee for financing the acquisition of capital assets. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of inception date.

GOVERNMENTAL ACTIVITIES

Inland Leasing, Inc.

During the fiscal year 2005-2006, the Town entered into an agreement to lease a Minolta copier at a zero percent interest rate. The lease requires monthly installments of $289 until April 1, 2011. The lease obligations were paid off during the fiscal year 2010-2011 with the final principal payment of $2,891.

Inland Leasing, Inc. #2

During the fiscal year 2005-2006, the Town entered into an agreement to lease a Minolta copier at a zero percent interest rate. The lease requires monthly installments of $234 until February 1, 2011. The lease obligations were paid off during the fiscal year 2010-2011 with the final principal payment of $1,870.

NOTE 7 –LONG-TERM DEBT (CONTINUED)

D. Capital Lease Obligations (Continued)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Municipal Finance Corporation #1

During the fiscal year 2001-2002, the Town entered into an agreement to lease a fire truck and a fire chief command vehicle. During fiscal year 2002-2003, the Town added an additional $14,000 to the lease for additional vehicle equipment. The lease requires ten annual installments of $48,061 until October 2011. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Fiscal Year Ending June 30	Payment
2012	$ 48,061
Total minimum lease payments	48,061
Less: amount representing interest	(421)
Present value of minimum lease payments	$ 47,640

Inland Leasing Inc. #3

During the fiscal year 2006-2007, the Town entered into an agreement to lease a Bizhub 600F Copier with a zero percent interest rate. The lease requires monthly installments of $253 until July 2011. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Fiscal Year Ending June 30	Payment
2012	$ 253
Total minimum lease payments	253
Present value of minimum lease payments	$ 253

West America Bank Lease #2

During the fiscal year 2006-2007, the Town entered into an agreement to lease a fire station modular building, two Ford Escapes, and a 2007 Chevy Silverado. The lease requires annual installments of $22,963 until November 2010. The lease obligations were paid off during the fiscal year 2010-2011 with the final principal payment of $21,865.

NOTE 7 –LONG-TERM DEBT (CONTINUED)

D. Capital Lease Obligations (Continued)

GOVERNMENTAL ACTIVITIES (CONTINUED)

West America Bank Lease #1

During the fiscal year 2003-2004, the Town entered into an agreement to lease a Wildland Pumper fire truck and one police command vehicle. The lease requires quarterly installments of $6,690 until April 2009 and quarterly installments of $4,888 thereafter until April 2014. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Fiscal Year Ending June 30	Payment
2012	$ 19,551
2013	19,551
2014	19,621
Total minimum lease payments	58,723
Less: amount representing interest	(4,171)
Present value of minimum lease payments	$ 54,552

Municipal Finance Corporation #2

During the fiscal year 2005-2006, the Town entered into an agreement to lease various equipment and vehicles. The lease requires 6 annual installments of $93,557 until October 2010. The total amount of the lease was for $513,000. The lease obligations were paid off during the fiscal year 2010-2011 with the final principal payment of $90,176.

West America Bank Lease #3

During the fiscal year 2006-2007, the Town entered into an agreement to lease various equipment and vehicles. The lease requires 10 semiannual installments of $33,073 until January 2012. The total amount of the lease was for $294,529. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Fiscal Year Ending June 30	Payment
2012	$ 66,146
Total minimum lease payments	66,146
Less: amount representing interest	(1,741)
Present value of minimum lease payments	$ 64,405

NOTE 7 –LONG-TERM DEBT (CONTINUED)

D. Capital Lease Obligations (Continued)

GOVERNMENTAL ACTIVITIES (CONTINUED)

All Points Public Funding (Capital One) #1

During the fiscal year 2007-2008, the Town entered into an agreement to lease a fire engine. The lease requires 10 annual installments of $45,527 until September 2016. The total amount of the lease was for $373,523. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Fiscal Year Ending June 30	Payment
2012	$ 45,527
2013	45,527
2014	45,527
2015	45,527
2016	45,527
2017	45,527
Total minimum lease payments	273,162
Less: amount representing interest	(40,073)
Present value of minimum lease payments	$ 233,089

All Points Public Funding (Capital One) #2

During the fiscal year 2007-2008, the Town entered into an agreement to lease 5 Ford Crown Victorias and communication equipment for the cars. The lease requires 5 annual installments of $59,753 until October 2011. The total amount of the lease was for $272,643. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Fiscal Year Ending June 30	Payment
2012	$ 59,753
Total minimum lease payments	59,753
Less: amount representing interest	(2,735)
Present value of minimum lease payments	$ 57,018

NOTE 7 –LONG-TERM DEBT (CONTINUED)

D. Capital Lease Obligations (Continued)

GOVERNMENTAL ACTIVITIES (CONTINUED)

All Points Public Funding (Capital One) #3

During the fiscal year 2007-2008, the Town entered into an agreement to lease a Crown Victoria and various other equipment for the Fire Station and City Hall. The lease requires 5 annual installments of $18,188 until January 2012. The total amount of the lease was for $82,988. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Fiscal Year Ending June 30	Payment
2012	$ 18,188
Total minimum lease payments	18,188
Less: amount representing interest	(832)
Present value of minimum lease payments	$ 17,356

Municipal Finance Corporation #3

During the fiscal year 2007-2008, the Town entered into an agreement to lease various equipment (software, fire hose, tester, fire thermal imaging camera) for Animal Control and the Fire Station. The lease requires 3 annual installments of $11,655 until April 2011. The total amount of the lease was for $31,590. The lease obligations were paid off during the fiscal year 2010-2011 with the final principal payment of $11,073.

Leasource Financial Services, Inc.

During the fiscal year 2008-2009, the Town entered into an agreement to lease various equipment and vehicles. The lease requires 5 annual installments of $45,947 until February 2013. The total amount of the lease was for $209,651. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Fiscal Year Ending June 30	Payment
2012	$ 45,947
2013	45,947
Total minimum lease payments	91,894
Less: amount representing interest	(6,098)
Present value of minimum lease payments	$ 85,796

NOTE 7 –LONG-TERM DEBT (CONTINUED)

D. Capital Lease Obligations (Continued)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Inland Leasing Inc. #4

During the fiscal year 2008-2009, the Town entered into an agreement to lease a Bizhub C 451F Copier with a zero percent interest rate. The lease requires monthly installments of $364 until October 2013. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Fiscal Year Ending June 30	Payment
2012	$ 4,371
2013	4,371
2014	1,458
Total minimum lease payments	10,200
Present value of minimum lease payments	$ 10,200

Leasource Financial Services, Inc. #2

During the fiscal year 2010-2011, the Town entered into an agreement to lease CAD/RMS Software and Hardware. The lease requires 14 semi-annual installments of $29,584 until February 2017. The total amount of the lease was for $358,803. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Fiscal Year Ending June 30	Payment
2012	$ 59,167
2013	59,167
2014	59,167
2015	59,167
2016	59,167
2017	59,166
Total minimum lease payments	355,001
Less: amount representing interest	(47,761)
Present value of minimum lease payments	$ 307,240

NOTE 7 –LONG-TERM DEBT (CONTINUED)

D. Capital Lease Obligations (Continued)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Leasource Financial Services, Inc. #3

During the fiscal year 2010-2011, the Town entered into an agreement to lease a Ford Ranger Truck. The lease requires 10 semi-annual installments of $2,086 until February 2015. The total amount of the lease was for $19,000. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Fiscal Year Ending June 30	Payment
2012	$ 4,172
2013	4,172
2014	4,172
2015	4,172
Total minimum lease payments	16,688
Less: amount representing interest	(1,496)
Present value of minimum lease payments	$ 15,192

Leasource Financial Services, Inc. #4

During the fiscal year 2010-2011, the Town entered into an agreement to lease Desktop computers, monitors, exchange server hardware and software, and HP StorageWorks network storage system and software. The lease requires 8 semi-annual installments of $7,050 until February 2014. The total amount of the lease was for $52,513. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Fiscal Year Ending June 30	Payment
2012	$ 14,101
2013	14,101
2014	14,101
Total minimum lease payments	42,303
Less: amount representing interest	(2,938)
Present value of minimum lease payments	$ 39,365

NOTE 7 –LONG-TERM DEBT (CONTINUED)

D. Capital Lease Obligations (Continued)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Leasource Financial Services, Inc. #5

During the fiscal year 2010-2011, the Town entered into an agreement to lease a Ford F750 dump truck and equipment. The lease requires 7 annual installments of $14,497 until November 2016. The total amount of the lease was for $88,714. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Fiscal Year Ending June 30	Payment
2012	$ 14,497
2013	14,497
2014	14,497
2015	14,497
2016	14,497
2017	14,497
Total minimum lease payments	86,982
Less: amount representing interest	(12,765)
Present value of minimum lease payments	$ 74,217

Leasource Financial Services, Inc. #6

During the fiscal year 2010-2011, the Town entered into an agreement to lease two Ford F350 trucks and Equipment, and two Ford Crown Victoria cars and equipment. The lease requires 5 annual installments of $27,921 until November 2014. The total amount of the lease was for $127,954. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Fiscal Year Ending June 30	Payment
2012	$ 27,921
2013	27,921
2014	27,921
2015	27,921
Total minimum lease payments	111,684
Less: amount representing interest	(11,651)
Present value of minimum lease payments	$ 100,033

NOTE 7 –LONG-TERM DEBT (CONTINUED)

D. Capital Lease Obligations (Continued)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Inland Leasing Inc. #5

During the fiscal year 2010-2011, the Town entered into an agreement to lease a Bizhub C552DS and Bizhub 601 Copiers with a zero percent interest rate. The lease requires monthly installments of $431 until June 2016. The total amount of the lease was for $25,850. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

Fiscal Year Ending June 30	Payment
2012	$ 5,170
2013	5,170
2014	5,170
2015	5,170
2016	5,170
Total minimum lease payments	25,850
Present value of minimum lease payments	$ 25,850

E. Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2011 was as follows:

	July 1, 2010 Balance	Additions	Reductions	Transfers	June 30, 2011 Balance	Due Within One Year
Government activities:						
Notes payable	$ 1,426,946	$ -	$ (20,432)	$ -	$ 1,406,514	$ 14,545
Bonds payable	14,749,920		(636,297)		14,113,623	623,643
Original Issue Discount	(107,267)		3,259		(104,008)	(3,259)
Capital leases	858,434	672,834	(510,607)	111,545	1,132,206	385,939
Other post-employment benefits	2,883,104	2,156,863	(2,033,811)	241,218	3,247,374	
Compensated absences	678,406	81,893		31,490	791,789	120,558
Governmental activities long-term liabilities	$ 20,489,543	$ 2,911,590	$ (3,197,888)	$ 384,253	$ 20,587,498	$ 1,141,426
Business-type activities:						
Capital leases	$ 111,545	$ -	$ -	$ (111,545)	$ -	$ -
Other post-employment benefits	241,218			(241,218)		
Compensated absences	31,490			(31,490)		
Business-type activities long-term liabilities	$ 384,253	$ -	$ -	$ (384,253)	$ -	$ -

NOTE 7 –LONG-TERM DEBT (CONTINUED)

F. Deferred Charges

Issuance costs are capitalized and amortized over the terms of the respective debt issuance using the straight line method.

