TOWN OF PARADISE

ANNUAL FINANCIAL REPORT
June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Town Council
Paradise, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining information of the Town of Paradise, California (Town), as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 of the notes to the financial statements, effective July 1, 2012, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* GASB Statement No. 61, *The Financial Report Entity: Omnibus,* GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* Our opinion is not modified with respect to this matter.

In addition, the accompanying financial statements have been prepared assuming that the Town of Paradise, California, will continue as a going concern. As discussed in Note 15 of the notes to the financial statements, the Town's general fund cash balance is $0 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 Successor Agency Trust Fund). Additionally, an annual OPEB cost for the fiscal year ended June 30, 2013 of $862,647 and a UAAL amount of $12,879,056 (per information provided in the GASB 45 Actuarial Valuation Report). The annual OPEB cost for the fiscal year ended June 30, 2014 is expected to be $875,420 (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 these matters are described in Note 15 on page 57. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 4 through 11, the Schedule of Revenues, Expenditures, Changes in Fund Balance-Budget and Actual-General Fund, Home Grant Fund, CAL Home Rehabilitation Fund, First Time Home Buyer Fund, and the Schedule of Funding Progress-Other Post-employment Benefits on pages 59 through 65 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.

Other Information

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 combining nonmajor governmental funds financial statements, nonmajor governmental funds budgetary comparison schedules, the combining private purpose trust funds financial statements, and the combining agency funds financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining nonmajor governmental funds financial statements, nonmajor governmental funds budgetary comparison schedules, the combining private purpose trust funds financial statements, and the agency 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance

Moss, Levy & Hartzheim, LLP
Culver City, CA
February 26, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Paradise's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ending June 30, 2013. Please read it in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

- Net position increased over 25 percent by $1.9 million or to $9.28 million from a year ago.
- The ending general fund balance for June 30, 2013 is $1,382,157 a 3.4 percent increase.
- Capital assets decrease $336,547 after depreciation or 2.4 percent compared to the prior year.
- The Town had $18.27 million in outstanding debt, an increase of 3.2 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position 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 Position 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 Position 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's assets increased 12.5 percent or $3.2 million from last fiscal year. Its liabilities increase 7.2% or $1.3 million, and its net position increased 25.60% or $1.9 million. Through its business and housing program, the Town loaned $3.0 million in grant funds for the construction of an affordable housing development. The agreement requires that the borrower adhere to the grant fund covenants for 55 years. During that term, the Town must monitor that the development is well maintained and continues to provide affordable housing. If all conditions of the agreement are met, the loan is forgiven after 55 years. Table 1 below shows a summary of the Net Position.

Table 1
Net Position

	Governmental Activities	
	2013	**2012**
Current and other assets	$15,366,138	$11,823,214
Capital assets	13,494,682	13,831,229
Total Assets	28,860,820	25,654,443
Long term liabilities (due in more than one year)	(16,906,971)	(16,358,836)
Other liabilities	(2,675,706)	(1,905,925)
Total Liabilities	(19,582,677)	(18,264,761)
Net position:		
Net investment in capital assets	4,667,059	4,420,805
Restricted	12,420,218	9,561,949
Unrestricted	(7,809,134)	(6,593,072)
Total Net Position	$9,278,143	$7,389,682

The current actuarial study indicates that the net OPEB obligation at the end of the fiscal year ended June 30, 2013 is $4,471,556. Because of the tremendous reduction in future OPEB obligations obtained through employee agreement, the increase to net OPEB obligation was only $197,364 for 2012/13. Please refer to the section on "Next Year's Budget and Assumptions" for additional information on how the Town further reduced this obligation.

Table 2 below shows another perspective of the net position of the Town. This year's Town revenues increased by $1.2 million or 8.2 percent. Operating contributions and grants reflect the largest increase at just over $2.0 million or 54.8 percent. Other taxes in general revenues also reflect reasonable growth at 4.0 percent. However, general revenue property taxes, motor vehicle in-lieu, and other general revenues all decreased. Charges for services decreased 19.7 percent. Program expenses decreased nearly $1.8 million or 11.4%. All but two expenditure categories decreased as a reflection of continued employee concessions and continued cuts and expenditure deferrals.

Table 2
Changes in Net Position

	Governmental Activities	
	2013	2012
Revenues		
Program Revenues:		
Charges for Services	$1,110,241	$1,382,411
Operating Contributions & Grants	5,867,741	3,789,395
Capital Contributions & Grants	165,699	308,293
General Revenues:		
Property Taxes	4,159,976	4,230,292
Other Taxes	2,774,368	2,666,656
Motor Vehicle In-lieu	1,913,039	1,962,653
Other General Revenues	161,886	583,151
Total Revenues	16,152,950	14,922,851

Program expenses		
General Government	1,477,307	1,192,692
Community Development	709,564	1,169,534
Public Safety	7,276,665	8,607,522
Public Works	562,190	688,645
Parks & Recreation	24,773	39,175
Streets	1,875,940	1,727,603
Unallocated Depreciation	975,481	1,020,350
Interest on Long Term Debt	788,161	1,007,104
Total Expenses	13,690,081	15,452,625
Excess (deficiency) before prior period adjustments & extraordinary items	2,462,869	(529,774)
Prior period adjustments	(574,408)	0
Gain on transfer of assets and liabilities to RDA successor trust funds	0	6,744,485
Increase in net position	$1,888,461	$6,214,711

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 $5,353,912. It reflects a very modest 1.06 percent decrease in governmental fund balances.

General Fund Highlights

Over the course of the year, the Town Council revised the 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 and any time significant changes in information or projections impacted the budget.

Slow economic recovery continues to plague the financials of the Town. Revenues remained virtually unchanged and reflect a decrease of $9,193 or less than 1 percent.

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 of October 24, 2011 Confidential/Mid-Management and General OE3 agreed to a 5% salary reduction through December 31, 2012. In addition, they agreed to a permanent cap on the contribution the Town makes toward medical benefits based on 2011 rates.
- ✓ Also, as of November 8, 2011 Police Mid-Management agreed to waive 80 hours of administrative leave payout though June 30, 2013. In addition, they agreed to a permanent cap on the contribution the Town makes toward medical benefits based on 2011 rates.

- ✓ As of December 8, 2011 through June 30, 2013, miscellaneous management group members agreed to pay 4% of the employee CALPers contribution and waived $200 per month in a car/cell phone allowance. Safety management group members agreed to pay 5% of the employee CALPers Contribution between December 8, 2011 and June 30, 2013.

- ✓ From November 1, 2012 through June 30, 2013, the Police Officer's Association agreed to waive holiday pay and uniform allowance. They also agreed to a permanent cap on the contribution the Town makes toward medical benefits based on 2013 rates.

- ✓ On December 10, 2012, fire suppression operations and personnel were transitioned to State service. Outsourcing this function to CAL FIRE provided needed savings, but it also maintained a high level of service for the community.

- ✓ The Town's General Fund employee full time equivalent (FTE) in July 2012 is 65.55, but with outsourcing and reallocations, the FTE is reduced by 35.64% to 42.19 in June 2013.

Departments reduced spending by purchasing only essential supplies and deferring equipment purchases and facility maintenance. As reflected under current expenditures, expenditures decreased $316,650 or 3.1 percent. The deferral of equipment and vehicle purchases thereby reduced debt service obligations. Debt service principal and interest reflect a decrease of $89,111 this is with the $25,000 scheduled increase for the Pension Obligation Bond. The Pension Obligation Bond was issued to pay for the unfunded liability related to CalPERS pension benefits. The bond issuance greatly reduced the annual contribution rates for these benefits. All categories of expenditures decreased except for general government which only increased $1,572.

Expenses exceeded revenues by $590,297 before transfers are reported. After transfers, the net change in general fund balance is a positive $45,270. The ending general fund balance for June 30, 2013 is $1,382,157 a 3.4% increase compared to the prior year.

Other Key Governmental Funds

The animal control fund saw a decrease of revenues and transfers in of $7,243 during the year but even more of a decrease in expenditures and transfers of $11,783. This means that the ending fund deficit has been eliminated and has a positive balance of $2,838. 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. As the fund cannot sustain services with its existing reduced staffing levels, 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.

The building safety and waste water services fund had revenues and transfers of $666,004. Revenues dropped $63,960 or 8.8 percent. Expenses and transfers out were $670,260 which is a reduction of $23,500. The fund maintained a positive ending fund balance of $31,948. This fund accounts for the services provided to the community related to building and onsite construction and health and safety issues.

The gas tax fund reflects a $40,016 decrease in revenues and transfers in from other funds. Expenses and transfers out increased $197,244; however, net change in fund balance is still a position of $34,752. This increases the funds ending fund balance to $393,583. Some additional street maintenance projects are planned for 2013/14 that will use a portion of this ending fund balance.

With an increase of revenues of $29,265 and also an increase in expenditures of $11,873 the local transportation fund increased its ending fund balance marginally by $15,075 to $1,164,748. Annual transit monies received in this fund are contributed to Butte County Association of Governments toward its regional B-Line program used by citizens in the community to commute to various locations in Butte County.

PROPRIETARY FUND

The proprietary fund is made up of one internal service fund which is related to self insurance funding.

The net position for the internal service fund for self insurance funding decreased $174,386 for the year compared to the prior year. These numbers are all a direct reflection of what the insurance JPA is able to offer the Town in terms of dividends or return of equity.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At fiscal year-end 2013, the Town had $13,494,682, 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 decrease of $336,547 after depreciation or 2.4 percent compared to last year. Limited equipment, vehicles and infrastructure assets were added while obsolete vehicles were retired, and existing assets continue to depreciate.

The Town's fiscal year 2013 capital budget included about $1.8 million in street maintenance, rehabilitation, and new construction and design. The South Libby road rehabilitation project wrapped up as expected during the fiscal year. The Pearson at Recreation Drive Signal was completed just after the close of the fiscal year. Some preliminary work was completed on the Downtown Paradise Safety Project with much more to be completed in the next fiscal year. None of these projects are funded through the general fund, but are funded through federal, state or development impact fee funds. This year's major additions included:

• Construction in Process:	
o South Libby Road Rehabilitation	205,126
o Pearson at Recreation Drive Signal	386,851
o Downtown Paradise Safety Project	6,015
• Washer/extractor for fire department	10,943
• Used ladder fire truck	30,000

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

	Governmental Activities	
	2013	2012
Land	$1,246,001	$1,246,001
Construction in progress	971,314	626,224
Buildings and improvements	287,532	308,825
Infrastructure	10,318,923	10,764,788
Machinery and equipment	359,323	489,040
Vehicles	311,589	396,351
Totals	$13,494,682	$13,831,229

Debt

At year end, the Town had $18.27 million in notes, bonds, capital leases, other post-employment benefits (OPEB), CalPERS side fund, and compensative absences. This is an increase compared to the prior year of 3.2 percent. $1.4 million of the obligations shown in table 4 are due within one year.