NOTE 8 - TOWN EMPLOYEES' RETIREMENT PLAN

Plan Description

The Town of Paradise's defined benefit pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees' Retirement System, (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes with the Public Employees' Retirement Law. The Town selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

Funding Policy

Active Plan members are required to contribute 7% (9% for safety employees) of their annual covered salary. The Town makes a percentage (depending on the employee group that the employee belongs to) of the contributions required of Town employees on their behalf and for their account (the percentage was adjusted during the fiscal year 6/30/11). The Town is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The Town has a tier system in regards to Town Employees' Retirement Plan. The required employer contribution rates for the fiscal year 2010-2011 were as follows: Miscellaneous first tier employer contribution rate is 9.163%, Miscellaneous second tier employer contribution rate is 6.755%, Safety first tier employer contribution rate is 19.532%, and Safety second tier employer contribution rate is 15.592%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Funding Policy

The Town's contributions to CalPERS for the fiscal years ending June 30, 2011, 2010, and 2009 for the Miscellaneous Plan were $238,805, $250,159, and $282,709, respectively, and equal 100% of the required contributions for each fiscal year. The Town's contributions to CalPERS for the fiscal years ending June 30, 2011, 2010, and 2009 for the Safety Plan were $601,553, $603,650, and $658,023, respectively, and equal 100% of the required contributions for each fiscal year.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS

The post employment benefit plan is a single-employer defined healthcare plan administered by the Town. The Town provides postretirement medical benefits, as provided for in various collective bargaining agreements for retirees that meet certain criteria. Upon enrollment in the PERS medical program, health plans for employees retiring after enrollment shall be in accordance with PERS medical program regulations. Employees of the Town, who immediately upon termination, retire under the PERS retirement plan, and remain in the Town's medical plan, shall have a Town paid contribution towards the medical plan premium not to exceed the Town contribution to an active *employee/employee plus spouse/employee plus 2 persons* rate as prescribed in Town Resolution and PERS Health Plan Regulations.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The cap for retirees is based on the cap set for active employees by the Town. Upon revising the cap, PERS adjusts the retirees' caps and notifies the Town. From July 2010 to December 2010 the cap for retirees were as follows: $398.11 (employee only), $676.79 (employee plus spouse), and $879.83 (employee plus 2 persons). From January 2011 to June 2011 the retirees' caps were as follows: $398.11 (employee only), $796.22 (employee plus spouse), and $931.58 (employee plus 2 persons). The maximum amounts increase each year as CalPERS medical premiums increase, and also increase approximately 5% per year until the maximum amounts equal the maximum amounts that apply to active employees. After December 31, 2012, for two safety employee groups, the maximum amounts will increase each year as CalPERS medical premiums increase. For all other employee groups, these amounts do not increase after December 31, 2012.

For employees hired prior to February 1, 2011 (and for employees hired prior to January 1, 2011 for one employee group), there was no vesting period and employees became 100% vested at date of hire, but the employees need to meet eligibility requirements to receive the OPEB benefit.

At age 65, retired employees will be eligible for Medicare and the Town's contributions would be supplementary to the amount covered by Medicare. In addition, accumulated sick leave at time of retirement, not used for any other purpose, may be converted to supplement a health premium until the value is exhausted or the retiree reaches 65 or the surviving spouse reaches 65. The rate of sick leave conversion shall be fifty percent of the regular daily rate the employee was receiving at retirement.

Funding Policy

The Town contributes an amount sufficient to pay the current fiscal year's premium. For fiscal year 2010/2011, the Town contributed $466,810, which consisted of current premiums. During the fiscal year 2010/2011, the Town began funding the OPEB liability by setting up a secure trust. As of June 30, 2011, the trust was funded in the amount of $50,059. The Town intends to continue funding on a pay-as-you-go basis for the near future, and also intends to contribute approximately $50,000 each year to the trust.

Annual OPEB and Net Obligation

The Town's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation.

Annual required contribution	$ 2,185,779
Interest on net OPEB obligation	69,115
Adjustment to annual required contribution	(98,031)
Annual OPEB cost (expense)	2,156,863
Contributions made	(516,810)
Increase in net OPEB obligation	1,640,053
Net OPEB obligation-beginning of fiscal year	3,124,322
Change in OPEB estimate to beginning balance	(1,517,001)
Adjusted Net OPEB obligation-beginning of fiscal year	1,607,321
Net OPEB obligation-end of fiscal year	$ 3,247,374

The change in OPEB estimate to beginning balance was due to a new actuarial report that was prepared for the fiscal year ended June 30, 2011 which included changes affecting the OPEB liability such as the setting up of a trust fund.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB and Net Obligation (Continued)

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011 and the preceding fiscal year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation (Asset)
6/30/2010	$ 3,571,180	12.5%	$ 3,124,322
6/30/2011	2,156,863	24.0%	3,247,374

The Plan does not issue a separate audited GAAP-basis postemployment benefits plan report.

Funded Status and Funding Progress

As of July 1, 2011 the most recent actuarial valuation date, the plan was 0.24% percent funded. The actuarial accrued liability for benefits was $21,286,815, and the actuarial value of assets was $50,059, resulting in an unfunded actuarial accrued liability (UAAL) of $21,236,756. The covered payroll (annual payroll of active employees covered by the plan) was $5,903,592 and the ratio of the UAAL to the covered payroll was 359.7%

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.

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 the 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 the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the entry age normal actuarial funding method was used. The actuarial assumptions included a 4.3% percent investment rate of return [this represents a weighted blend of what the Town expects to earn on its investments over the lifetime of the benefit program (4%) and the expected rate of return on the Trust Fund (7%)], an inflation rate of 3.0%, and heathcare cost trend rate as follows (CalPERS medical premiums are assumed to increase after 2012): 2013 (7.3%), 2014 (7.0%), 2015 (6.7%), 2016 (6.4%), 2017 (6.1%), 2018 (5.8%), and 2019 and thereafter (5.5%). A projected salary increase assumption rate was not used since the post-retirement medical benefits are not a function of salary. The actuarial report also states that the medical benefits are provided under a plan sponsored by CalPERS, which are considered to be "community rated" within the meaning of GASB 45, therefore, there was no need at this time to value an implicit subsidy in the premium rates charged to retirees. If at some future time this program ceases to be considered "community rated", it may be necessary to include the cost of subsidized premiums in the GASB 45 operating expense, which could significantly increase the Town's future GASB 45 costs. The actuarial value of assets is $50,059. The Town has elected to use the Entry Age Normal actuarial funding method with a closed 30 year level dollar amortization of the unfunded actuarial accrued liability. The remaining amortization period at June 30, 2011 was twenty nine years.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

For new employees hired after February 1, 2011 (and January 1, 2011 for one of the employee groups), CalPERS retiree and spouse medical benefits shall vest as follows as is mandated by California Public Employees Retirement Law, Government Code Section 22893 (this vesting schedule represents time with a CalPERS agency, of which five of those years must be completed with the Town):

50% vested – 10 years of service
55% vested – 11 years of service
60% vested – 12 years of service
65% vested – 13 years of service
70% vested – 14 years of service
75% vested – 15 years of service
80% vested – 16 years of service
85% vested – 17 years of service
90% vested – 18 years of service
95% vested – 19 years of service
100% vested – 20 years of service (100% employee/90% spouse of a premium amount set by the state pursuant to GCS20069 and GCS22871.)

NOTE 10 – NET ASSETS AND FUND BALANCES

A. Net Assets

Net assets are the excess of all the Town's assets over all its liabilities, regardless of fund. Net assets are divided into three captions under GASB Statement No. 34. These captions apply only to net assets, which are determined at the government-wide and proprietary fund level and are described below.

Invested in capital assets, net of related debt describes the portion of net assets which is represented by the current net book value of the Town's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Town cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

Unrestricted describes the portion of net assets which are not restricted as to use.

B. Fund Balance

In the fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. With the implementation of GASB Statement No. 54, the fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing body in the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the governing body.

NOTE 10 – NET ASSETS AND FUND BALANCES (Continued)

B. Fund Balance (Continued)

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Assignments can be made by either the governing body or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing body has provided otherwise in its commitment or assignment actions.

A detailed schedule of fund balances as of June 30, 2011 is presented below:

	General	Home Grant Fund	Redevelopment Agency Fund	Cal Home Rehabilitation Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Loans receivable	$ 3,046	$ -	$ -	$ -	$ -	$ -	$ 3,046
Prepaid	706					16,442	17,148
Advances	1,879,772						1,879,772
Total nonspendable fund balances	1,883,524					16,442	1,899,966
Restricted for:							
Low/Moderate Housing						60,495	60,495
Special projects						265,905	265,905
Debt service			367,096			6,298	373,394
Community development		11,965		75,431		348,063	435,459
General plan						74,528	74,528
Public safety						138,296	138,296
Streets and roads						1,999,251	1,999,251
Wastewater and drainage						643,144	643,144
Capital projects						406,074	406,074
Total restricted fund balances		11,965	367,096	75,431		3,942,054	4,396,546
Unassigned	(191,098)		(1,879,772)			(43,087)	(2,113,957)
Total unassigned fund balances	(191,098)		(1,879,772)			(43,087)	(2,113,957)
Total fund balances	$ 1,692,426	$ 11,965	$ (1,512,676)	$ 75,431	$ -	$ 3,915,409	$ 4,182,555

NOTE 11 – REVENUE LIMITATIONS IMPOSED BY CALIFORNIA PROPOSITION 218

Proposition 218, which was approved by the voters in November 1996, will regulate the Town's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future years by the voters.

NOTE 12 – CONTINGENCIES AND COMMITMENTS

The Town is involved in various litigations. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the Town's financial statements.

The Town has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed by the Town's management that any required reimbursements will not be material.

SERAF/ERAF Contingency

During the fiscal year 2008-2009, the State of California experienced a severe budgetary crisis. Various "budget trailer bills" were passed by the state legislature to balance the state's budget, including bills that required California redevelopment agencies to transfer funds to the Educational Revenue Augmentation Fund (ERAF) and Supplemental Educational Revenue Augmentation Fund (SERAF) administered by the various county auditor-controllers. Noted below is a general explanation of the ERAF and SERAF legislation, together with the effect of this legislation on the Town of Paradise and its Redevelopment Agency (Agency).

ERAF Contribution

Pursuant to AB 1389, a budget trailer bill, California redevelopment agencies were required to make ERAF contributions totaling $350 million. In response to AB 1389, the California Redevelopment Association (CRA) filed a lawsuit against the State of California (California Redevelopment Association et al v. Genest), challenging the constitutionality of the required ERAF contributions. On April 30, 2009, the Sacramento Superior Court held in favor of CRA, ruling that AB 1389 was unconstitutional. On September 28, 2009, the State of California announced its decision not to appeal the decision in "Genest". Accordingly, the Superior Court's decision is now final and binding, and California redevelopment agencies will not be required to make the ERAF contributions pursuant to AB 1389.

SERAF Contributions

Pursuant to AB 26 4x, a budget trailer bill, California redevelopment agencies were required to make SERAF contributions totaling $1.7 billion for the fiscal year 2009-2010 and $350 million for the fiscal year 2010-2011. Under AB 26 4x, agencies may borrow portions of the required contributions from their low and moderate income housing fund. Alternatively, sponsoring governmental agencies (the cities or counties) may elect to pay the SERAF contributions on behalf of their redevelopment agencies. On October 20, 2009, the (CRA) filed a class action lawsuit on behalf of all California redevelopment agencies challenging the SERAF obligations as unconstitutional.

The Agency's SERAF contributions were $137,928 for the fiscal year 2009-2010 and $28,397 for 2010-2011. It is the position of Agency officials that the SERAF contributions required by AB 26 4x are unconstitutional, and that the Agency is not obligated to make these contributions. However, the Agency has made the contribution for 2009-2010 and 2010-2011.

Recent Changes in Legislature Affecting California Redevelopment Agency

The Redevelopment Agency operates pursuant to the provisions of California Redevelopment Law (Health & Safety Code Section 33000 et seq.). On June 28, 2011, the California Legislature adopted Assembly Bill XI 26 (Dissolution Act) and Assembly Bill XI 27 (Continuation Act). The express purpose of the Dissolution Act was to provide for the elimination of redevelopment agencies, and to direct the orderly distribution of a former redevelopment agency's assets and liabilities. The purpose of Continuation Act was to provide a voluntary alternative for local governments to continue redevelopment activities. Taken together, these Acts require the Agency and its sponsoring community (the Town) to take several legislative actions to implement their various provisions.

NOTE 12 – CONTINGENCIES AND COMMITMENTS (Continued)

Recent Changes in Legislature Affecting California Redevelopment Agency (Continued)

If the Town, as the Agency's sponsoring community, does not elect to continue the Agency under the provisions of the Continuation Act, the Agency will be deemed dissolved effective October 1, 2011. Under the provisions of the Dissolution Act, an "Enforceable Payment Obligation Schedule" (EOPS) will be adopted by the Agency and presented to the County Auditor-Controller for certification. The last official act of the Agency will be to provide a draft "Recognized Obligation Payment Schedule" (ROPS) to a successor agency. The ROPS is subject to an independent audit and a review by an independent oversight board. Once audited and accepted by the oversight board, the County Auditor & Controller is directed to retain an amount of tax increment sufficient to meet the ongoing cost of enforceable obligations, and then distribute the remainder of revenues to the affected taxing agencies.

If the Town elects to continue the Agency, the Town Council must enact a non-binding resolution of its intent to continue the Agency no later than October 1, 2011, and it must also enact an ordinance agreeing to comply with the Continuation Act no later than November 1, 2011. Pursuant to the Continuation Act, the Town must then make an annual payment, which may be reimbursed by the Agency. The required payment, which was calculated by the State Department of Finance and released to the Town on August 1, 2011, will be $101,690 for FY 2011-12. Subsequent remittance payments will be calculated using a statutory ratio that will be applied to the FY 2011-12 payment and adjusted for inflation and other items.

On December 29, 2011, the State Supreme Court upheld that the State's Assembly Bill XI 26 (Dissolution Act) was not unconstitutional, but that the State's Assembly Bill XI 27 (Continuation Act) was unconstitutional. On January 10, 2012, the Town adopted a resolution to elect the Town as the Successor Agency of the Paradise Redevelopment Agency and the Successor Housing Agency of the Paradise Redevelopment Agency pursuant to Assembly Bill X1 26. On January 30, 2012, the Town adopted a resolution to establish a budgetary fund relating to the Successor Agency of the Paradise Redevelopment Agency. As the Successor Agency, the Town also readopted the Enforceable Obligation Payment Schedule. The Town also established a budgetary fund to account for the housing activities of the dissolved Paradise Redevelopment Agency.

NOTE 13 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town is a member of Northern California Cities Self Insurance Fund (NCCSIF), a joint powers agency which provides the Town with a shared risk layer of coverage above the self insured $50,000 retention for liability and the self insured $100,000 retention for workers compensation. The NCCSIF is composed of 21 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budgeting and financing.

NCCSIF is a joint powers agency organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. NCCSIF provides claims processing administrative services, risk management services, and actuarial studies. It is governed by a member of each city/town. The Town council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. However, ultimate liability for payment of claims and insurance premiums resides with member cities.

NOTE 13 – RISK MANAGEMENT (CONTINUED)

NCCSIF is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities/town. If the JPA becomes insolvent, the Town is responsible only to the extent of any deficiency in its equity balance.

Upon termination of the JPA agreement, all property of NCCSIF will vest in the respective parties which theretofore transferred, conveyed or leased said property to NCCSIF. Any surplus of funds will be returned to the parties in proportion to actual balances of each equity.

The NCCSIF establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not recorded. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The participants as of June 30, 2011 were as follows:

Anderson	Corning	Galt	Jackson	Nevada City	Placerville	Rocklin
Auburn	Dixon	Gridley	Lincoln	Oroville	Red Bluff	Willows
Colusa	Folsom	Ione	Marysville	Paradise	Rio Vista	Yuba City

The following is summary financial information of the NCCSIF for the liability and workers' compensation programs for the fiscal year ended June 30, 2011:

	Workers' Compensation	General Liability
Total assets	$ 36,420,150	$14,022,414
Total liabilities	24,569,403	7,922,513
Net assets	$ 11,850,747	$ 6,099,901
Operating income	$ 3,718,558	$ 3,109,311
Operating expenses	6,612,488	4,472,121
Operating income (loss)	(2,893,930)	(1,362,810)
Non-Operating Income	904,512	375,541
Net income (loss)	(1,989,418)	(987,269)
Beginning retained earnings	13,840,165	7,087,170
Ending retained earnings	$ 11,850,747	$ 6,099,901

NOTE 14 – SUBSEQUENT EVENTS

The Town approved the issuance of the 2011-12 Tax and Revenue Anticipation Note for the fiscal year 2011-2012. The Note is being issued for the purpose of replenishing a cash flow deficit in the Town's general fund, incurred as a result of the payment of current general fund expenditures, including current expenses, capital expenditures, and discharge of other obligations or indebtedness of the Town. The date of the note is September 7, 2011 and the maturity date is June 30, 2012. The principal amount of the Note is $3,000,000 and the note has an interest rate of 2.30% per annum.

NOTE 14 – SUBSEQUENT EVENTS (CONTINUED)

On June 28, 2011, the California Legislature adopted Assembly Bill XI 26 (Dissolution Act) and Assembly Bill XI 27 (Continuation Act) (additional information on this legislation is available in Note 12). The California Redevelopment Association, the League of California Cities, and two cities have sued to prevent enforcement of the Acts. On August 11, 2011, the Supreme Court of California (Supreme Court) agreed to hear the lawsuit and committed to issuing a decision by January 15, 2012. The Supreme Court also issued a stay of many elements of the Acts, including dissolution, County actions required for continuation, and the required payment, until the Supreme Court rules on the merits of the case. The deadlines imposed by the Acts with respect to affirmation of continuation are expected to be re-set by the Supreme Court at that time, depending on its decision. If the Supreme Court upholds these Acts, the realization of any costs related to the Continuation Act is subject to an action by the Town Council taken subsequent to the issuance of this report. Should the Town Council elect to discontinue the Agency, it would then be dissolved and its rights, obligations and responsibilities would be assigned to a successor agency. If the Supreme Court upholds these Acts, the Town Council will consider the ordinance required for continuation of the Agency subsequent to the issuance of this report.

On August 22, 2011, the Redevelopment Agency adopted the Enforceable Obligation Payment Schedule. On September 15, 2011, the Redevelopment Agency adopted the draft Recognized Obligation Payment Schedule. No other actions have been taken in light of the stay orders issued by the California Supreme Court California Redevelopment Assn. v. Matosantos (S194861). If the Dissolution Act and Continuation Act are upheld, the Agency will be required to make a determination to continue or to dissolve the Agency. These actions will be taken subsequent to the issuance of this report.

On December 29, 2011, the State Supreme Court upheld that the State's Assembly Bill XI 26 (Dissolution Act) was not unconstitutional, but that the State's Assembly Bill XI 27 (Continuation Act) was unconstitutional. On January 10, 2012, the Town adopted a resolution to elect the Town as the Successor Agency of the Paradise Redevelopment Agency and the Successor Housing Agency of the Paradise Redevelopment Agency pursuant to Assembly Bill X1 26. On January 30, 2012, the Town adopted a resolution to establish a budgetary fund relating to the Successor Agency of the Paradise Redevelopment Agency. As the Successor Agency, the Town also re-adopted the Enforceable Obligation Payment Schedule. The Town also established a budgetary fund to account for the housing activities of the dissolved Paradise Redevelopment Agency.

The Town has evaluated subsequent events through the date of this report, which is March 26, 2012.

NOTE 15 – PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of $14,272 was made to the fund statements, General Fund, to move the fund balance that was previously shown in three separate special revenue funds (Town Fund, Technical Equipment Replacement Fund, and Vehicle Sales Proceeds Fund) into the General Fund. The prior period adjustment was made due to the new definition of special revenue funds in accordance with the GABS 54.

A prior period adjustment of ($1,535) was made to the fund statements, Town Fund, to move the fund balance that was previously shown in this special revenue fund into the General Fund.

A prior period adjustment of ($2,795) was made to the fund statements, Technical Equipment Replacement Fund, to move the fund balance that was previously shown in this special revenue fund into the General Fund.

A prior period adjustment of ($9,942) was made to the fund statements, Vehicle Sales Proceeds Fund, to move the fund balance that was previously shown in this special revenue fund into the General Fund.

NOTE 16 – FINANCIAL STABILITY AND GOING CONCERN

The United States has entered into a financial credit crisis and although the United States Federal Government has taken actions that, at least in part, are intended to relieve and correct this financial credit crisis, future revenue and services could be severely impacted. In addition, the State of California is facing a budget deficit and a financial crisis of their own, and as a result the Town could be impacted by the decrease in revenue received from the State of California.

As of June 30, 2011, the Town's general fund cash balance has been depleted and there was no unassigned fund balance amount remaining to fund the ongoing activities of the Town (with a majority of the fund balance being categorized as nonspendable for advances due from the RDA fund) as of the fiscal year ended June 30, 2011. Additionally, the Town had net assets of $1,174,971 in governmental activities, an annual OPEB cost for the fiscal year ended June 30, 2011 of $2,156,863 and a UAAL amount of $21,236,756 (per information provided in the GASB 45 Actuarial Valuation Report). The annual OPEB cost for the fiscal year ended June 30, 2012 is $2,262,266 (per information provided in the GASB 45 Actuarial Valuation Report). Based on this information, the Town may not be able to continue as a going concern. Management's plans regarding these matters are noted below.