Table 4
Outstanding Debt at Year-end

	Governmental Activities	
	2013	2012
Bonds payable & accreted interest	$11,809,914	11,972,653
Capital leases	637,140	783,922
OPEB	4,471,556	4,274,192
CalPERS side fund	928,140	0
Compensated absences	419,033	675,001
Total Liabilities	$18,265,783	$17,705,768

No additional bonds or notes were issued in 2012/13. As indicated in the capital assets section, only minimal purchases were made during 2012/13 and one lease was paid off. By implementing a vesting schedule for new hires, starting an irrevocable trust to begin funding the future obligation, and by capping benefits for all employee groups, the Town made considerable progress in reducing the OPEB obligation reported for 2012/13 as required by GASB 45. For the first year, the Town recorded the liability associated with CalPERS retirement benefits side fund as required by the Governmental Standards Accounting Board. Compensated absences are reduced because of fewer employees on the Town's books.

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. As of January 2012, it also elected to become the successor agency of the former Paradise Redevelopment Agency. The Town's role is now to manage the receipt and disbursement of monies related to debt service of enforceable obligations. All of this related activity is now being accounted for in a private-purpose trust fund. The Town is responsible for the assets in these funds and must only use these funds as indicated in the trust arrangements. All of the Town's fiduciary activities are reported in separate fiduciary funds financial statements, including a Statements of Net Position and Changes in Net Position. 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 are $100,580 and the private-purpose trust fund net position is negative $6.9 million as of June 30, 2013.

NEXT YEAR'S BUDGET AND ASSUMPTIONS

At the issuance of these financial statements, eight of the twelve months of the 2013/14 fiscal year have been completed. With the local economy slowly recovering, the Town is starting to see some revenue growth. Property taxes and motor vehicle in lieu is projected to grow 2.21 percent. Also, continuing improvement is being seen in consumer spending areas like sales taxes and franchise fees which are projected to grow 4.3 and 2 percent respectively. To date, building activities show robust growth with a 16 percent increase projected through the end of the year. General fund service fees are the category of revenues still declining. There is a correlation between the reduced staffing levels and the amount of service fees that can be generated. The amended general fund budget for 2013/14 currently has $9.4 million available for appropriations before considering transfers in, and $9.8 million with transfers. This is about a 1 percent increase and a 1 percent decrease in revenues respectively compared to the year being reported. It is currently expected that 2014/15 will have an improved revenue outlook with modest growth projected.

Additional cutbacks and employee concessions have been implemented for the 2013/14 fiscal year. Some of the cutbacks, like employee concessions, deferred maintenance and equipment replacement, cannot be sustained forever, but it is providing the needed savings for 2013/14. A summary of employee concessions and reorganization is indicated below. Current general fund budgeted expenditures amount to $9.7 million, a 2.3% reduction from the prior year. The amended budget projects a balanced budget with $176,312 being added to the general fund ending fund balance.

- ✓ All employees are paying 100% of the CalPERS employee contribution which is 7% of salary for Miscellaneous Employees and 9% for Public Safety Employees.
- ✓ All employee units have agreed to cap the amount the Town contributes toward health insurance premiums as away to reduce the OPEB obligation. According to the most recent actuary study received for the OPEB obligation, this reduced the present value of future benefits to $13.6 million which is a 70.3 percent reduction compared to the original $45.8 million.
- ✓ A 5% salary reduction or equivalent has been negotiated and implemented for all employee groups through the end of 2013/14.

- ✓ New hires are now entering second and third tiers of retirement plans which are providing some immediate expenditure savings.
- ✓ 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.

The general fund budget five year projection shows revenue growth of about 1.8 percent for the next five years. Expenditures for that same period are projected to grow about 2.1 percent. Town Council and Management are committed to maintaining a balanced budget and will make additional cutbacks as necessary. Management and elected officials are also evaluating cost recovery and other ways to diversify the revenues of the Town. Finally, 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 POSITION
June 30, 2013

	Governmental Activities
ASSETS	
Cash and investments	$ 2,790,120
Restricted cash and investments with fiscal agents	51,760
Accounts receivable	1,968,867
Interest receivable	1,639
Prepaid items	123
Advances to the Successor Agency Trust Funds	1,898,321
Loans receivable	8,445,253
Deferred charges - net of accumulated amortization	210,055
Capital assets:	
Nondepreciable:	
Land and construction in progress	2,217,315
Depreciable:	
Infrastructure, buildings, vehicles, and equipment	20,489,159
Accumulated depreciation	(9,211,792)
Total assets	28,860,820
LIABILITIES	
Accounts payable	1,147,837
Accrued wages	169,057
Noncurrent liabilities:	
Due within one year	1,358,812
Due in more than one year	16,906,971
Total liabilities	19,582,677
NET POSITION	
Net investment in capital assets	4,667,059
Restricted for:	
Public safety	210,804
Streets and roads	2,192,316
Community development	9,365,011
Wastewater and drainage	652,087
Unrestricted	(7,809,134)
Total net position	$ 9,278,143

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, 2013

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants
Governmental activities:				
General government	$ 1,477,307	$ 69,625	$ 449,730	$ -
Community development	709,564	757,353	3,168,172	
Public safety	7,276,665	192,234	584,698	12,083
Public works	562,190	76,375	1,903	
Parks and recreation	24,773	14,654		
Streets	1,875,940		1,663,238	153,616
Unallocated depreciation	975,481			
Interest on long-term debt	788,161			
Total governmental activities	13,690,081	1,110,241	5,867,741	165,699
Total government	$ 13,690,081	$ 1,110,241	$ 5,867,741	$ 165,699

General Revenues:

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

Motor vehicle in-lieu, unrestricted
Homeowners property tax relief, unrestricted
Investment income
Other

Total general revenues

Change in net position

Net position at beginning of fiscal year

Prior period adjustments

Net position at beginning of fiscal year, restated

Net position at end of fiscal year

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

Net Governmental Activities
$ (957,952)
3,215,961
(6,487,650)
(483,912)
(10,119)
(59,086)
(975,481)
(788,161)
(6,546,400)
(6,546,400)
4,159,976
1,688,197
190,085
847,186
48,900
3,358
1,913,039
69,436
4,551
84,541
9,009,269
2,462,869
7,389,682
(574,408)
6,815,274
$ 9,278,143

TOWN OF PARADISE
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2013

	General Fund	Home Grant Fund	Cal Home Rehabilitation Fund
ASSETS			
Cash and investments	$ -	$ 84,608	$ 53,470
Restricted cash and investments with fiscal agents	70		
Accounts receivable	727,319		
Interest receivable	279		23
Prepaid items	123		
Due from other funds			
Advances receivable			
Advances receivable from the Successor Agency Trust Funds	1,898,321		
Loans receivable	1,129	6,391,767	1,463,562
Total assets	$ 2,627,241	$ 6,476,375	$ 1,517,055
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 586,535	$ 385	$ -
Accrued wages	125,315		
Due to other funds	459,242		
Advances payable	73,992		
Unearned revenue		6,391,767	1,463,562
Total liabilities	1,245,084	6,392,152	1,463,562
Fund Balances:			
Nonspendable			
Loans receivable	1,129		
Prepaid items	123		
Advances	1,898,321		
Restricted		84,223	53,493
Unassigned	(517,416)		
Total fund balances	1,382,157	84,223	53,493
Total liabilities and fund balances	$ 2,627,241	$ 6,476,375	$ 1,517,055

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

First Time Home Buyer Fund	Other Governmental Funds	Totals
$ -	$ 2,610,889	$ 2,748,967
	51,690	51,760
223,739	1,017,809	1,968,867
	1,337	1,639
		123
	981,718	981,718
	73,992	73,992
		1,898,321
	588,795	8,445,253
$ 223,739	$ 5,326,230	$ 16,170,640
$ 222,163	$ 338,754	$ 1,147,837
	43,742	169,057
1,576	520,900	981,718
		73,992
	588,795	8,444,124
223,739	1,492,191	10,816,728
		1,129
		123
		1,898,321
	3,838,378	3,976,094
	(4,339)	(521,755)
	3,834,039	5,353,912
$ 223,739	$ 5,326,230	$ 16,170,640

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TOWN OF PARADISE
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2013

Fund Balances - Governmental Funds		$ 5,353,912
Amounts reported for governmental activities in the Statement of Net Position 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.		13,494,682
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		210,055
The liabilities below are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable, net of original issue discount	$ (8,400,538)	
Accreted interest payable	(3,409,376)	
Capital leases payable	(637,140)	
Other post-employment benefits	(4,471,556)	
PERS side fund	(928,140)	
Compensated absences	(419,033)	(18,265,783)
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 position.		41,153
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 position and statement of activities, however, revenues and assets are reported regardless of when financial resources are available.		8,444,124
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 9,278,143

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, 2013

	General Fund	Home Grant Fund	Cal Home Rehabilitation Fund
Revenues:			
Taxes and assessments	$ 6,934,344	$ -	$ -
Licenses, permits, and impact fees	3,358		
Fines and forfeitures	67,936		
Use of money and property	4,505		91
Intergovernmental revenues	2,175,438		
Charges for services	189,743		
Program income		89,144	
Other revenues	21,986		
Total revenues	9,397,310	89,144	91
Expenditures:			
Current:			
General government	1,490,437		
Community development	193,850		
Public safety	7,098,359		
Public works	51,016		
Parks and recreation	24,117		
Streets			
Capital outlay	61,004		
Debt service:			
Principal	773,949		
Interest and fiscal charges	294,875		
Total expenditures	9,987,607		
Excess of revenues over (under) expenditures	(590,297)	89,144	91
Other Financing Sources (Uses):			
Proceeds from the issuance of debt	30,000		
Transfers in	607,102		
Transfers out	(1,535)	(8,981)	
Total other financing sources (uses)	635,567	(8,981)	
Net change in fund balances	45,270	80,163	91
Fund balances - July 1, 2012	1,336,887	4,060	53,402
Fund balances - June 30, 2013	$ 1,382,157	$ 84,223	$ 53,493

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

First Time Home Buyer Fund	Other Governmental Funds	Totals
$ -	$ 131,122	$ 7,065,466
	658,281	661,639
	38,350	106,286
	10,926	15,522
2,762,684	2,933,952	7,872,074
	115,861	305,604
	6,044	95,188
	62,963	84,949
2,762,684	3,957,499	16,206,728
	882	1,491,319
2,732,306	465,525	3,391,681
	417,143	7,515,502
	549,090	600,106
		24,117
	1,795,674	1,795,674
	549,011	610,015
	63,961	837,910
		294,875
2,732,306	3,841,286	16,561,199
30,378	116,213	(354,471)
	51,687	81,687
	784,661	1,391,763
(30,378)	(1,135,364)	(1,176,258)
(30,378)	(299,016)	297,192
	(182,803)	(57,279)
	4,016,842	5,411,191
$ -	$ 3,834,039	$ 5,353,912