The management of the Town of Paradise will continue to take actions to protect the remaining resources of the Town. At the time these financial statements are issued, the Town has completed nine months of the 2011/12 fiscal year without any cash flow shortages and has been able to meet all of its financial obligations on a timely basis. There is no doubt from management perspective that the Town will successfully complete the remaining three months of the fiscal year with adequate cash flows and reserves proving its ability to continue as a going concern.

Management has in fact taken a number of steps to protect the financial solvency of the Town. Related to the Other Post Employment Benefit Obligations (OPEB), the Town is implementing every strategy possible to reduce the obligation as quickly as possible. During 2011/12 the Town negotiated medical premium contribution caps with four of its six employee units. It implemented a retiree health vesting schedule for new hires that went into effect in December 2010. Under this vesting schedule new hires will have to work at least 5 years for the Town and at least 10 years for a CalPERS agency before receiving 50% of the retiree health benefits. A new hire will have to have 20 years of CalPERS service to be eligible for 100% retiree health benefits. It has reduced its full time equivalent (FTE) workforce by 17.9% from when the OPEB obligation was first measured. Further, it has opened an irrevocable trust to begin funding the future obligation. The dollars contributed to the trust can only be used for OPEB obligations. As reflected in the most recent OPEB actuarial study, all of these actions reduced the present value of future benefits from $45.8 million to $28.90 million, a 37% reduction in one fiscal year. The Town is currently in negotiations with its final two employee units in order to achieve a cap with all employees and future retirees.

The Town has an ending general fund balance of $1,692,426 and cash in its governmental funds of $2,140,386 as of June 30, 2011, even after the cash advances and loans made to the Paradise Redevelopment Agency (RDA). Related to the amounts set aside for RDA advances and loans, the Town believes this was a fiscally responsible investment for the Town given that prior loans have been repaid without incident and that the Town is receiving 4.5% interest on the loans which is additional income for the general fund during a time when investment income is scarce. The Town will receive principal and interest payments toward these loans of $304,311 during 2011/12 and $259,046 during 2012/13 which will be used to rebuild undesignated reserves. All loans between the now dissolved RDA and Town are included on the Enforceable Obligation Payment Schedule (EOPS) for repayment. As successor agency to the RDA, the Town will be responsible for ensuring payment of all obligations included on the EOPS. Any advances not documented through a loan will be repaid through an annual $250,000 administration

NOTE 16 – FINANCIAL STABILITY AND GOING CONCERN (Continued)

fee included in the dissolution law as the minimum amount a successor agency will receive for administering the obligations of the former RDA. This means that within five years, by 2015/16 all loans and advances between the Town and the former RDA will be repaid. The RDA brought $2.5 million for RDA projects and other local community agencies since its inception.

As indicated before, the Town has made drastic reductions in workforce in order to reduce expenses. Since the start of the recession, the Town has reduced its FTE equivalents from 110.06 to the currently projected 88.95 an over 19% reduction. In this current budget year, 2011/12, the Town has done sufficient cutbacks to ensure that all non-general funds are self sustaining and will not require transfers in from the general fund to balance. Management is currently looking at ways to restructure public safety divisions to achieve additional savings recognizing that the revenue picture for 2012/13 is not expected to rebound quickly and also recognizing that fixed expenditures are continuing to increase.

REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF PARADISE

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes and assessments:				
Secured and unsecured property taxes	$ 4,475,339	$ 4,387,209	$ 4,330,691	$ (56,518)
Sales and use taxes	1,560,000	1,639,866	1,660,578	20,712
Transient lodging taxes	164,691	168,185	161,990	(6,195)
Franchise taxes	796,144	803,155	816,498	13,343
Real property transfer taxes	44,253	38,310	34,063	(4,247)
Total taxes and assessments	7,040,427	7,036,725	7,003,820	(32,905)
Licenses, permits, and impact fees	48,848	20,512	25,441	4,929
Fines and forfeitures	126,250	89,600	104,747	15,147
Use of money and property:				
Interest earned	26,981	16,881	13,066	(3,815)
Intergovernmental revenues:				
Motor vehicle in-lieu tax	2,204,130	2,132,182	2,127,665	(4,517)
Homeowners property tax relief	73,000	73,000	72,772	(228)
Federal-other	22,500	12,000	16,802	4,802
State-other	135,900	42,559	67,581	25,022
Total intergovernmental revenues	2,435,530	2,259,741	2,284,820	25,079
Charges for services:				
Police	31,533	30,328	29,388	(940)
Fire	15,000	11,930	14,780	2,850
Community development	49,267	32,496	33,587	1,091
Parks and recreation	1,201	2,001	2,670	669
Administration	49,208	49,215	53,328	4,113
Total charges for services	146,209	125,970	133,753	7,783
Other revenues	10,540	127,403	147,122	19,719
Total revenues	9,834,785	9,676,832	9,712,769	35,937

(Continued)

TOWN OF PARADISE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
(Continued)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Expenditures:				
Current:				
General government:				
Town council	$ 41,016	$ 41,062	$ 36,768	$ 4,294
Town manager	150,661	150,109	145,453	4,656
Town attorney	175,620	178,610	209,008	(30,398)
Financial services	240,920	238,950	232,090	6,860
Town clerk	297,463	273,383	275,491	(2,108)
Risk management	97,339	99,613	95,702	3,911
Non-departmental	521,466	537,660	593,038	(55,378)
Total general government	1,524,485	1,519,387	1,587,550	(68,163)
Community development:				
Planning	283,764	298,593	290,393	8,200
Solid waste	43,270	46,242	42,196	4,046
Total community development	327,034	344,835	332,589	12,246
Public safety:				
Police:				
Administration	672,972	694,469	683,527	10,942
Operations	2,369,717	2,362,478	2,321,589	40,889
Communications	795,874	786,346	762,476	23,870
Motor pool operations	183,253	190,299	168,017	22,282
Fire:				
Administration	325,106	347,917	314,462	33,455
Emergency operations center	23,769	23,603	20,550	3,053
Suppression	2,848,054	2,813,055	2,827,628	(14,573)
Volunteers	65,502	34,250	44,147	(9,897)
Total public safety	7,284,247	7,252,417	7,142,396	110,021
Public works:				
Engineering	240,594	235,274	260,084	(24,810)
Total public works	240,594	235,274	260,084	(24,810)
Parks and Recreation	51,374	44,536	40,390	4,146
Capital outlay	10,542	126,233	126,233	
Debt service:				
Principal	1,028,557	1,028,556	980,488	48,068
Interest and fiscal charges	165,544	110,454	253,298	(142,844)
Total debt service	1,194,101	1,139,010	1,233,786	(94,776)
Total expenditures	10,632,377	10,661,692	10,723,028	(61,336)
Excess of revenues over (under) expenditures	(797,592)	(984,860)	(1,010,259)	(25,399)

(Continued)

TOWN OF PARADISE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011
(Continued)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Other Financing Sources (Uses):				
Transfers in	$ 900,237	$ 1,018,997	$ 909,762	$ (109,235)
Transfers out	(458,899)	(224,571)	(87,076)	137,495
Total other financing sources (uses)	441,338	794,426	822,686	28,260
Net change in fund balance	(356,254)	(190,434)	(187,573)	2,861
Fund balance - July 1, 2010	1,865,727	1,865,727	1,865,727	
Prior period adjustments			14,272	14,272
Fund balance - July 1, 2010, restated	1,865,727	1,865,727	1,879,999	14,272
Fund balance - June 30, 2011	$ 1,509,473	$ 1,675,293	$ 1,692,426	$ 17,133

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REDEVELOPMENT AGENCY FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Taxes and assessments	$ 366,851	$ 366,851	$ 333,983	$ (32,868)
Use of money and property	176	176	135	(41)
Program income	8,838	8,838	8,941	103
Other revenues	640	640	320	(320)
Total revenues	376,505	376,505	343,379	(33,126)
Expenditures:				
Current:				
Community development	207,555	208,155	182,345	25,810
Debt service:				
Principal	28,588	28,588	20,432	8,156
Interest and fiscal charges	309,673	309,673	278,288	31,385
Total expenditures	545,816	546,416	481,065	65,351
Excess of revenues over (under) expenditures	(169,311)	(169,911)	(137,686)	32,225
Other Financing Sources (Uses):				
Transfers out	(52,256)	(52,256)	(51,104)	1,152
Total other financing sources (uses)	(52,256)	(52,256)	(51,104)	1,152
Net change in fund balance	(221,567)	(222,167)	(188,790)	33,377
Fund balance (deficit), July 1, 2010	(1,323,886)	(1,323,886)	(1,323,886)	
Fund balance (deficit), June 30, 2011	$ (1,545,453)	$ (1,546,053)	$ (1,512,676)	$ 33,377

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAL HOME REHABILITATION FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Use of money and property	$ 100	$ 100	$ 416	$ 316
Program income			9,885	9,885
Total revenues	100	100	10,301	10,201
Expenditures:				
Current:				
Community development	60,000	60,000		60,000
Total expenditures	60,000	60,000		60,000
Excess of revenues over (under) expenditures	(59,900)	(59,900)	10,301	70,201
Other Financing Sources (Uses):				
Transfers out			(494)	(494)
Total other financing sources (uses)			(494)	(494)
Net change in fund balance	(59,900)	(59,900)	9,807	69,707
Fund balance, July 1, 2010	65,624	65,624	65,624	
Fund balance, June 30, 2011	$ 5,724	$ 5,724	$ 75,431	$ 69,707

TOWN OF PARADISE
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

Schedule of Funding Progress – Other Post-employment Benefits

Actuarial Valuation Date	Entry Age Normal Cost Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
7/1/2010	$ 31,318,266	$ -	$ 31,318,266	0.00%	$ 5,888,935	531.8%
7/1/2011	21,286,815	50,059	21,236,756	0.24%	5,903,592	359.7%

OTHER SUPPLEMENTAL INFORMATION

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TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Use of money and property	$ -	$ -	$ -	$ -
Total revenues				
Expenditures:				
Current:				
Public works	1,194,696	1,175,221	46,955	1,128,266
Capital outlay	874,659	874,659	874,659	
Total expenditures	2,069,355	2,049,880	921,614	1,128,266
Excess of revenues over (under) expenditures	(2,069,355)	(2,049,880)	(921,614)	1,128,266
Other Financing Sources:				
Transfers in	2,069,355	2,049,880	921,614	(1,128,266)
Total other financing sources	2,069,355	2,049,880	921,614	(1,128,266)
Net change in fund balance				
Fund balance, July 1, 2010				
Fund balance, June 30, 2011	$ -	$ -	$ -	$ -

TOWN OF PARADISE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2011

	Special Revenue Funds			
	Cluster Septic Fund	Animal Control Shelter Fund	Gas Tax Fund	Narc Task Force Fund
ASSETS				
Cash and investments	$ -	$ -	$ -	$ -
Restricted cash and investments with fiscal agent				
Accounts receivable		6,527	393,318	184
Prepaid items				
Due from other funds				
Advances receivable				
Loans receivable				
Total assets	$ -	$ 6,527	$ 393,318	$ 184
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ 1,240	$ 10,752	$ -
Accrued wages		4,419	16,763	
Due to other funds	4,339	23,174	278,976	184
Deferred revenue				
Total liabilities	4,339	28,833	306,491	184
Fund balances:				
Nonspendable				
Prepaid items				
Restricted			86,827	
Unassigned	(4,339)	(22,306)		
Total fund balances (deficits)	(4,339)	(22,306)	86,827	
Total liabilities and fund balances	$ -	$ 6,527	$ 393,318	$ 184

Special Revenue Funds					
Traffic Safety Fund	Special Projects Fund	EDBG Repayment Fund	HUD Revolving Loan Fund	SLESF Fund	Citizen Police Fund
$ 28,720	$ 270,501	$ 155,844	$ 150,728	$ -	$ 10,403
6,167				38,871	
			179,987		
$ 34,887	$ 270,501	$ 155,844	$ 330,715	$ 38,871	$ 10,403
$ -	$ 4,596	$ -	$ -	$ -	$ -
		6,295			
				29,856	
			179,987		
	4,596	6,295	179,987	29,856	
34,887	265,905	149,549	150,728	9,015	10,403
34,887	265,905	149,549	150,728	9,015	10,403
$ 34,887	$ 270,501	$ 155,844	$ 330,715	$ 38,871	$ 10,403

(Continued)

TOWN OF PARADISE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2011
(CONTINUED)

	Special Revenue Funds			
	Traffic Congestion Relief Fund	CMAQ Fund	Asset Seizure Fund	BTA Memorial So Ext Grant Fund
ASSETS				
Cash and investments	$ 49,960	$ -	$ 2,672	$ -
Restricted cash and investments with fiscal agent				
Accounts receivable		35,297		
Prepaid items				
Due from other funds				
Advances receivable				
Loans receivable				
Total assets	$ 49,960	$ 35,297	$ 2,672	$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Accrued wages				
Due to other funds		35,297		
Deferred revenue				
Total liabilities		35,297		
Fund balances:				
Nonspendable				
Prepaid items				
Restricted	49,960		2,672	
Unassigned				
Total fund balances (deficits)	49,960		2,672	
Total liabilities and fund balances	$ 49,960	$ 35,297	$ 2,672	$ -

Special Revenue Funds					
Traffic Signal Fund	Memorial Trail Fund	School Resource Officer Fund	CalHome Grant Fund	95 Impact Signalization Fund	95 Impact PDFC Fund
$ -	$ 2,226	$ -	$ 47,801	$ 64,810	$ 32,420
		29,117			
$ -	$ 2,226	$ 29,117	$ 47,801	$ 64,810	$ 32,420
$ -	$ -	$ -	$ 15	$ -	$ -
		29,117			
		29,117	15		
	2,226		47,786	64,810	32,420
	2,226		47,786	64,810	32,420
$ -	$ 2,226	$ 29,117	$ 47,801	$ 64,810	$ 32,420

(Continued)

TOWN OF PARADISE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2011
(CONTINUED)

	Special Revenue Funds			
	95 Impact FDFC Fund	CDBG Fund	Code Enforcement Reimbursement Fund	95 Impact Road Fund
ASSETS				
Cash and investments	$ 8,555	$ -	$ -	$ 43,439
Restricted cash and investments with fiscal agent				
Accounts receivable		40,483		
Prepaid items				
Due from other funds				600,000
Advances receivable				
Loans receivable				
Total assets	$ 8,555	$ 40,483	$ -	$ 643,439
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ 11,270	$ -	$ -
Accrued wages				
Due to other funds		29,213		
Deferred revenue				
Total liabilities		40,483		
Fund balances:				
Nonspendable				
Prepaid items				
Restricted	8,555			643,439
Unassigned				
Total fund balances (deficits)	8,555			643,439
Total liabilities and fund balances	$ 8,555	$ 40,483	$ -	$ 643,439

Special Revenue Funds						
Town Fund	Building Safety and Waste Water Services	Low/ Moderate Income Housing Fund	Abandoned Vehicle Fund	95 Impact Drainage Fund	AVOID Fund	First Time Home Buyer Fund
$ -	$ -	$ 62,260	$ 4,178	$ 567,877	$ -	$ -
	21,419		11,215		15,201	100,258
	16,442					
				75,267		
	190,386					
		443,740				
$ -	$ 228,247	$ 506,000	$ 15,393	$ 643,144	$ 15,201	$ 100,258
$ -	$ 2,441	$ 824	$ 6	$ -	$ 1,220	$ 599
	17,628	941	209			
	208,178				13,981	99,659
		443,740				
	228,247	445,505	215		15,201	100,258
	16,442					
		60,495	15,178	643,144		
	(16,442)					
		60,495	15,178	643,144		
$ -	$ 228,247	$ 506,000	$ 15,393	$ 643,144	$ 15,201	$ 100,258

(Continued)

TOWN OF PARADISE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2011
(CONTINUED)

	Special Revenue Funds			
	Traffic Safety - DUI Impound Fees Fund	Technical Equipment Replacement Fund	General Plan Fee Fund	Vehicle Sales Proceeds Fund
ASSETS				
Cash and investments	$ 25,166	$ -	$ 74,539	$ -
Restricted cash and investments with fiscal agent				
Accounts receivable				
Prepaid items				
Due from other funds				
Advances receivable				
Loans receivable				
Total assets	$ 25,166	$ -	$ 74,539	$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ 11	$ -
Accrued wages				
Due to other funds				
Deferred revenue				
Total liabilities			11	
Fund balances:				
Nonspendable				
Prepaid items				
Restricted	25,166		74,528	
Unassigned				
Total fund balances (deficits)	25,166		74,528	
Total liabilities and fund balances	$ 25,166	$ -	$ 74,539	$ -

Special Revenue Funds		Capital Projects Funds		Debt Service Fund	
Local Transportation Fund	ARRA Fund	Transportation Capital Projects Fund	Capital Leases Fund	Wastewater Design Assessment District Fund	Totals
$ 31,773	$ -	$ 393,208	$ -	$ 6,298	$ 2,033,378
			498,551		498,551
143,039	213,377				1,054,473
					16,442
1,000,000					1,675,267
					190,386
					623,727
$ 1,174,812	$ 213,377	$ 393,208	$ 498,551	$ 6,298	$ 6,092,224
$ 3,635	$ -	$ -	$ 150,864	$ -	$ 187,473
624					46,879
	213,377		334,821		1,300,172
18,564					642,291
22,823	213,377		485,685		2,176,815
					16,442
1,151,989		393,208	12,866	6,298	3,942,054
					(43,087)
1,151,989		393,208	12,866	6,298	3,915,409
$ 1,174,812	$ 213,377	$ 393,208	$ 498,551	$ 6,298	$ 6,092,224

TOWN OF PARADISE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2011

	Special Revenue Funds			
	Cluster Septic Fund	Animal Control Shelter Fund	Gas Tax Fund	Narc Task Force Fund
Revenues:				
Taxes and assessments	$ -	$ 131,163	$ -	$ -
Licenses, permits, and impact fees		23,007		
Fines and forfeitures		2,145		
Use of money and property				
Intergovernmental revenues			996,604	36,686
Charges for services		22,904		
Program income				
Other revenues		59,017	5,176	
Total revenues		238,236	1,001,780	36,686
Expenditures:				
Current:				
General government				
Community development				
Public safety		201,866		36,686
Public works				
Streets			834,782	
Capital outlay				
Debt service:				
Principal		6,149	43,675	
Interest and fiscal charges		324	3,306	
Total expenditures		208,339	881,763	36,686
Excess of revenues over (under) expenditures		29,897	120,017	
Other Financing Sources (Uses):				
Proceeds from the issuance of debt				
Transfers in			71,694	
Transfers out		(29,897)	(104,884)	
Total other financing sources (uses)		(29,897)	(33,190)	
Net change in fund balances			86,827	
Fund balances (deficits) - July 1, 2010	(4,339)	(22,306)		
Prior period adjustments				
Fund balances (deficits) - July 1, 2010, restated	(4,339)	(22,306)		
Fund balances (deficits) - June 30, 2011	$ (4,339)	$ (22,306)	$ 86,827	$ -

Special Revenue Funds					
Traffic Safety Fund	Special Projects Fund	EDBG Repayment Fund	HUD Revolving Loan Fund	SLESF Fund	Citizen Police Fund
$ -	$ -	$ -	$ -	$ -	$ -
33,342					
97		526	506		35
				100,000	
			6,773		
	128,248	145			5,916
33,439	128,248	671	7,279	100,000	5,951
	179,579	85,942			
					549
		1,320		60,112	2,410
		50		4,348	90
	179,579	87,312		64,460	3,049
33,439	(51,331)	(86,641)	7,279	35,540	2,902
		70,634			
(26,000)		(16,686)		(45,000)	
(26,000)		53,948		(45,000)	
7,439	(51,331)	(32,693)	7,279	(9,460)	2,902
27,448	317,236	182,242	143,449	18,475	7,501
27,448	317,236	182,242	143,449	18,475	7,501
$ 34,887	$ 265,905	$ 149,549	$ 150,728	$ 9,015	$ 10,403

(Continued)

TOWN OF PARADISE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2011
(CONTINUED)

	Special Revenue Funds			
	Traffic Congestion Relief Fund	CMAQ Fund	Asset Seizure Fund	BTA Memorial So Ext Grant Fund
Revenues:				
Taxes and assessments	$ -	$ -	$ -	$ -
Licenses, permits, and impact fees				
Fines and forfeitures				
Use of money and property	356		9	
Intergovernmental revenues		33,300		86,750
Charges for services				
Program income				
Other revenues			587	
Total revenues	356	33,300	596	86,750
Expenditures:				
Current:				
General government				
Community development				
Public safety				
Public works				
Streets				
Capital outlay				
Debt service:				
Principal				
Interest and fiscal charges				
Total expenditures				
Excess of revenues over (under) expenditures	356	33,300	596	86,750
Other Financing Sources (Uses):				
Proceeds from the issuance of debt				
Transfers in				
Transfers out	(235,389)	(33,300)		(86,750)
Total other financing sources (uses)	(235,389)	(33,300)		(86,750)
Net change in fund balances	(235,033)		596	
Fund balances (deficits) - July 1, 2010	284,993		2,076	
Prior period adjustments				
Fund balances (deficits) - July 1, 2010, restated	284,993		2,076	
Fund balances (deficits) - June 30, 2011	$ 49,960	$ -	$ 2,672	$ -