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, 2013

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 Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES		$ (57,279)
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 depreciation of $975,481 exceeds capital outlays of $638,934 in the current period.		(336,547)
Unearned 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.		2,636,660
Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but are deferred and amortized throughout the period during which the related debt is outstanding in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but in the Statement of Net Position, the repayment reduces long-term liabilities.		
Repayment of debt principal is added back to fund balance		
Bonds payable	$ 609,441	
Capital leases	228,469	
Accreted interest, net change	(446,702)	
PERS side fund, net change	5,538	
Amortization expense of costs of issuance	(6,453)	
Proceeds from capital leases	(81,687)	308,606
This is the amount of the change in the payable relating to other post-employment benefits payable in the current period.		(197,364)
Accrued interest is interest due on long-term debt payable. This is the net change in accrued interest for the current period.		27,211
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		255,968
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.		(174,386)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 2,462,869

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

TOWN OF PARADISE
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Cash and investments	$ 41,153
Total current assets	41,153
Total assets	41,153
NET POSITION	
Unrestricted	41,153
Total net position	$ 41,153

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 POSITION
For the Fiscal Year Ended June 30, 2013

	Governmental Activities- Internal Service Fund
Operating Revenues:	
Other revenue	$ 41,119
Total operating revenues	41,119
Operating income	41,119
Income (Loss) before transfers	41,119
Transfers out	(215,505)
Change in net position	(174,386)
Net Position at July 1, 2012	215,539
Net Position at June 30, 2013	$ 41,153

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, 2013

	Governmental Activities-Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from users/departments	$ 256,624
Net cash provided (used) by operating activities	256,624
Cash Flows from Non-Capital and Related Financing Activities:	
Transfers out	(215,505)
Net cash provided(used) by non-capital and related financing activities	(215,505)
Net increase(decrease) in cash and cash equivalents	41,119
Cash and cash equivalents - July 1, 2012	34
Cash and cash equivalents - June 30, 2013	$ 41,153
Reconciliation of Cash and Cash Equivalents to Statement of Net Position:	
Cash and investments	$ 41,153
Total Cash and Investments	$ 41,153
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ 41,119
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in operating assets:	
Accounts receivable	215,505
Net cash provided (used) by operating activities	$ 256,624

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

TOWN OF PARADISE
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and investments	$ 23,381	$ 99,421
Restricted cash and investments with fiscal agents	372,975	
Accounts receivable		1,121
Interest receivable		38
Loans receivable	506	
Deferred charges, net of accumulated amortization	149,049	
Land	294,246	
Total assets	$ 840,157	$ 100,580
Liabilities		
Accounts payable	$ -	$ 2,557
Interest payable	27,211	
Due to others		98,023
Long-term debt, due within one year	7,802	
Long-term debt, due in more than one year	7,654,785	
Total liabilities	7,689,798	$ 100,580
Net Position		
Unrestricted	(6,849,641)	
Total net position (deficit)	$ (6,849,641)	

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

TOWN OF PARADISE
STATEMENT OF CHANGES IN NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
For the Fiscal Year Ended June 30, 2013

	Private-Purpose Trust Funds
Additions:	
Taxes and assessments	$ 376,245
Investment revenue	74
Total additions	376,319
Deductions:	
Community development	99,225
Interest expense	380,639
Total deductions	479,864
Change in net position	(103,545)
Net Position (deficit) - July 1, 2012	(6,746,096)
Net Position (deficit) - June 30, 2013	$ (6,849,641)

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 Town of Paradise Housing Authority, which was established in February 2012 to serve as the Housing Successor Agency for the dissolved Redevelopment Agency. The Town of Paradise Housing Authority is reported as a special revenue fund.

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 Position 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* 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.

An internal service fund is also presented in these statements. 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 Position, a Statement of Revenues, Expenses, and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The Town's internal service fund is a proprietary fund. 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 Position. The Statement of Revenues, Expenses, and Change in Net Position presents increases (revenues) and decreases (expenses) in total net position. 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 fund financial statements include a statement of net position and statement of changes in net position. The Town's fiduciary funds are used to account for assets held by the Town as trustee for the Redevelopment Agency Successor Agency, and as an agent for individuals, private organizations, other governmental units, and/or other funds. Trust funds use the flow of economic resources measurement focus and the accrual basis of accounting. The Town maintains three trust funds and fourteen agency funds. Agency funds use the accrual method of accounting but have no measurement focus as any assets and liabilities are reported.

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.

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

First Time Home Buyer Fund
This fund is used to account for revenues and expenditures related to the First Time Home Buyer Grant.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

The government-wide, proprietary, and fiduciary funds financial statements are reported using the *economic resources measurement* focus and use 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 position 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.

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 trust 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. New Accounting Pronouncements

For the fiscal year ending June 30, 2013, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 60 "*Accounting and Financial Reporting for Service Concession Arrangements.*" This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to Service Concession Arrangements. This Statement improves consistency in reporting and enhances the comparability of the accounting and financial reporting of Service Concession Arrangements among state and local governments. Implementation of the GASB Statement No. 60 did not have an impact on the Town's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 61

For the fiscal year ending June 30, 2013, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 61 "*The Financial Reporting Entity: Omnibus.*" This Statement is effective for periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for component units. This Statement modifies certain requirements for inclusion of component units in financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. Implementation of the GASB Statement No. 61 did not have an impact on the Town's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

For the fiscal year ending June 30, 2013, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 62 "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*" This Statement is effective for periods after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989. This Statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. Implementation of the GASB Statement No. 62 did not have an impact on the Town's financial statements for the fiscal year ended June 30, 2013

Governmental Accounting Standards Board Statement No. 63

For the fiscal year ending June 30, 2013, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 63 "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*" This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to establish guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities should be displayed. This Statement also specifies how net position, no longer referred to as net assets, should be displayed. Implementation of the Statement and the impact of the Town's financial statements are explained in Note 10.A.

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 Cluster Septic Special Revenue Fund, Highway Safety Improvement Special Revenue Fund, Town of Paradise Housing Authority Fund, and the Wastewater Design Assessment District Debt Service Fund.

B. Deficit Fund Balance

Non-major Fund

A deficit fund balance of $4,339 exists in the Cluster Septic Fund. The 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, 2013:

Funds	Final Appropriation	Expenditures	Excess
Major Fund:			
First Time Home Buyer Fund	$ 204,311	$ 2,732,306	$ 2,527,995
Non-major Funds:			
EDBG Repayment Fund	52,516	89,315	36,799
HUD Fund	3,500	6,683	3,183
Citizen Police Fund	1,400	7,560	6,160
Alcoholic Beverage Control Fund	20,657	20,794	137
CalGRIP Fund	103,800	104,539	739
Abandoned Vehicle Fund	105	244	139
Traffic Safety - DUI Impound Fees Fund	11,900	17,777	5,877

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of net position:		
Cash and investments	$	2,790,120
Restricted cash and investments with fiscal agents		51,760
Fiduciary funds:		
Cash and investments		122,802
Restricted cash and investments with fiscal agents		372,975
Total cash and investments	$	3,337,657

Cash and investments as of June 30, 2013 consist of the following:

Petty cash	$	1,950
Deposits with financial institutions		285,273
Investments		3,050,434
Total cash and investments	$	3,337,657

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.

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

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

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

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.

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)	$ 2,625,699	$ 2,625,699	$ -	$ -	$ -	$ -	$ -
Held by Bond Trustees:							
Money Market Funds	424,735	424,735					
Totals	$ 3,050,434	$ 3,050,434	$ -	$ -	$ -	$ -	$ -

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

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)	$ 2,625,699	N/A	$ -	$ -	$ -	$ -	$ 2,625,699
Held by Bond Trustees:							
Money Market Funds	424,735	N/A		424,735			
Totals	$ 3,050,434		$ -	$ 424,735	$ -	$ -	$ 2,625,699

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, 2013, 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.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

Interfund Balances

The composition of interfund balances at June 30, 2013, 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 Funds:	
Local Transportation fund	General Fund	$ 459,242
Local Transportation fund	First Time Home Buyer Special Revenue Fund	1,576
Non-major Fund - Special Revenue Fund:	Non-major Funds - Special Revenue Funds:	
Local Transportation fund	Cluster Septic Fund	4,339
Local Transportation fund	SLESF Fund	28,586
Local Transportation fund	Alcoholic Beverage Control Fund	5,410
Local Transportation fund	CMAQ Fund	334,459
Local Transportation fund	Highway Safety Improvement Fund	5,118
Local Transportation fund	CalGRIP Fund	36,339
Local Transportation fund	School Resources Officer Fund	6,250
Local Transportation fund	Safe Route to School Fund	9,940
Local Transportation fund	CDBG Fund	13,476
Local Transportation fund	Building Safety and Waste Water Services Fund	66,840
Local Transportation fund	AVOID Fund	10,143
	Total	$ 981,718

Long-term Advances

Receivable Fund	Payable Fund	Amount
Non-major Funds - Special Revenue Fund:	Major Fund:	
Building Safety and Waste Water Services	General Fund	$ 73,992

In the fiscal year 2003/2004, the 10-year advance of $248,000 from the Building Safety and Waste Water Services Fund was to assist the General Fund's deficit. The interest rate on this advance rate is 3.75%. As of June 30, 2013, the balance of the advance was $43,062. In addition, in the fiscal year 2005/2006, the 10-year advance of $100,000 was to assist General Fund due to its lower revenue and high benefit costs related to CalPERS. The interest rate on this advance rate is 4.97%. As of June 30, 2013, the balance of the advance was $30,930.

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.

Interfund transfers were as follows:

	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	$ 607,102	$ 1,535
Home Grant Fund		8,981
First Time Home Buyer Fund		30,378
Internal Service Fund:		
Self Insurance Fund		215,505
Non-major Governmental Funds:		
Special Revenue Funds:		
Animal Control Shelter Fund		24,605
Gas Tax Fund	164,067	128,366
Traffic Safety Fund		30,000
EDBG Repayment Fund	39,359	24,027
SLESF Fund		50,000
CMAQ Fund		416,288
Highway Safety Improvement Fund		5,118
95 Impact Road Fund		205,106
Building Safety and Waste Water Services Fund		110,950
Local Transportation		3,976
Abandoned Vehicle Fund		3,001
95 Impact Drainage Fund	36,513	
Capital Projects Fund:		
Capital Improvement Fund	544,722	
Transportation Capital Projects Fund		133,927
Totals	$ 1,391,763	$ 1,391,763

Advances To/Advances From Other Funds

Advances to/from other funds are non-current interfund loans and are offset by a nonspendable fund balance indication in applicable governmental funds to indicate they are not in spendable form. The following are advances to/from other funds as of June 30, 2013:

Receivable Fund	Payable Fund	Amount
Major Fund:	Private-Purpose Trust Fund:	
General Fund	Successor Redevelopment Agency Fund	$ 1,898,321

The advance of $1,060,321 from the General fund of the Town was to assist the Successor Agency with administrative, operation, and program costs. The interest rate on this advance rate is 4.50%. In addition, the advance of $838,000 was due to the cash shortage of the Successor Agency. Both of the advances in total were $1,898,321 as of June 30, 2013.