Special Revenue Funds					
Traffic Signal Fund	Memorial Trail Fund	School Resource Officer Fund	CalHome Grant Fund	95 Impact Signalization Fund	95 Impact PDFC Fund
$ -	$ -	$ -	$ -	$ -	$ -
				1,150	2,102
	8			220	109
		116,468	225,000		
	8	116,468	225,000	1,370	2,211
			169,196		
		116,468			
		116,468	169,196		
	8		55,804	1,370	2,211
(12,080)			(32,459)	(420)	
(12,080)			(32,459)	(420)	
(12,080)	8		23,345	950	2,211
12,080	2,218		24,441	63,860	30,209
12,080	2,218			63,860	30,209
$ -	$ 2,226	$ -	$ 47,786	$ 64,810	$ 32,420

(Continued)

TOWN OF PARADISE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2011
(CONTINUED)

	Special Revenue Funds			
	95 Impact FDFC Fund	CDBG Fund	Code Enforcement Reimbursement Fund	95 Impact Road Fund
Revenues:				
Taxes and assessments	$ -	$ -	$ -	$ -
Licenses, permits, and impact fees	1,682			14,086
Fines and forfeitures				
Use of money and property	91			2,173
Intergovernmental revenues		238,124		
Charges for services				
Program income				
Other revenues				
Total revenues	1,773	238,124		16,259
Expenditures:				
Current:				
General government				
Community development		187,109		
Public safety				
Public works				
Streets				
Capital outlay				
Debt service:				
Principal				
Interest and fiscal charges				
Total expenditures		187,109		
Excess of revenues over (under) expenditures	1,773	51,015		16,259
Other Financing Sources (Uses):				
Proceeds from the issuance of debt				
Transfers in				
Transfers out	(18,284)	(51,015)	(3,698)	(9,408)
Total other financing sources (uses)	(18,284)	(51,015)	(3,698)	(9,408)
Net change in fund balances	(16,511)		(3,698)	6,851
Fund balances (deficits) - July 1, 2010	25,066		3,698	636,588
Prior period adjustments				
Fund balances (deficits) - July 1, 2010, restated	25,066		3,698	636,588
Fund balances (deficits) - June 30, 2011	$ 8,555	$ -	$ -	$ 643,439

Special Revenue Funds						
Town Fund	Building Safety and Waste Water Services	Low/ Moderate Income Housing Fund	Abandoned Vehicle Fund	95 Impact Drainage Fund	AVOID Fund	First Time Home Buyer Fund
$ -	$ -	$ 83,496	$ -	$ -	$ -	$ -
	676,987			37,630		
	13,399					
	10,534	164	237	2,171		
			24,315		69,733	387,401
	58					
	700,978	83,660	24,552	39,801	69,733	387,401
		52,517				354,692
			9,109		69,733	
	695,830					
	52,750					
	5,027	65,300				
	753,607	117,817	9,109		69,733	354,692
	(52,629)	(34,157)	15,443	39,801		32,709
	1,440					
	185,709					
	(134,520)	(4,328)		(30,054)		(32,709)
	52,629	(4,328)		(30,054)		(32,709)
		(38,485)	15,443	9,747		
1,535		98,980	(265)	633,397		
(1,535)						
		98,980	(265)	633,397		
$ -	$ -	$ 60,495	$ 15,178	$ 643,144	$ -	$ -

(Continued)

TOWN OF PARADISE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2011
(CONTINUED)

	Special Revenue Funds			
	Traffic Safety - DUI Impound Fees Fund	Technical Equipment Replacement Fund	General Plan Fee Fund	Vehicle Sales Proceeds Fund
Revenues:				
Taxes and assessments	$ -	$ -	$ -	$ -
Licenses, permits, and impact fees				
Fines and forfeitures				
Use of money and property	86		251	
Intergovernmental revenues				
Charges for services	19,071		26,669	
Program income				
Other revenues				
Total revenues	19,157		26,920	
Expenditures:				
Current:				
General government				
Community development				
Public safety				
Public works				
Streets				
Capital outlay				
Debt service:				
Principal				
Interest and fiscal charges				
Total expenditures				
Excess of revenues over (under) expenditures	19,157		26,920	
Other Financing Sources (Uses):				
Proceeds from the issuance of debt				
Transfers in				
Transfers out				
Total other financing sources (uses)				
Net change in fund balances	19,157		26,920	
Fund balances (deficits) - July 1, 2010	6,009	2,795	47,608	9,942
Prior period adjustments		(2,795)		(9,942)
Fund balances (deficits) - July 1, 2010, restated	6,009		47,608	
Fund balances (deficits) - June 30, 2011	$ 25,166	$ -	$ 74,528	$ -

Special Revenue Funds		Capital Projects Funds		Debt Service Fund	
Local Transportation Fund	ARRA Fund	Transportation Capital Projects Fund	Capital Leases Fund	Wastewater Design Assessment District Fund	Totals
$ -	$ -	$ -	$ -	$ -	$ 214,659
					756,644
					48,886
3,483		1,328	815		23,199
783,940	628,278				3,726,599
					68,644
					6,773
28,644					227,791
816,067	628,278	1,328	815		5,073,195
			39,822	2,298	42,120
					1,029,035
					434,411
					695,830
670,241					1,505,023
			624,649		624,649
					166,416
					78,445
670,241			664,471	2,298	4,575,929
145,826	628,278	1,328	(663,656)	(2,298)	497,266
			671,394		672,834
			4,478		332,515
(4,116)	(628,278)				(1,539,275)
(4,116)	(628,278)		675,872		(533,926)
141,710		1,328	12,216	(2,298)	(36,660)
1,010,279		391,880	650	8,596	3,966,341
					(14,272)
1,010,279		391,880	650	8,596	3,952,069
$ 1,151,989	$ -	$ 393,208	$ 12,866	$ 6,298	$ 3,915,409

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ANIMAL CONTROL SHELTER FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for services	$ 21,412	$ 22,904	$ 1,492
Licenses, permits, and impact fees	23,000	23,007	7
Fines and forfeitures	1,600	2,145	545
Taxes and assessments	131,466	131,163	(303)
Other revenues	21,523	59,017	37,494
Total revenues	199,001	238,236	39,235
Expenditures:			
Current:			
Public safety	202,956	201,866	1,090
Debt service:			
Principal	6,149	6,149	
Interest and fiscal charges	9,046	324	8,722
Total expenditures	218,151	208,339	9,812
Excess of revenues over (under) expenditures	(19,150)	29,897	49,047
Other Financing Sources (Uses):			
Transfers out	(2,400)	(29,897)	(27,497)
Total other financing sources (uses)	(2,400)	(29,897)	(27,497)
Net change in fund balance	(21,550)		21,550
Fund balance (deficit), July 1, 2010	(22,306)	(22,306)	
Fund balance (deficit), June 30, 2011	$ (43,856)	$ (22,306)	$ 21,550

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GAS TAX FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 934,600	$ 996,604	$ 62,004
Other revenues	185	5,176	4,991
Total revenues	934,785	1,001,780	66,995
Expenditures:			
Current:			
Streets	910,947	834,782	76,165
Debt service:			
Principal	43,675	43,675	
Interest and fiscal charges	32,509	3,306	29,203
Total expenditures	987,131	881,763	105,368
Excess of revenues over (under) expenditures	(52,346)	120,017	172,363
Other Financing Sources (Uses):			
Transfers in	148,588	71,694	(76,894)
Transfers out	(96,242)	(104,884)	(8,642)
Total other financing sources (uses)	52,346	(33,190)	(85,536)
Net change in fund balance		86,827	86,827
Fund balance, July 1, 2010			
Fund balance, June 30, 2011	$ -	$ 86,827	$ 86,827

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NARC TASK FORCE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 19,498	$ 36,686	$ 17,188
Total revenues	19,498	36,686	17,188
Expenditures:			
Current:			
Public safety	34,625	36,686	(2,061)
Total expenditures	34,625	36,686	(2,061)
Net change in fund balance	(15,127)		15,127
Fund balance, July 1, 2010			
Fund balance, June 30, 2011	$ (15,127)	$ -	$ 15,127

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRAFFIC SAFETY FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ 59	$ 97	$ 38
Fines and forfeitures	32,000	33,342	1,342
Total revenues	32,059	33,439	1,380
Other Financing Sources (Uses):			
Transfers out	(26,000)	(26,000)	
Total other financing sources (uses)	(26,000)	(26,000)	
Net change in fund balance	6,059	7,439	1,380
Fund balance, July 1, 2010	27,448	27,448	
Fund balance, June 30, 2011	$ 33,507	$ 34,887	$ 1,380

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other revenues	$ 125,000	$ 128,248	$ 3,248
Total revenues	125,000	128,248	3,248
Expenditures:			
Current:			
Community development	431,250	179,579	251,671
Total expenditures	431,250	179,579	251,671
Net change in fund balance	(306,250)	(51,331)	254,919
Fund balance, July 1, 2010	317,236	317,236	
Fund balance, June 30, 2011	$ 10,986	$ 265,905	$ 254,919

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDBG REPAYMENT FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other revenue	$ 100	$ 145	$ 45
Use of money and property	50	526	476
Total revenues	150	671	521
Expenditures:			
Current:			
Community development	66,890	85,942	(19,052)
Debt service:			
Principal	1,320	1,320	
Interest	11,736	50	11,686
Total expenditures	79,946	87,312	(7,366)
Excess of revenues over (under) expenditures	(79,796)	(86,641)	(6,845)
Other Financing Sources (Uses):			
Transfers in	87,655	70,634	(17,021)
Transfers out	(40,586)	(16,686)	23,900
Total other financing sources (uses)	47,069	53,948	6,879
Net change in fund balance	(32,727)	(32,693)	34
Fund balance, July 1, 2010	182,242	182,242	
Fund balance, June 30, 2011	$ 149,515	$ 149,549	$ 34

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HUD REVOLVING LOAN FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Program income	$ 6,600	$ 6,773	$ 173
Use of money and property	400	506	106
Total revenues	7,000	7,279	279
Expenditures:			
Current:			
Community development	60,000		60,000
Total expenditures	60,000		60,000
Net change in fund balance	(53,000)	7,279	60,279
Fund balance, July 1, 2010	143,449	143,449	
Fund balance, June 30, 2011	$ 90,449	$ 150,728	$ 60,279

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SLESF FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 100,000	$ 100,000	$ -
Use of money and property	20		(20)
Total revenues	100,020	100,000	(20)
Expenditures:			
Current			
Public safety	5,472		5,472
Debt service:			
Principal	59,403	60,112	(709)
Interest and fiscal charges		4,348	(4,348)
Total expenditures	64,875	64,460	415
Excess of revenues over (under) expenditures	35,145	35,540	395
Other Financing Sources (Uses):			
Transfers out	(45,000)	(45,000)	
Total other financing sources (uses)	(45,000)	(45,000)	
Net change in fund balance	(9,855)	(9,460)	395
Fund balance, July 1, 2010	18,475	18,475	
Fund balance, June 30, 2011	$ 8,620	$ 9,015	$ 395