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, 2013, was $8,444,124, which included loans to homeowners totaling $5,444,124, and loans to the developer (Paradise Community Village) totaling $3,000,000.

The general fund has loans receivable at June 30, 2013, of $1,129 for employee computer loans. Under the agreements with the employees, the employees pay back these loans through payroll deductions.

NOTE 6 - CAPITAL ASSETS

Governmental Activities

Capital asset governmental activity for the fiscal year ended June 30, 2013 was as follows:

	Balance at June 30, 2012	Additions	Deletions	Transfers	Balance at June 30, 2013
Capital Assets, not being depreciated:					
Land	$ 1,246,001	$ -	$ -	$ -	$ 1,246,001
Construction in progress	626,224	597,991		(252,901)	971,314
Total	1,872,225	597,991		(252,901)	2,217,315
Capital Assets, being depreciated:					
Buildings and improvements	1,730,837				1,730,837
Infrastructure	13,808,209			252,901	14,061,110
Machinery and equipment	1,617,411	10,943			1,628,354
Vehicles	3,278,811	30,000	(239,953)		3,068,858
Total	20,435,268	40,943	(239,953)	252,901	20,489,159
Less accumulated depreciation for:					
Buildings and improvements	(1,422,012)	(21,293)			(1,443,305)
Infrastructure	(3,043,421)	(698,766)			(3,742,187)
Machinery and equipment	(1,128,371)	(140,660)			(1,269,031)
Vehicles	(2,882,460)	(114,762)	239,953		(2,757,269)
Total	(8,476,264)	(975,481)	239,953		(9,211,792)
Capital Assets being depreciated, net	11,959,004	(934,538)		252,901	11,277,367
Capital Assets, net	$ 13,831,229	$ (336,547)	$ -	$ -	$ 13,494,682

Depreciation expense of $975,481 is shown in the statement of activities as unallocated depreciation.

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 $222,812. The remaining amounts are reported as non-current liabilities due in more than one year on the statement of net position. 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, 2013, total $196,221 for governmental activities.

B. 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, 2013 was $8,400,538. The accreted interest on the capital appreciation bonds balance as of June 30, 2013 was $3,409,376.

Fiscal Year Ending June 30,	Bonds Payable		
	Principal	Interest*	Total
2014	$ 597,611	$ 267,389	$ 865,000
2015	580,547	309,453	890,000
2016	570,929	354,071	925,000
2017	553,594	401,406	955,000
2018	536,963	448,037	985,000
2019-2023	2,479,528	2,955,472	5,435,000
2024-2028	2,191,631	4,198,369	6,390,000
2029-2031	889,735	2,335,265	3,225,000
	$ 8,400,538	$ 11,269,462	$ 19,670,000

*The amount includes accreted interest.

NOTE 7 –LONG-TERM DEBT (CONTINUED)

C. 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.

Leasource Financial Services, Inc. #1

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 lease obligations were paid off during the fiscal year 2012-2013 with the final principal payment of $43,936.

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, 2013 were as follows:

Fiscal Year Ending June 30,	Payment
2014	$ 19,621
Total minimum lease payments	19,621
Less: amount representing interest	(555)
Present value of minimum lease payments	$ 19,066

West America Bank Lease #3

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, 2013 were as follows:

Fiscal Year Ending June 30,	Payment
2014	$ 45,527
2015	45,527
2016	45,527
2017	45,527
Total minimum lease payments	182,108
Less: amount representing interest	(19,655)
Present value of minimum lease payments	$ 162,453

NOTE 7 –LONG-TERM DEBT (CONTINUED)

C. Capital Lease Obligations (Continued)

Inland Leasing Inc. #1

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, 2013 were as follows:

Fiscal Year Ending June 30,	Payment
2014	$ 1,447
Total minimum lease payments	1,447
Present value of minimum lease payments	$ 1,447

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, 2013 were as follows:

Fiscal Year Ending June 30,	Payment
2014	$ 59,167
2015	59,167
2016	59,167
2017	59,166
Total minimum lease payments	236,667
Less: amount representing interest	(22,670)
Present value of minimum lease payments	$ 213,997

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, 2013 were as follows:

Fiscal Year Ending June 30,	Payment
2014	$ 4,172
2015	4,172
Total minimum lease payments	8,344
Less: amount representing interest	(425)
Present value of minimum lease payments	$ 7,919

NOTE 7 –LONG-TERM DEBT (CONTINUED)

C. Capital Lease Obligations (Continued)

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, 2013 were as follows:

Fiscal Year Ending June 30,	Payment
2014	$ 14,100
Total minimum lease payments	14,100
Less: amount representing interest	(430)
Present value of minimum lease payments	$ 13,670

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, 2013 were as follows:

Fiscal Year Ending June 30,	Payment
2014	$ 14,497
2015	14,497
2016	14,497
2017	14,497
Total minimum lease payments	57,988
Less: amount representing interest	(6,883)
Present value of minimum lease payments	$ 51,105

NOTE 7 –LONG-TERM DEBT (CONTINUED)

C. Capital Lease Obligations (Continued)

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, 2013 were as follows:

Fiscal Year Ending June 30,	Payment
2014	$ 27,921
2015	27,921
Total minimum lease payments	55,842
Less: amount representing interest	(4,403)
Present value of minimum lease payments	$ 51,439

Inland Leasing Inc. #2

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, 2013 were as follows:

Fiscal Year Ending June 30,	Payment
2014	$ 5,170
2015	5,170
2016	5,288
Total minimum lease payments	15,628
Present value of minimum lease payments	$ 15,628

NOTE 7 –LONG-TERM DEBT (CONTINUED)

C. Capital Lease Obligations (Continued)

Leasource Financial Services, Inc. #7

During the fiscal year 2011-2012, the Town entered into an agreement to lease dispatch workstation upgrade and two voice recorder. The lease requires 60 monthly installments of $771. The total lease payment of the lease was for $46,242. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

Fiscal Year Ending June 30,	Payment
2014	$ 9,249
2015	9,249
2016	9,249
2017	6,934
Total minimum lease payments	34,681
Less: amount representing interest	(3,126)
Present value of minimum lease payments	$ 31,555

Leasource Financial Services, Inc. #8

During the fiscal year 2012-2013, the Town entered into an agreement to lease two vehicles for the police department. The lease requires 20 monthly installments of $2,828. The total lease payment of the lease was for $56,536. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

Fiscal Year Ending June 30,	Payment
2014	$ 11,307
2015	11,307
2016	11,307
2017	11,307
2018	8,480
Total minimum lease payments	53,708
Less: amount representing interest	(4,847)
Present value of minimum lease payments	$ 48,861

NOTE 7 –LONG-TERM DEBT (CONTINUED)

C. Capital Lease Obligations (Continued)

City of Maryville. #1

During the fiscal year 2012-2013, the Town entered into an agreement to lease a 1986 Ladder Truck. The lease requires three annual installments of $10,000 with 0% interest. The total payment of the lease was for $30,000. The future minimum obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

Fiscal Year Ending June 30,	Payment
2014	$ 10,000
2015	10,000
Total minimum payments	20,000
Present value of minimum lease payments	$ 20,000

D. Public Employees Retirement System Side Fund (PERS Side Fund)

During the 2004-2005 fiscal year, the Town was required to participate in the Public Employees Retirement System (PERS) risk pool. As a result, a side fund was created to account for the difference between the funded status of the pool and the funded status of the City's plan, in addition to the existing unfunded liability. The net outstanding liability at June 30, 2013 was $928,140 which included miscellaneous plan liability totaling $271,998, and safety plan liability totaling $656,142. See Note 8 for further detail.

E. Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013 was as follows:

	July 1, 2012 Balance	Prior Period Adjustment	Additions	Reductions	June 30, 2013 Balance	Due Within One Year
Government activities:						
Bonds payable	$ 9,009,979	$ -	$ -	$ (609,441)	$ 8,400,538	$ 597,611
Accreted interest payable	2,962,674		672,261	(225,559)	3,409,376	267,389
Capital leases	783,922		81,687	(228,469)	637,140	195,964
Other post-employment benefits	4,274,192		862,647	(665,283)	4,471,556	
PERS side fund		933,678	67,342	(72,880)	928,140	75,036
Compensated absences	675,001		66,508	(322,476)	419,033	222,812
Governmental activities long-term liabilities	$ 17,705,768	$ 933,678	$ 1,750,445	$ (2,124,108)	$ 18,265,783	$ 1,358,812

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 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 2012-2013 were as follows: Miscellaneous first tier employer contribution rate is 11.007%, Miscellaneous second tier employer contribution rate is 7.846%, Miscellaneous third tier employer contribution rate is 6.250%, Safety first tier employer contribution rate is 26.212%, Safety second tier employer contribution rate is 20.057%, and Safety third tier employer contribution rate is 11.50%. 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, 2013, 2012, and 2011, for the Miscellaneous Plan were $170,646, $219,863, and $238,805, 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, 2013, 2012, and 2011, for the Safety Plan were $611,362, $705,171, and $601,553, 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. For current retirees and employees hired prior to February 1, 2011, the Town pays up to following amounts each month:

	Safety	Non-Safety
Employee only	$ 504.15	$ 433.73
Employee plus spouse	1,008.29	867.45
Employee plus two person	1,310.79	1,127.69

For employees hired after February 1, 2011, the percentage of CalPERS premiums paid by the Town is subject to the following vesting schedule, in addition to the monthly maximums described above: 50% after 10 years of service, plus 10% for each additional year of service, up to 100% after 20 years of service. Also, only 90% of premiums for dependent spouses/partners are reimbursed.

Prior to November 2012, the maximum amounts for police employees were scheduled to increase after 2012 as CalPERS medical premium increase. Effective on and after November 2012, the maximum amounts for all employees are not expected to increase after 2012.

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 2012/2013, the Town contributed $665,283, which consisted of current premiums. As of July 1, 2013, the trust was funded in the amount of $56,110. 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	$ 949,478
Interest on net OPEB obligation	183,790
Adjustment to annual required contribution	(270,621)
Annual OPEB cost (expense)	862,647
Contributions made	(665,283)
Increase in net OPEB obligation	197,364
Net OPEB obligation-beginning of fiscal year	4,274,192
Net OPEB obligation-end of fiscal year	$ 4,471,556

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (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 2013 and the preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
6/30/2011	$ 2,156,863	24.0%	$ 3,247,374
6/30/2012	1,603,952	36.0%	4,247,192
6/30/2013	862,647	77.1%	4,471,556

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

Funded Status and Funding Progress

As of July 1, 2013 the most recent actuarial valuation date, the plan was 0.44% percent funded. The actuarial accrued liability for benefits was $12,879,056, and the actuarial value of assets was $56,110, resulting in an unfunded actuarial accrued liability (UAAL) of $12,822,946. The covered payroll (annual payroll of active employees covered by the plan) was $4,848,063 and the ratio of the UAAL to the covered payroll was 264.5%

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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, 2013 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 2014): 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 $56,110. 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, 2013 was twenty seven 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 POSITION AND FUND BALANCES

A. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position.

Net Position is divided into three captions at the Government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of Net Position 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 capital assets.

Restricted describes the portion of Net Position that 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.

Unrestricted describes the portion of Net Position which is 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 POSITION 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 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, 2013 is presented below:

	General Fund	Home Grant Fund	Cal Home Rehabilitation Fund	First Time Home Buyer Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Loans receivable	$ 1,129	$ -	$ -	$ -	$ -	$ 1,129
Prepaid	123					123
Advances	1,898,321					1,898,321
Total nonspendable fund balances	1,899,573					1,899,573
Restricted for:						
Special projects					255,409	255,409
Debt service					6,298	6,298
Community development		84,223	53,493		208,617	346,333
General plan					127,180	127,180
Public safety					210,804	210,804
Streets and roads					2,065,136	2,065,136
Wastewater and drainage					652,087	652,087
Capital projects					312,847	312,847
Total restricted fund balances		84,223	53,493		3,838,378	3,976,094
Unassigned	(517,416)				(4,339)	(521,755)
Total unassigned fund balances	(517,416)				(4,339)	(521,755)
Total fund balances	$ 1,382,157	$ 84,223	$ 53,493	$ -	$ 3,834,039	$ 5,353,912

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.

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 19 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.

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, 2013 were as follows:

Anderson	Auburn	Colusa	Corning	Dixon	Folsom	Galt	Gridley
Ione	Jackson	Lincoln	Marysville	Navada	Oroville	Paradise	Bluff
Vista	Rocklin	Willow	Yuba City				

NOTE 13 – RISK MANAGEMENT (Continued)

The following is summary financial information of the NCCSIF for the liability and workers' compensation programs for the fiscal year ended June 30, 2013:

	Workers' Compensation	General Liability
Total assets	$ 34,543,947	$10,074,529
Total liabilities	28,823,790	8,401,178
Net position	$ 5,720,157	$ 1,673,351
Operating income	$ 7,152,874	$ 5,946,802
Operating expenses	12,666,823	6,133,169
Net Operating income (loss)	(5,513,949)	(186,367)
Non-Operating Income (loss)	(79,144)	9,026
Net income (loss)	(5,593,093)	(177,341)
Net position, beginning of fiscal year	11,313,250	1,850,692
Net position, end of fiscal year	$ 5,720,157	$ 1,673,351

NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the Town that previously had reported a redevelopment agency within the reporting entity of the Town as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the Town or other unit of local government will agree to serve as the "successor agency" to hold the assets units they are distributed to other units of state and local government. On January 10, 2012, the Town Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the Town Resolution No. 12-08.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence as the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs that State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the state Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the Town are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The Town's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the Town.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of activity of the redevelopment agency continued to be reported in the governmental funds of the Town. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the Town.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the Town to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

A. Loans receivable of the Successor Agency as of June 30, 2013 consisted of business loans from Knit Wits of $506.

B. Deferred charges of the Successor Agency as of June 30, 2013 consisted of issuance costs that are capitalized and amortized over the terms of the respective debt issuance using the straight line method. As of June 30, 2013, the balance of deferred charges, net of accumulated depreciation, was $149,049.

C. Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013
Capital Assets, not being depreciated:				
Land	$ 294,246	$ -	$ -	$ 294,246
Successor Agency capital assets	$ 294,246	$ -	$ -	$ 294,246

NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

D. The long-term liabilities consisted of the following components for the fiscal year ended June 30, 2013:

Advance payable consisted of the advance of $1,060,321 from the General fund of the Town was to assist the Successor Agency with administrative, operation, and program costs. The interest rate on this advance rate is 4.50%. In addition, the advance of $838,000 was due to the cash shortage of the Successor Agency. Both of the advances in total were $1,898,321 as of June 30, 2013.

Notes payable consisted of the following as of June 30, 2013:

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.	$ 81,756
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
	$ 1,381,756

The future principal and interest payments for the notes payable of June 30, 2013 were as follows:

Fiscal Year Ending	Jeffford's Notes Payable		2006 Tax Allocation Notes		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 11,061	$ 6,141	$ -	$ 63,675	$ 11,061	$ 69,816
2015	11,979	5,223		63,675	11,979	68,898
2016	12,974	4,228		63,675	12,974	67,903
2017	14,050	3,152	1,300,000	63,675	1,314,050	66,827
2018	15,216	1,985			15,216	1,985
2019	16,476	723			16,476	723
	$ 81,756	$ 21,452	$ 1,300,000	$ 254,700	$ 1,381,756	$ 276,152

Bonds payable consisted of the following as of June 30, 2013:

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.

NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

D. The long-term liabilities consisted of the following components for the fiscal year ended June 30, 2013 (continued):

Bonds payable consisted of the following as of June 30, 2013: (Continued)

On February 1, 2012, the total principal balance of $4,377,893, which was net of the $102,107 of unamortized original issue bond discount, was transferred from the Town. The principal balance outstanding, net of $97,490 of unamortized original bond discount, as of June 30, 2013 was $4,382,150.

The future principal and interest payments for the bonds payable as of June 30, 2013 were as follows:

Fiscal Year Ended June 30,	Bonds Payable		
	Principal	Interest	Total
2014	$ -	$ 262,855	$ 262,855
2015		262,855	262,855
2016		262,855	262,855
2017	75,000	262,855	337,855
2018	75,000	259,255	334,255
2019-2023	455,000	1,231,535	1,686,535
2024-2028	600,000	1,087,925	1,687,925
2029-2033	805,000	890,938	1,695,938
2034-2038	1,055,000	621,900	1,676,900
2039-2043	1,415,000	264,000	1,679,000
	$ 4,480,000	$ 5,406,973	$ 9,886,973

E. Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013 was as follows:

	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013	Due Within One Year
Advance payable	$ 1,898,321	$ -	$ -	$ 1,898,321	$ -
Notes payable	1,391,969		(10,213)	1,381,756	11,061
Bonds payable	4,480,000			4,480,000	
Original issue discount	(100,749)		3,259	(97,490)	(3,259)
Total	$ 5,771,220	$ -	$ (6,954)	$ 7,662,587	$ 7,802

NOTE 15 – FINANCIAL STABILITY AND GOING CONCERN

The United States 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 have been and 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, 2013, the Town's general fund cash balance is $0 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 Successor Agency Trust Fund). Additionally, the Town had an annual OPEB cost for the fiscal year ended June 30, 2013 of $862,647, and a UAAL amount of $12,879,056 (per information provided in the GASB 45 Actuarial Valuation Report). The annual OPEB cost for the fiscal year ended June 30, 2014 is expected to be $875,420 (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.

Management's Response:

The management of the Town 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 eight months of the 2013/14 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 four months of the fiscal year with adequate cash flows and reserves proving its ability to continue as a going concern.

Management has taken a number of steps to protect the financial solvency of the Town. Related to the Other Post Employment Benefit Obligations (OPEB), the Town has implemented every strategy possible to reduce the obligation as quickly as possible. During 2012/13 the Town negotiated medical premium contribution caps with all of its 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. Through March 2013, it has reduced its full time equivalent (FTE) workforce by 41.8% 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 $13.6 million as of July 1, 2013, a 70% reduction in three fiscal years.

The Town has an ending general fund balance of $1,382,157, and cash in its governmental funds of $2,748,967 as of June 30, 2013, 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 had been repaid without incident. The Town received a letter in April 2013, from California Department of Finance officially recognizing the loans between the Town and RDA as enforceable obligations. The Town will receive principal and interest payments toward these loans over the next several years which will be used to rebuild undesignated reserves. As successor agency to the RDA, the Town will be responsible for ensuring payment of all obligations. All loans and advances will eventually be repaid to the Town.

NOTE 15 – FINANCIAL STABILITY AND GOING CONCERN (CONTINUED)

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 61.95. That equates to a 44% reduction as of February 2014, which includes outsourcing fire personnel services. In this current budget year, 2012/13, 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. Property taxes are expected to grow 2.21% in 2013/14 and additional growth is expected the next five years. Both management and elected officials are committed to maintaining a balanced general fund budget for 2013/14 and beyond. For short and long term stability, management and elected officials are evaluating various cost recovery and revenue diversification options for the Town. The March 2014 Town Council agenda includes further discussions of a sales tax initiative for the November 2014 ballot.

NOTE 16 – PRIOR PERIOD ADJUSTMENT

Prior period adjustment of $574,408 was made to the Government-wide statements was due to an understatement of the PERS Side Fund obligation in the amount of $933,678, and an understatement of loan receivable in the amount of $359,270.

NOTE 17 – MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

On September 10, 2013, the Town Council approved issuing a $3,000,000 tax and revenue anticipation note with US Bank at 1.30% with a maturity of June 30, 2014.

The Town has evaluated subsequent events through the date of this report, which is February 26, 2014, the date these financial statements were available to be issued, and has determined there were no material events requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF PARADISE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes and assessments:				
Secured and unsecured property taxes	$ 4,174,669	$ 4,173,239	$ 4,159,976	$ (13,263)
Sales and use taxes	1,687,446	1,707,999	1,688,197	(19,802)
Transient lodging taxes	168,341	174,714	190,085	15,371
Franchise taxes	836,257	842,349	847,186	4,837
Real property transfer taxes	37,351	43,478	48,900	5,422
Total taxes and assessments	6,904,064	6,941,779	6,934,344	(7,435)
Licenses, permits, and impact fees	3,066	2,883	3,358	475
Fines and forfeitures	92,000	74,600	67,936	(6,664)
Use of money and property:				
Interest earned	13,162	8,000	4,505	(3,495)
Intergovernmental revenues:				
Motor vehicle in-lieu tax	1,929,937	1,901,701	1,913,039	11,338
Homeowners property tax relief	70,643	69,436	69,436	
Federal-other	500	500	31,876	31,376
State-other	105,500	183,390	161,087	(22,303)
Total intergovernmental revenues	2,106,580	2,155,027	2,175,438	20,411
Charges for services:				
Police	26,533	21,188	19,578	(1,610)
Fire	12,125	16,693	17,389	696
Community development	29,304	30,063	28,781	(1,282)
Parks and recreation	2,500	4,300	6,102	1,802
Public works	45,148	52,930	49,327	(3,603)
Administration	51,000	50,665	68,566	17,901
Total charges for services	166,610	175,839	189,743	13,904
Other revenues	7,440	6,387	21,986	15,599
Total revenues	9,292,922	9,364,515	9,397,310	32,795