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CITIZEN POLICE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses, permits, and impact fees	$ 15	$ -	$ (15)
Other revenues	5,000	5,916	916
Use of money and property	17	35	18
Total revenues	5,032	5,951	919
Expenditures:			
Current:			
Public safety	2,185	549	1,636
Capital outlay			
Debt service:			
Principal	2,410	2,410	
Interest and fiscal charges	90	90	
Total expenditures	4,685	3,049	1,636
Net change in fund balance	347	2,902	2,555
Fund balance, July 1, 2010	7,501	7,501	
Fund balance, June 30, 2011	$ 7,848	$ 10,403	$ 2,555

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRAFFIC CONGESTION RELIEF FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ 378	$ 356	$ (22)
Intergovernmental revenues	266,137		(266,137)
Total revenues	266,515	356	(266,159)
Other Financing Sources (Uses):			
Transfers out	(203,000)	(235,389)	(32,389)
Total other financing sources (uses)	(203,000)	(235,389)	(32,389)
Net change in fund balance	63,515	(235,033)	(298,548)
Fund balance, July 1, 2010	284,993	284,993	
Fund balance, June 30, 2011	$ 348,508	$ 49,960	$ (298,548)

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CMAQ FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 538,000	$ 33,300	$ (504,700)
Total revenues	538,000	33,300	(504,700)
Other Financing Sources (Uses):			
Transfers out	(561,258)	(33,300)	527,958
Total other financing sources (uses)	(561,258)	(33,300)	527,958
Net change in fund balance	(23,258)		23,258
Fund balance, July 1, 2010			
Fund balance, June 30, 2011	$ (23,258)	$ -	$ 23,258

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ASSET SEIZURE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ 5	$ 9	$ 4
Other revenues	500	587	87
Total revenues	505	596	91
Net change in fund balance	505	596	91
Fund balance, July 1, 2010	2,076	2,076	
Fund balance, June 30, 2011	$ 2,581	$ 2,672	$ 91

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BTA MEMORIAL SO EXT GRANT FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 152,750	$ 86,750	$ (66,000)
Total revenues	152,750	86,750	(66,000)
Other Financing Sources (Uses):			
Transfers out	(161,175)	(86,750)	74,425
Total other financing sources (uses)	(161,175)	(86,750)	74,425
Net change in fund balance	(8,425)		8,425
Fund balance, July 1, 2010			
Fund balance, June 30, 2011	$ (8,425)	$ -	$ 8,425

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SCHOOL RESOURCE OFFICER FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 115,375	$ 116,468	$ 1,093
Total revenues	115,375	116,468	1,093
Expenditures:			
Current:			
Public safety	115,375	116,468	(1,093)
Total expenditures	115,375	116,468	(1,093)
Net change in fund balance			
Fund balance, July 1, 2010			
Fund balance, June 30, 2011	$ -	$ -	$ -

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CALHOME GRANT FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 476,541	$ 225,000	$ (251,541)
Total revenues	476,541	225,000	(251,541)
Expenditures:			
Current:			
Community development	410,589	169,196	241,393
Total expenditures	410,589	169,196	241,393
Excess of revenues over (under) expenditures	65,952	55,804	(10,148)
Other Financing Sources (Uses):			
Transfers out	(63,852)	(32,459)	31,393
Total other financing sources (uses)	(63,852)	(32,459)	31,393
Net change in fund balance	2,100	23,345	21,245
Fund balance, July 1, 2010	24,441	24,441	
Fund balance, June 30, 2011	$ 26,541	$ 47,786	$ 21,245

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
95 IMPACT SIGNALIZATION FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses, permits, and impact fees	$ 830	$ 1,150	$ 320
Use of money and property	153	220	67
Total revenues	983	1,370	387
Other Financing Sources (Uses):			
Transfers out		(420)	(420)
Total other financing sources (uses)		(420)	(420)
Net change in fund balance	983	950	(33)
Fund balance, July 1, 2010	63,860	63,860	
Fund balance, June 30, 2011	$ 64,843	$ 64,810	$ (33)

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
95 IMPACT PDFC FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses, permits, and impact fees	$ 1,800	$ 2,102	$ 302
Use of money and property	72	109	37
Total revenues	1,872	2,211	339
Net change in fund balance	1,872	2,211	339
Fund balance, July 1, 2010	30,209	30,209	
Fund balance, June 30, 2011	$ 32,081	$ 32,420	$ 339

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
95 IMPACT FDFC FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses, permits, and impact fees	$ 1,500	$ 1,682	$ 182
Use of money and property	81	91	10
Total revenues	1,581	1,773	192
Other Financing Sources (Uses):			
Transfers out	(25,000)	(18,284)	6,716
Total other financing sources (uses)	(25,000)	(18,284)	6,716
Net change in fund balance	(23,419)	(16,511)	6,908
Fund balance, July 1, 2010	25,066	25,066	
Fund balance, June 30, 2011	$ 1,647	$ 8,555	$ 6,908

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CDBG FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 581,198	$ 238,124	$ (343,074)
Total revenues	581,198	238,124	(343,074)
Expenditures:			
Current:			
Community development	345,282	187,109	158,173
Capital outlay	59,917		59,917
Total expenditures	405,199	187,109	218,090
Excess of revenues over (under) expenditures	175,999	51,015	(124,984)
Other Financing Sources (Uses):			
Transfers out	(175,999)	(51,015)	124,984
Total other financing sources (uses)	(175,999)	(51,015)	124,984
Net change in fund balance			
Fund balance, July 1, 2010			
Fund balance, June 30, 2011	$ -	$ -	$ -

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CODE ENFORCEMENT REIMBURSEMENT FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	$ -	$ -	$ -
Total revenues			
Other Financing Sources (Uses):			
Transfers out	(3,698)	(3,698)	
Total other financing sources (uses)	(3,698)	(3,698)	
Net change in fund balance	(3,698)	(3,698)	
Fund balance, July 1, 2010	3,698	3,698	
Fund balance, June 30, 2011	$ -	$ -	$ -

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
95 IMPACT ROAD FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses, permits, and impact fees	$ 10,000	$ 14,086	$ 4,086
Use of money and property	500	2,173	1,673
Total revenues	10,500	16,259	5,759
Other Financing Sources (Uses):			
Transfers out	(425,000)	(9,408)	415,592
Total other financing sources (uses)	(425,000)	(9,408)	415,592
Net change in fund balance	(414,500)	6,851	421,351
Fund balance, July 1, 2010	636,588	636,588	
Fund balance, June 30, 2011	$ 222,088	$ 643,439	$ 421,351

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING SAFETY & WASTE WATER SERVICES FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses, permits, and impact fees	$ 666,190	$ 676,987	$ 10,797
Fines and forfeitures	9,200	13,399	4,199
Use of money and property	5,233	10,534	5,301
Other revenues	40	58	18
Total revenues	680,663	700,978	20,315
Expenditures:			
Current:			
Public works	774,989	695,830	79,159
Debt service:			
Principal	52,750	52,750	
Interest and fiscal charges	12,517	5,027	7,490
Total expenditures	840,256	753,607	86,649
Excess of revenues over (under) expenditures	(159,593)	(52,629)	106,964
Other Financing Sources (Uses):			
Proceeds from issuance of debt	1,440	1,440	
Transfers in	260,157	185,709	(74,448)
Transfers out	(116,615)	(134,520)	(17,905)
Total other financing sources (uses)	144,982	52,629	(92,353)
Net change in fund balance	(14,611)		14,611
Fund balance, July 1, 2010			
Fund balance, June 30, 2011	$ (14,611)	$ -	$ 14,611

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LOW/MODERATE INCOME HOUSING FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	$ 91,765	$ 83,496	$ (8,269)
Use of money and property	360	164	(196)
Total revenues	92,125	83,660	(8,465)
Expenditures:			
Current:			
Community development	111,769	52,517	59,252
Debt service:			
Principal	1,772		1,772
Interest and fiscal charges	65,306	65,300	6
Total expenditures	178,847	117,817	61,030
Excess of revenues over (under) expenditures	(86,722)	(34,157)	52,565
Other Financing Sources (Uses):			
Transfers in			
Transfers out	(2,555)	(4,328)	(1,773)
Total other financing sources (uses)	(2,555)	(4,328)	(1,773)
Net change in fund balance	(89,277)	(38,485)	50,792
Fund balance, July 1, 2010	98,980	98,980	
Fund balance, June 30, 2011	$ 9,703	$ 60,495	$ 50,792

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ABANDONED VEHICLE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 10,000	$ 24,315	$ 14,315
Use of money and property	40	237	197
Total revenues	10,040	24,552	14,512
Expenditures:			
Current:			
Public safety	10,044	9,109	935
Total expenditures	10,044	9,109	935
Net change in fund balance	(4)	15,443	15,447
Fund balance (deficit), July 1, 2010	(265)	(265)	
Fund balance, June 30, 2011	$ (269)	$ 15,178	$ 15,447

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
95 IMPACT DRAINAGE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses, permits, and impact fees	$ 13,500	$ 37,630	$ 24,130
Use of money and property	1,418	2,171	753
Total revenues	14,918	39,801	24,883
Other Financing Sources (Uses):			
Transfers out	(94,000)	(30,054)	63,946
Total other financing sources (uses)	(94,000)	(30,054)	63,946
Net change in fund balance	(79,082)	9,747	88,829
Fund balance, July 1, 2010	633,397	633,397	
Fund balance, June 30, 2011	$ 554,315	$ 643,144	$ 88,829

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AVOID FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 30,000	$ 69,733	$ 39,733
Total revenues	30,000	69,733	39,733
Expenditures:			
Current:			
Public safety	30,000	69,733	(39,733)
Total expenditures	30,000	69,733	(39,733)
Net change in fund balance			
Fund balance, July 1, 2010			
Fund balance, June 30, 2011	$ -	$ -	$ -

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIRST TIME HOME BUYER FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 410,000	$ 387,401	$ (22,599)
Total revenues	410,000	387,401	(22,599)
Expenditures:			
Current:			
Community development	386,197	354,692	31,505
Total expenditures	386,197	354,692	31,505
Excess of revenues over (under) expenditures	23,803	32,709	8,906
Other Financing Sources (Uses):			
Transfers out	(23,803)	(32,709)	(8,906)
Total other financing sources (uses)	(23,803)	(32,709)	(8,906)
Net change in fund balance			
Fund balance, July 1, 2010			
Fund balance, June 30, 2011	$ -	$ -	$ -

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRAFFIC SAFETY - DUI IMPOUND FEES FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ 34	$ 86	$ 52
Charges for services	14,500	19,071	4,571
Total revenues	14,534	19,157	4,623
Expenditures:			
Current:			
Public safety	10,000		10,000
Total expenditures	10,000		10,000
Net change in fund balance	4,534	19,157	14,623
Fund balance, July 1, 2010	6,009	6,009	
Fund balance, June 30, 2011	$ 10,543	$ 25,166	$ 14,623

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL PLAN FEE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ 152	$ 251	$ 99
Charges for services	22,500	26,669	4,169
Total revenues	22,652	26,920	4,268
Net change in fund balance	22,652	26,920	4,268
Fund balance, July 1, 2010	47,608	47,608	
Fund balance, June 30, 2011	$ 70,260	$ 74,528	$ 4,268