(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, 2013
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Expenditures:				
Current:				
General government:				
Town council	$ 36,552	$ 36,881	$ 35,714	$ 1,167
Town manager	173,004	177,910	165,927	11,983
Town attorney	163,810	165,805	192,510	(26,705)
Central service	489,516	492,494	500,182	(7,688)
Financial services	216,869	209,736	208,801	935
Town clerk	288,169	267,354	264,392	2,962
Risk management	56,005	60,492	59,957	535
Non-departmental	62,000	62,750	62,954	(204)
Total general government	1,485,925	1,473,422	1,490,437	(17,015)
Community development:				
Planning	165,852	155,211	161,617	(6,406)
Solid waste	31,320	31,874	32,233	(359)
Total community development	197,172	187,085	193,850	(6,765)
Public safety:				
Police:				
Administration	747,443	738,898	707,412	31,486
Operations	2,176,633	2,098,740	2,074,458	24,282
Communications	778,162	757,825	772,323	(14,498)
Motor pool operations	168,632	170,061	169,920	141
Fire:				
Administration	189,635	186,447	169,084	17,363
Emergency operations center	16,653	16,653	16,277	376
Suppression	3,055,070	3,388,481	3,166,347	222,134
Volunteers	24,402	26,902	22,538	4,364
Total public safety	7,156,630	7,384,007	7,098,359	285,648
Public works:				
Engineering	64,505	62,519	46,467	16,052
Public facilities	6,400	6,400	4,549	1,851
Total public works	70,905	68,919	51,016	17,903
Parks and Recreation	20,597	21,367	24,117	(2,750)
Capital outlay	74,670	75,893	61,004	14,889
Debt service:				
Principal	798,202	798,202	808,015	(9,813)
Interest and fiscal charges	269,806	269,056	260,809	8,247
Total debt service	1,068,008	1,067,258	1,068,824	(1,566)
Total expenditures	10,073,907	10,277,951	9,987,607	290,344
Excess of revenues over (under) expenditures	(780,985)	(913,436)	(590,297)	323,139

(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, 2013
(CONTINUED)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Other Financing Sources (Uses):				
Proceeds from the issuance of debt	$ -	$ -	$ 30,000	$ 30,000
Transfers in	603,209	601,209	607,102	5,893
Transfers out			(1,535)	(1,535)
Total other financing sources (uses)	603,209	601,209	635,567	34,358
Net change in fund balance	(177,776)	(312,227)	45,270	357,497
Fund balance - July 1, 2012	1,336,887	1,336,887	1,336,887	
Fund balance - June 30, 2013	$ 1,159,111	$ 1,024,660	$ 1,382,157	$ 357,497

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOME GRANT FUND
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Program income	$ 3,840	$ 3,840	$ 89,144	$ 85,304
Total revenues	3,840	3,840	89,144	85,304
Expenditures:				
Current:				
Community development	3,840	3,840		3,840
Total expenditures	3,840	3,840		3,840
Excess of revenues over (under) expenditures			89,144	89,144
Other Financing Sources (Uses):				
Transfers out	(8,981)	(8,981)	(8,981)	
Total other financing sources (uses)	(8,981)	(8,981)	(8,981)	
Net change in fund balance	(8,981)	(8,981)	80,163	89,144
Fund balance, July 1, 2012	4,060	4,060	4,060	
Fund balance, June 30, 2013	$ (4,921)	$ (4,921)	$ 84,223	$ 89,144

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, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Use of money and property	$ 100	$ 100	$ 91	$ (9)
Total revenues	100	100	91	(9)
Net change in fund balance	100	100	91	(9)
Fund balance, July 1, 2012	53,402	53,402	53,402	
Fund balance, June 30, 2013	$ 53,502	$ 53,502	$ 53,493	$ (9)

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, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental revenues	$ 204,311	$ 204,311	$ 2,762,684	$ 2,558,373
Total revenues	204,311	204,311	2,762,684	2,558,373
Expenditures:				
Current:				
Community development	204,311	204,311	2,732,306	(2,527,995)
Total expenditures	204,311	204,311	2,732,306	(2,527,995)
Excess of revenues over (under) expenditures			30,378	30,378
Other Financing Sources (Uses):				
Transfers out			(30,378)	(30,378)
Total other financing sources (uses)			(30,378)	(30,378)
Net change in fund balance				
Fund balance, July 1, 2012				
Fund balance, June 30, 2013	$ -	$ -	$ -	$ -

TOWN OF PARADISE
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

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
7/1/2011	$ 21,286,815	$ 50,059	$ 21,236,756	0.24%	$ 5,903,592	359.7%
7/1/2012	18,381,682	49,486	18,332,196	0.27%	5,645,261	324.7%
7/1/2013	12,879,056	56,110	12,822,946	0.44%	4,848,063	264.5%

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OTHER SUPPLEMENTAL INFORMATION

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TOWN OF PARADISE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2013

	Special Revenue Funds			
	Cluster Septic Fund	Animal Control Shelter Fund	Gas Tax Fund	Traffic Safety Fund
ASSETS				
Cash and investments	$ -	$ 164	$ 35,786	$ 27,491
Restricted cash and investments with fiscal agent				
Accounts receivable		8,342	395,822	4,060
Interest receivable			15	12
Due from other funds				
Advances receivable				
Loans receivable				
Total assets	$ -	$ 8,506	$ 431,623	$ 31,563
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ 1,887	$ 19,433	$ -
Accrued wages		3,781	18,607	
Due to other funds	4,339			
Unearned revenue				
Total liabilities	4,339	5,668	38,040	
Fund balances:				
Restricted		2,838	393,583	31,563
Unassigned	(4,339)			
Total fund balances (deficits)	(4,339)	2,838	393,583	31,563
Total liabilities and fund balances	$ -	$ 8,506	$ 431,623	$ 31,563

Special Revenue Funds					
Special Projects Fund	EDBG Repayment Fund	HUD Revolving Loan Fund	SLESF Fund	Citizen Police Fund	
$ 255,976	$ 62,021	$ 153,139	$ -	$ 13,476	
			43,520		
	61	66		6	
		176,199			
$ 255,976	$ 62,082	$ 329,404	$ 43,520	$ 13,482	
$ 567	$ -	$ -	$ -	$ -	
	6,670				
			28,586		
		176,199			
567	6,670	176,199	28,586		
255,409	55,412	153,205	14,934	13,482	
255,409	55,412	153,205	14,934	13,482	
$ 255,976	$ 62,082	$ 329,404	$ 43,520	$ 13,482	

(Continued)

TOWN OF PARADISE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2013
(CONTINUED)

	Special Revenue Funds			
	Alcohol Beverage Control Fund	CMAQ Fund	Asset Seizure Fund	Highway Safety Improvement Fund
ASSETS				
Cash and investments	$ -	$ -	$ 5,576	$ -
Restricted cash and investments with fiscal agent				
Accounts receivable	5,410	334,459		5,118
Interest receivable			2	
Due from other funds				
Advances receivable				
Loans receivable				
Total assets	$ 5,410	$ 334,459	$ 5,578	$ 5,118
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Accrued wages				
Due to other funds	5,410	334,459		5,118
Unearned revenue				
Total liabilities	5,410	334,459		5,118
Fund balances:				
Restricted			5,578	
Unassigned				
Total fund balances (deficits)			5,578	
Total liabilities and fund balances	$ 5,410	$ 334,459	$ 5,578	$ 5,118

Special Revenue Funds					
CalGRIP Fund	School Resource Officer Fund	Safe Route to School Fund	95 Impact Signalization Fund	95 Impact PDFC Fund
$ -	$ -	$ -	$ 66,983	$ 36,196
55,109	6,250	9,940		
			29	16
$ 55,109	$ 6,250	$ 9,940	$ 67,012	$ 36,212
$ 18,770	$ -	$ -	$ -	$ -
36,339	6,250	9,940		
55,109	6,250	9,940		
			67,012	36,212
			67,012	36,212
$ 55,109	$ 6,250	$ 9,940	$ 67,012	$ 36,212

(Continued)

TOWN OF PARADISE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2013
(CONTINUED)

	Special Revenue Funds			
	95 Impact FDFC Fund	95 Impact Road Fund	CDBG Fund	Building Safety and Waste Water Services Fund
ASSETS				
Cash and investments	$ 12,041	$ 439,605	$ -	$ -
Restricted cash and investments with fiscal agent				
Accounts receivable			18,074	38,906
Interest receivable	5	188		
Due from other funds				
Advances receivable				73,992
Loans receivable				
Total assets	$ 12,046	$ 439,793	$ 18,074	$ 112,898
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ 4,598	$ -
Accrued wages				14,110
Due to other funds			13,476	66,840
Unearned revenue				
Total liabilities			18,074	80,950
Fund balances:				
Restricted	12,046	439,793		31,948
Unassigned				
Total fund balances (deficits)	12,046	439,793		31,948
Total liabilities and fund balances	$ 12,046	$ 439,793	$ 18,074	$ 112,898

Special Revenue Funds						
Local Transportation Fund	Town of Paradise Housing Authority Fund	Abandoned Vehicle Fund	95 Impact Drainage Fund	AVOID Fund	General Plan Fee Fund
$ 120,613	$ -	$ 47,677	$ 619,874	$ -	$ 127,126
66,658		15,504		10,637	
472		21	265		54
981,718					
	412,596				
$ 1,169,461	$ 412,596	$ 63,202	$ 620,139	$ 10,637	$ 127,180
$ 4,139	$ -	$ 2	$ -	$ 494	$ -
574					
				10,143	
	412,596				
4,713	412,596	2		10,637	
1,164,748		63,200	620,139		127,180
1,164,748		63,200	620,139		127,180
$ 1,169,461	$ 412,596	$ 63,202	$ 620,139	$ 10,637	$ 127,180

(Continued)

TOWN OF PARADISE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2013
(CONTINUED)

	Special Revenue Funds		Capital Projects Funds	
	Traffic Safety - DUI Impound Fees Fund	Energy Efficiency Conservation Fund	Capital Improvement Fund	Transportation Capital Projects Fund
ASSETS				
Cash and investments	$ 30,938	$ -	$ 288,864	$ 261,045
Restricted cash and investments with fiscal agent				
Accounts receivable				
Interest receivable	13			112
Due from other funds				
Advances receivable				
Loans receivable				
Total assets	$ 30,951	$ -	$ 288,864	$ 261,157
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ 288,864	$ -
Accrued wages				
Due to other funds				
Unearned revenue				
Total liabilities			288,864	
Fund balances:				
Restricted	30,951			261,157
Unassigned				
Total fund balances (deficits)	30,951			261,157
Total liabilities and fund balances	$ 30,951	$ -	$ 288,864	$ 261,157

Capital Projects Funds	Debt Service Fund	
Capital Leases Fund	Wastewater Design Assessment District Fund	Totals
$ -	$ 6,298	$ 2,610,889
51,690		51,690
		1,017,809
		1,337
		981,718
		73,992
		588,795
$ 51,690	$ 6,298	$ 5,326,230
$ -	$ -	$ 338,754
		43,742
		520,900
		588,795
		1,492,191
51,690	6,298	3,838,378
		(4,339)
51,690	6,298	3,834,039
$ 51,690	$ 6,298	$ 5,326,230

TOWN OF PARADISE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2013

	Special Revenue Funds			
	Cluster Septic Fund	Animal Control Shelter Fund	Gas Tax Fund	Traffic Safety Fund
Revenues:				
Taxes and assessments	$ -	$ 131,122	$ -	$ -
Licenses, permits, and impact fees				
Fines and forfeitures		6,335		22,430
Use of money and property			58	47
Intergovernmental revenues			963,361	
Charges for services		57,518	120	
Program income				
Other revenues		15,419	8,435	
Total revenues		210,394	971,974	22,477
Expenditures:				
Current:				
General government				
Community development				
Public safety		147,315		
Public works				
Streets			932,526	
Capital outlay		1,855	2,434	
Debt service:				
Principal		194	37,963	
Total expenditures		149,364	972,923	
Excess of revenues over (under) expenditures		61,030	(949)	22,477
Other Financing Sources (Uses):				
Proceeds from the issuance of debt				
Transfers in			164,067	
Transfers out		(24,605)	(128,366)	(30,000)
Total other financing sources (uses)		(24,605)	35,701	(30,000)
Net change in fund balances		36,425	34,752	(7,523)
Fund balances (deficits) - July 1, 2012	(4,339)	(33,587)	358,831	39,086
Fund balances (deficits) - June 30, 2013	$ (4,339)	$ 2,838	$ 393,583	$ 31,563

Special Revenue Funds					
Special Projects Fund	EDBG Repayment Fund	HUD Revolving Loan Fund	SLESF Fund	Citizen Police Fund
$ -	$ -	$ -	$ -	$ -
	245	259		23
			80,366	
		6,044		
	225			6,614
	470	6,303	80,366	6,637
882				
	89,315	6,683		
			23,800	7,560
			15,584	
882	89,315	6,683	39,384	7,560
(882)	(88,845)	(380)	40,982	(923)
	39,359			
	(24,027)		(50,000)	
	15,332		(50,000)	
(882)	(73,513)	(380)	(9,018)	(923)
256,291	128,925	153,585	23,952	14,405
$ 255,409	$ 55,412	$ 153,205	$ 14,934	$ 13,482

(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, 2013
(CONTINUED)

	Special Revenue Funds			
	Alcohol Beverage Control Fund	CMAQ Fund	Asset Seizure Fund	Highway Safety Improvement Fund
Revenues:				
Taxes and assessments	$ -	$ -	$ -	$ -
Licenses, permits, and impact fees				
Fines and forfeitures				
Use of money and property			10	
Intergovernmental revenues	20,794	416,288		5,118
Charges for services			660	
Program income				
Other revenues				
Total revenues	20,794	416,288	670	5,118
Expenditures:				
Current:				
General government				
Community development				
Public safety	20,794			
Public works				
Streets				
Capital outlay				
Debt service:				
Principal				
Total expenditures	20,794			
Excess of revenues over (under) expenditures		416,288	670	5,118
Other Financing Sources (Uses):				
Proceeds from the issuance of debt				
Transfers in				
Transfers out		(416,288)		(5,118)
Total other financing sources (uses)		(416,288)		(5,118)
Net change in fund balances			670	
Fund balances (deficits) - July 1, 2012			4,908	
Fund balances (deficits) - June 30, 2013	$ -	$ -	$ 5,578	$ -

Special Revenue Funds				
CalGRIP Fund	School Resource Officer Fund	Safe Route to School Fund	95 Impact Signalization Fund	95 Impact PDFC Fund
$ -	$ -	$ -	$ -	$ -
			928	1,779
			113	62
104,539	25,000	12,083		
104,539	25,000	12,083	1,041	1,841
104,539	25,000	12,083		
104,539	25,000	12,083		
			1,041	1,841
			1,041	1,841
			65,971	34,371
$ -	$ -	$ -	$ 67,012	$ 36,212

(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, 2013
(CONTINUED)

	Special Revenue Funds			
	95 Impact FDFC Fund	95 Impact Road Fund	CDBG Fund	Building Safety and Waste Water Services Fund
Revenues:				
Taxes and assessments	$ -	$ -	$ -	$ -
Licenses, permits, and impact fees	1,935	14,920		627,518
Fines and forfeitures				9,585
Use of money and property	20	743		5,606
Intergovernmental revenues			369,527	
Charges for services				23,285
Program income				
Other revenues				10
Total revenues	1,955	15,663	369,527	666,004
Expenditures:				
Current:				
General government				
Community development			369,527	
Public safety				
Public works				549,090
Streets				
Capital outlay				
Debt service:				
Principal				10,220
Total expenditures			369,527	559,310
Excess of revenues over (under) expenditures	1,955	15,663		106,694
Other Financing Sources (Uses):				
Proceeds from the issuance of debt				
Transfers in				
Transfers out		(205,106)		(110,950)
Total other financing sources (uses)		(205,106)		(110,950)
Net change in fund balances	1,955	(189,443)		(4,256)
Fund balances (deficits) - July 1, 2012	10,091	629,236		36,204
Fund balances (deficits) - June 30, 2013	$ 12,046	$ 439,793	$ -	$ 31,948

Special Revenue Funds					
Local Transportation Fund	Town of Paradise Housing Authority Fund	Abandoned Vehicle Fund	95 Impact Drainage Fund	AVOID Fund	General Plan Fee Fund
$ -	$ -	$ -	$ -	$ -	$ -
			11,201		
1,863		117	1,046		215
849,601		29,244		58,031	
					22,490
30,735					
882,199		29,361	12,247	58,031	22,705
		244		58,031	
863,148					
863,148		244		58,031	
19,051		29,117	12,247		22,705
			36,513		
(3,976)		(3,001)			
(3,976)		(3,001)	36,513		
15,075		26,116	48,760		22,705
1,149,673		37,084	571,379		104,475
$ 1,164,748	$ -	$ 63,200	$ 620,139	$ -	$ 127,180

(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, 2013
(CONTINUED)

	Special Revenue Funds		Capital Projects Funds	
	Traffic Safety - DUI Impound Fees Fund	Energy Efficiency Conservation Fund	Capital Improvement Fund	Transportation Capital Projects Fund
Revenues:				
Taxes and assessments	$ -	$ -	$ -	$ -
Licenses, permits, and impact fees				
Fines and forfeitures				
Use of money and property	52			444
Intergovernmental revenues				
Charges for services	11,788			
Program income				
Other revenues				
Total revenues	11,840			444
Expenditures:				
Current:				
General government				
Community development				
Public safety	17,777			
Public works				
Streets				
Capital outlay			544,722	
Debt service:				
Principal				
Total expenditures	17,777		544,722	
Excess of revenues over (under) expenditures	(5,937)		(544,722)	444
Other Financing Sources (Uses):				
Proceeds from the issuance of debt				
Transfers in			544,722	
Transfers out				(133,927)
Total other financing sources (uses)			544,722	(133,927)
Net change in fund balances	(5,937)			(133,483)
Fund balances (deficits) - July 1, 2012	36,888			394,640
Fund balances (deficits) - June 30, 2013	$ 30,951	$ -	$ -	$ 261,157

Capital Projects Funds	Debt Service Fund	
Capital Leases Fund	Wastewater Design Assessment District Fund	Totals
$ -	$ -	$ 131,122
		658,281
		38,350
3		10,926
		2,933,952
		115,861
		6,044
1,525		62,963
1,528		3,957,499
		882
		465,525
		417,143
		549,090
		1,795,674
		549,011
		63,961
		3,841,286
1,528		116,213
51,687		51,687
		784,661
		(1,135,364)
51,687		(299,016)
53,215		(182,803)
(1,525)	6,298	4,016,842
$ 51,690	$ 6,298	$ 3,834,039

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	$ 131,075	$ 131,122	$ 47
Licenses, permits, and impact fees	2,000		(2,000)
Fines and forfeitures	3,500	6,335	2,835
Charges for services	31,528	57,518	25,990
Other revenues	15,261	15,419	158
Total revenues	183,364	210,394	27,030
Expenditures:			
Current:			
Public safety	155,724	147,315	8,409
Capital outlay	1,350	1,855	(505)
Debt service:			
Principal	194	194	
Total expenditures	157,268	149,364	7,904
Excess of revenues over (under) expenditures	26,096	61,030	34,934
Other Financing Sources (Uses):			
Transfers out	(24,605)	(24,605)	
Total other financing sources (uses)	(24,605)	(24,605)	
Net change in fund balance	1,491	36,425	34,934
Fund balance (deficit), July 1, 2012	(33,587)	(33,587)	
Fund balance (deficit), June 30, 2013	$ (32,096)	$ 2,838	$ 34,934

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ -	$ 58	$ 58
Charges for service	731	120	(611)
Intergovernmental revenues	1,019,854	963,361	(56,493)
Other revenues	6,827	8,435	1,608
Total revenues	1,027,412	971,974	(55,438)
Expenditures:			
Current:			
Streets	1,191,788	932,526	259,262
Capital outlay	2,434	2,434	
Debt service:			
Principal	37,963	37,963	
Total expenditures	1,232,185	972,923	259,262
Excess of revenues over (under) expenditures	(204,773)	(949)	203,824
Other Financing Sources (Uses):			
Transfers in	152,415	164,067	11,652
Transfers out	124,067	(128,366)	(252,433)
Total other financing sources (uses)	276,482	35,701	(240,781)
Net change in fund balance	71,709	34,752	(36,957)
Fund balance, July 1, 2012	358,831	358,831	
Fund balance, June 30, 2013	$ 430,540	$ 393,583	$ (36,957)

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	$ 31,000	$ 22,430	$ (8,570)
Use of money and property	75	47	(28)
Total revenues	31,075	22,477	(8,598)
Other Financing Sources (Uses):			
Transfers out	(30,000)	(30,000)	
Total other financing sources (uses)	(30,000)	(30,000)	
Net change in fund balance	1,075	(7,523)	(8,598)
Fund balance, July 1, 2012	39,086	39,086	
Fund balance, June 30, 2013	$ 40,161	$ 31,563	$ (8,598)

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:			
Current:			
General government	$ 150,000	$ 882	$ 149,118
Total expenditures	150,000	882	149,118
Net change in fund balance	(150,000)	(882)	149,118
Fund balance, July 1, 2012	256,291	256,291	
Fund balance, June 30, 2013	$ 106,291	$ 255,409	$ 149,118

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ -	$ 245	$ 245
Other revenue		225	225
Total revenues		470	470
Expenditures:			
Current:			
Community development	52,516	89,315	(36,799)
Total expenditures	52,516	89,315	(36,799)
Excess of revenues over (under) expenditures	(52,516)	(88,845)	(36,329)
Other Financing Sources (Uses):			
Transfers in	6,843	39,359	32,516
Transfers out	(23,274)	(24,027)	(753)
Total other financing sources (uses)	(16,431)	15,332	31,763
Net change in fund balance	(68,947)	(73,513)	(4,566)
Fund balance, July 1, 2012	128,925	128,925	
Fund balance, June 30, 2013	$ 59,978	$ 55,412	$ (4,566)