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LOCAL TRANSPORTATION FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ 2,000	$ 3,483	$ 1,483
Intergovernmental revenues	808,799	783,940	(24,859)
Other revenues	22,000	28,644	6,644
Total revenues	832,799	816,067	(16,732)
Expenditures:			
Current:			
Streets	682,905	670,241	12,664
Debt service:			
Principal	1,236		1,236
Total expenditures	684,141	670,241	13,900
Excess of revenues over (under) expenditures	148,658	145,826	(2,832)
Other Financing Sources (Uses):			
Transfers out	(246,175)	(4,116)	242,059
Total other financing sources (uses)	(246,175)	(4,116)	242,059
Net change in fund balance	(97,517)	141,710	239,227
Fund balance, July 1, 2010	1,010,279	1,010,279	
Fund balance, June 30, 2011	$ 912,762	$ 1,151,989	$ 239,227

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ARRA FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 163,962	$ 628,278	$ 464,316
Total revenues	163,962	628,278	464,316
Other Financing Sources (Uses):			
Transfers out	(176,592)	(628,278)	(451,686)
Total other financing sources (uses)	(176,592)	(628,278)	(451,686)
Net change in fund balance	(12,630)		12,630
Fund balance, July 1, 2010			
Fund balance, June 30, 2011	$ (12,630)	$ -	$ 12,630

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRANSPORTATION CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ 937	$ 1,328	$ 391
Intergovernmental revenue	187,693		(187,693)
Total revenues	188,630	1,328	(187,302)
Other Financing Sources (Uses):			
Transfers out	(215,000)		215,000
Total other financing sources (uses)	(215,000)		215,000
Net change in fund balance	(26,370)	1,328	27,698
Fund balance, July 1, 2010	391,880	391,880	
Fund balance, June 30, 2011	$ 365,510	$ 393,208	$ 27,698

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL LEASES FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ 50	$ 815	$ 765
Total revenues	50	815	765
Expenditures:			
Current:			
General government	103,615	39,822	63,793
Capital outlay	1,044,631	624,649	419,982
Total expenditures	1,148,246	664,471	483,775
Excess of revenues over (under) expenditures	(1,148,196)	(663,656)	484,540
Other Financing Sources:			
Transfers in		4,478	4,478
Proceeds from issuance of debt	1,148,246	671,394	(476,852)
Total other financing sources	1,148,246	675,872	(472,374)
Net change in fund balance	50	12,216	12,166
Fund balance, July 1, 2010	650	650	
Fund balance, June 30, 2011	$ 700	$ 12,866	$ 12,166

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WASTEWATER DESIGN ASSESSMENT DISTRICT FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	$ -	$ -	$ -
Total revenues			
Expenditures:			
Current:			
General government	5,090	2,298	2,792
Total expenditures	5,090	2,298	2,792
Net change in fund balance	(5,090)	(2,298)	2,792
Fund balance, July 1, 2010	8,596	8,596	
Fund balance, June 30, 2011	$ 3,506	$ 6,298	$ 2,792

TOWN OF PARADISE
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2011

	Hydrant Maintenance Fund	Department of Justice Livescan Fees Fund	Employee Bank Fund	SMIP Fund	Police Department Seizures Fund
ASSETS					
Cash and investments	$ -	$ 1,566	$ 60	$ 1,338	$ 2,006
Due from others	1,218	103			
Total Assets	$ 1,218	$ 1,669	$ 60	$ 1,338	$ 2,006
LIABILITIES					
Accounts payable	$ 1,218	$ 1,669	$ -	$ 203	$ -
Due to others			60	1,135	2,006
Total Liabilities	$ 1,218	$ 1,669	$ 60	$ 1,338	$ 2,006

Police Department Trading Card Fund	Chaplains-Disaster Relief Fund	Dr. Horlick Fund	Canine Protect Fund	Animal Control Fund	Police Fund
$ 1,745	$ 286	$ 21,430	$ 27,090	$ 77,635	$ 799
$ 1,745	$ 286	$ 21,430	$ 27,090	$ 77,635	$ 799
$ - 1,745	$ - 286	$ - 21,430	$ - 27,090	$ - 77,635	$ - 799
$ 1,745	$ 286	$ 21,430	$ 27,090	$ 77,635	$ 799

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TOWN OF PARADISE
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2011
(CONTINUED)

	Police Department Found Money Fund	Fire Fund	Total
ASSETS			
Cash and investments	$ 6,531	$ 6,164	$ 146,650
Due from others			1,321
Total Assets	$ 6,531	$ 6,164	$ 147,971
LIABILITIES			
Accounts payable	$ -	$ -	$ 3,090
Due to others	6,531	6,164	144,881
Total Liabilities	$ 6,531	$ 6,164	$ 147,971

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TOWN OF PARADISE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
HYDRANT MAINTENANCE FUND				
ASSETS				
Accounts receivable	$ 1,726	$ -	$ (1,726)	$ -
Due from others		1,218		1,218
Total Assets	$ 1,726	$ 1,218	$ (1,726)	$ 1,218
LIABILITIES				
Accounts payable	$ -	$ 1,218	$ -	$ 1,218
Due to others	1,726		(1,726)	
Total Liabilities	$ 1,726	$ 1,218	$ (1,726)	$ 1,218
DEPARTMENT OF JUSTICE LIVESCAN FEES FUND				
ASSETS				
Cash and investments	$ 1,700	$ -	$ (134)	$ 1,566
Due from others		103		103
Total Assets	$ 1,700	$ 103	$ (134)	$ 1,669
LIABILITIES				
Accounts payable	$ 1,700	$ 103	$ (134)	$ 1,669
Total Liabilities	$ 1,700	$ 103	$ (134)	$ 1,669
EMPLOYEE BANK FUND				
ASSETS				
Cash and investments	$ 60	$ -	$ -	$ 60
Total Assets	$ 60	$ -	$ -	$ 60
LIABILITIES				
Due to others	$ 60	$ -	$ -	$ 60
Total Liabilities	$ 60	$ -	$ -	$ 60
SMIP FUND				
ASSETS				
Cash and investments	$ 1,239	$ 109	$ (10)	$ 1,338
Interest receivable	1		(1)	
Total Assets	$ 1,240	$ 109	$ (11)	$ 1,338
LIABILITIES				
Accounts payable	$ 94	$ 109	$ -	$ 203
Due to others	1,146		(11)	1,135
Total Liabilities	$ 1,240	$ 109	$ (11)	$ 1,338

(Continued)

TOWN OF PARADISE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2011
(CONTINUED)

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
POLICE DEPARTMENT SEIZURES FUND				
ASSETS				
Cash and investments	$ 1,407	$ 599	$ -	$ 2,006
Total Assets	$ 1,407	$ 599	$ -	$ 2,006
LIABILITIES				
Due to others	$ 1,407	$ 599	$ -	$ 2,006
Total Liabilities	$ 1,407	$ 599	$ -	$ 2,006
POLICE DEPARTMENT TRADING CARD FUND				
ASSETS				
Cash and investments	$ 1,738	$ 7	$ -	$ 1,745
Interest receivable	1		(1)	
Total Assets	$ 1,739	$ 7	$ (1)	$ 1,745
LIABILITIES				
Due to others	$ 1,739	$ 7	$ (1)	$ 1,745
Total Liabilities	$ 1,739	$ 7	$ (1)	$ 1,745
CHAPLAINS-DISASTER RELIEF FUND				
ASSETS				
Cash and investments	$ 285	$ 1	$ -	$ 286
Total Assets	$ 285	$ 1	$ -	$ 286
LIABILITIES				
Due to others	$ 285	$ 1	$ -	$ 286
Total Liabilities	$ 285	$ 1	$ -	$ 286

(Continued)

TOWN OF PARADISE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2011
(CONTINUED)

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
DR. HORLICK FUND				
ASSETS				
Cash and investments	$ 21,342	$ 88	$ -	$ 21,430
Interest receivable	15		(15)	
Total Assets	$ 21,357	$ 88	$ (15)	$ 21,430
LIABILITIES				
Due to others	$ 21,357	$ 88	$ (15)	$ 21,430
Total Liabilities	$ 21,357	$ 88	$ (15)	$ 21,430
CANINE PROTECT FUND				
ASSETS				
Cash and investments	$ 26,980	$ 110	$ -	$ 27,090
Interest receivable	19		(19)	
Total Assets	$ 26,999	$ 110	$ (19)	$ 27,090
LIABILITIES				
Due to others	$ 26,999	$ 110	$ (19)	$ 27,090
Total Liabilities	$ 26,999	$ 110	$ (19)	$ 27,090
ANIMAL CONTROL FUND				
ASSETS				
Cash and investments	$ 130,984	$ -	$ (53,349)	$ 77,635
Interest receivable	76		(76)	
Total Assets	$ 131,060	$ -	$ (53,425)	$ 77,635
LIABILITIES				
Due to others	$ 131,060	$ -	$ (53,425)	$ 77,635
Total Liabilities	$ 131,060	$ -	$ (53,425)	$ 77,635

(Continued)

TOWN OF PARADISE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2011
(CONTINUED)

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
POLICE FUND				
ASSETS				
Cash and investments	$ 3,528	$ -	$ (2,729)	$ 799
Interest receivable	3		(3)	
Total Assets	$ 3,531	$ -	$ (2,732)	$ 799
LIABILITIES				
Accounts payable	$ 1,933	$ -	$ (1,933)	$ -
Due to others	1,598		(799)	799
Total Liabilities	$ 3,531	$ -	$ (2,732)	$ 799
POLICE DEPARTMENT FOUND MONEY FUND				
ASSETS				
Cash and investments	$ 2,564	$ 3,967	$ -	$ 6,531
Total Assets	$ 2,564	$ 3,967	$ -	$ 6,531
LIABILITIES				
Due to others	2,564	3,967	-	6,531
Total Liabilities	$ 2,564	$ 3,967	$ -	$ 6,531
FIRE FUND				
ASSETS				
Cash and investments	$ 6,323	$ -	$ (159)	$ 6,164
Interest receivable	5		(5)	
Total Assets	$ 6,328	$ -	$ (164)	$ 6,164
LIABILITIES				
Due to others	$ 6,328	$ -	$ (164)	$ 6,164
Total Liabilities	$ 6,328	$ -	$ (164)	$ 6,164

(Continued)

TOWN OF PARADISE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2011
(CONTINUED)

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
TOTAL AGENCY FUNDS				
ASSETS				
Cash and investments	$ 198,150	$ 4,881	$ (56,381)	$ 146,650
Accounts receivable	1,726		(1,726)	
Interest receivable	120		(120)	
Due from others		1,321		1,321
Total Assets	$ 199,996	$ 6,202	$ (58,227)	$ 147,971
LIABILITIES				
Accounts payable	$ 3,727	$ 1,430	$ (2,067)	$ 3,090
Due to others	196,269	4,772	(56,160)	144,881
Total Liabilities	$ 199,996	$ 6,202	$ (58,227)	$ 147,971