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ 100	$ 259	$ 159
Program income	6,000	6,044	44
Total revenues	6,100	6,303	203
Expenditures:			
Current:			
Community development	3,500	6,683	(3,183)
Total expenditures	3,500	6,683	(3,183)
Net change in fund balance	2,600	(380)	(2,980)
Fund balance, July 1, 2012	153,585	153,585	
Fund balance, June 30, 2013	$ 156,185	$ 153,205	$ (2,980)

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SLESF FUND
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 100,000	$ 80,366	$ (19,634)
Total revenues	100,000	80,366	(19,634)
Expenditures:			
Current			
Public safety	23,800	23,800	
Debt service:			
Principal	26,204	15,584	10,620
Total expenditures	50,004	39,384	10,620
Excess of revenues over (under) expenditures	49,996	40,982	(9,014)
Other Financing Sources (Uses):			
Transfers out	(50,000)	(50,000)	
Total other financing sources (uses)	(50,000)	(50,000)	
Net change in fund balance	(4)	(9,018)	(9,014)
Fund balance, July 1, 2012	23,952	23,952	
Fund balance, June 30, 2013	$ 23,948	$ 14,934	$ (9,014)

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses, permits, and impact fees	$ 4	$ -	$ (4)
Use of money and property	25	23	(2)
Other revenues	5,000	6,614	1,614
Total revenues	5,029	6,637	1,608
Expenditures:			
Current:			
Public safety	1,400	7,560	(6,160)
Total expenditures	1,400	7,560	(6,160)
Net change in fund balance	3,629	(923)	(4,552)
Fund balance, July 1, 2012	14,405	14,405	
Fund balance, June 30, 2013	$ 18,034	$ 13,482	$ (4,552)

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ALCOHOL BEVERAGE CONTROL FUND
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 35,000	$ 20,794	$ (14,206)
Total revenues	35,000	20,794	(14,206)
Expenditures:			
Current:			
Public Safety	20,657	20,794	(137)
Total expenditures	20,657	20,794	(137)
Net change in fund balance	14,343		(14,343)
Fund balance, July 1, 2012			
Fund balance, June 30, 2013	$ 14,343	$ -	$ (14,343)

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CMAQ FUND
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 1,624,332	$ 416,288	$ (1,208,044)
Total revenues	1,624,332	416,288	(1,208,044)
Other Financing Sources (Uses):			
Transfers out	(1,624,332)	(416,288)	1,208,044
Total other financing sources (uses)	(1,624,332)	(416,288)	1,208,044
Net change in fund balance			
Fund balance, July 1, 2012			
Fund balance, June 30, 2013	$ -	$ -	$ -

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ 6	$ 10	$ 4
Charges for services	500	660	160
Total revenues	506	670	164
Net change in fund balance	506	670	164
Fund balance, July 1, 2012	4,908	4,908	
Fund balance, June 30, 2013	$ 5,414	$ 5,578	$ 164

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CALGRIP FUND
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 103,800	$ 104,539	$ 739
Total revenues	103,800	104,539	739
Expenditures:			
Current			
Public safety	103,800	104,539	(739)
Total expenditures	103,800	104,539	(739)
Net change in fund balance			
Fund balance, July 1, 2012			
Fund balance, June 30, 2013	$ -	$ -	$ -

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 25,000	$ 25,000	$ -
Total revenues	25,000	25,000	
Expenditures:			
Current:			
Public safety	25,000	25,000	
Total expenditures	25,000	25,000	
Net change in fund balance			
Fund balance, July 1, 2012			
Fund balance, June 30, 2013	$ -	$ -	$ -

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SAFE ROUTE TO SCHOOL FUND
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 25,000	$ 12,083	$ (12,917)
Total revenues	25,000	12,083	(12,917)
Expenditures:			
Current			
Public safety	23,000	12,083	10,917
Total expenditures	23,000	12,083	10,917
Net change in fund balance	2,000		(2,000)
Fund balance, July 1, 2012			
Fund balance, June 30, 2013	$ 2,000	$ -	$ (2,000)

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses, permits, and impact fees	$ 900	$ 928	$ 28
Use of money and property	150	113	(37)
Total revenues	1,050	1,041	(9)
Net change in fund balance	1,050	1,041	(9)
Fund balance, July 1, 2012	65,971	65,971	
Fund balance, June 30, 2013	$ 67,021	$ 67,012	$ (9)

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses, permits, and impact fees	$ 1,779	$ 1,779	$ -
Use of money and property	75	62	(13)
Total revenues	1,854	1,841	(13)
Net change in fund balance	1,854	1,841	(13)
Fund balance, July 1, 2012	34,371	34,371	
Fund balance, June 30, 2013	$ 36,225	$ 36,212	$ (13)

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses, permits, and impact fees	$ 1,500	$ 1,935	$ 435
Use of money and property	50	20	(30)
Total revenues	1,550	1,955	405
Net change in fund balance	1,550	1,955	405
Fund balance, July 1, 2012	10,091	10,091	
Fund balance, June 30, 2013	$ 11,641	$ 12,046	$ 405

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses, permits, and impact fees	$ 10,000	$ 14,920	$ 4,920
Use of money and property	1,000	743	(257)
Total revenues	11,000	15,663	4,663
Other Financing Sources (Uses):			
Transfers out	(213,297)	(205,106)	8,191
Total other financing sources (uses)	(213,297)	(205,106)	8,191
Net change in fund balance	(202,297)	(189,443)	12,854
Fund balance, July 1, 2012	629,236	629,236	
Fund balance, June 30, 2013	$ 426,939	$ 439,793	$ 12,854

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CDBG FUND
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 519,267	$ 369,527	$ (149,740)
Total revenues	519,267	369,527	(149,740)
Expenditures:			
Current:			
Community development	519,267	369,527	149,740
Total expenditures	519,267	369,527	149,740
Net change in fund balance			
Fund balance, July 1, 2012			
Fund balance, June 30, 2013	$ -	$ -	$ -

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses, permits, and impact fees	$ 651,218	$ 627,518	$ (23,700)
Fines and forfeitures	6,000	9,585	3,585
Use of money and property	5,606	5,606	
Charges for services	14,690	23,285	8,595
Other revenues	9	10	1
Total revenues	677,523	666,004	(11,519)
Expenditures:			
Current:			
General government			
Public works	565,244	549,090	16,154
Debt service:			
Principal	10,107	10,220	(113)
Total expenditures	575,351	559,310	16,041
Excess of revenues over (under) expenditures	102,172	106,694	4,522
Other Financing Sources (Uses):			
Transfers out	(111,415)	(110,950)	465
Total other financing sources (uses)	(111,415)	(110,950)	465
Net change in fund balance	(9,243)	(4,256)	4,987
Fund balance, July 1, 2012	36,204	36,204	
Fund balance, June 30, 2013	$ 26,961	$ 31,948	$ 4,987

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ 2,500	$ 1,863	$ (637)
Intergovernmental revenues	849,601	849,601	
Other revenues	29,000	30,735	1,735
Total revenues	881,101	882,199	1,098
Expenditures:			
Current:			
Streets	933,973	863,148	70,825
Total expenditures	933,973	863,148	70,825
Excess of revenues over (under) expenditures	(52,872)	19,051	71,923
Other Financing Sources (Uses):			
Transfers out	(3,172)	(3,976)	(804)
Total other financing sources (uses)	(3,172)	(3,976)	(804)
Net change in fund balance	(56,044)	15,075	71,119
Fund balance, July 1, 2012	1,149,673	1,149,673	
Fund balance, June 30, 2013	$ 1,093,629	$ 1,164,748	$ 71,119

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ 58	$ 117	$ 59
Intergovernmental revenues	24,000	29,244	5,244
Total revenues	24,058	29,361	5,303
Expenditures:			
Current:			
Community development	105	244	(139)
Total expenditures	105	244	(139)
Excess of revenues over (under) expenditures	23,953	29,117	5,164
Other Financing Sources (Uses):			
Transfers out	(3,000)	(3,001)	(1)
Total other financing sources (uses)	(3,000)	(3,001)	(1)
Net change in fund balance	20,953	26,116	5,163
Fund balance, July 1, 2012	37,084	37,084	
Fund balance, June 30, 2013	$ 58,037	$ 63,200	$ 5,163

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses, permits, and impact fees	$ 10,000	$ 11,201	$ 1,201
Use of money and property	800	1,046	246
Total revenues	10,800	12,247	1,447
Other Financing Sources (Uses):			
Transfers in		36,513	36,513
Total other financing sources (uses)		36,513	36,513
Net change in fund balance	10,800	48,760	37,960
Fund balance, July 1, 2012	571,379	571,379	
Fund balance, June 30, 2013	$ 582,179	$ 620,139	$ 37,960

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AVOID FUND
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 70,000	$ 58,031	$ (11,969)
Total revenues	70,000	58,031	(11,969)
Expenditures:			
Current:			
Public safety	65,000	58,031	6,969
Total expenditures	65,000	58,031	6,969
Net change in fund balance	5,000		(5,000)
Fund balance, July 1, 2012			
Fund balance, June 30, 2013	$ 5,000	$ -	$ (5,000)

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ 200	$ 215	$ 15
Charges for services	27,000	22,490	(4,510)
Total revenues	27,200	22,705	(4,495)
Net change in fund balance	27,200	22,705	(4,495)
Fund balance, July 1, 2012	104,475	104,475	
Fund balance, June 30, 2013	$ 131,675	$ 127,180	$ (4,495)

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ 64	$ 52	$ (12)
Charges for services	15,000	11,788	(3,212)
Total revenues	15,064	11,840	(3,224)
Expenditures:			
Current:			
Public safety	11,900	17,777	(5,877)
Total expenditures	11,900	17,777	(5,877)
Net change in fund balance	3,164	(5,937)	(9,101)
Fund balance, July 1, 2012	36,888	36,888	
Fund balance, June 30, 2013	$ 40,052	$ 30,951	$ (9,101)

TOWN OF PARADISE
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ENERGY EFFICIENCY CONSERVATION GRANT FUND
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	$ 55,433	$ -	$ (55,433)
Total revenues	55,433		(55,433)
Expenditures:			
Current			
Community development	66,711		66,711
Total expenditures	66,711		66,711
Net change in fund balance	(11,278)		11,278
Fund balance, July 1, 2012			
Fund balance, June 30, 2013	$ (11,278)	$ -	$ 11,278

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:			
Capital outlay	$ 1,806,424	$ 544,722	$ 1,261,702
Total expenditures	1,806,424	544,722	1,261,702
Other Financing Sources (Uses):			
Transfers in	1,806,424	544,722	(1,261,702)
Total other financing sources (uses)	1,806,424	544,722	(1,261,702)
Net change in fund balance			
Fund balance, July 1, 2012			
Fund balance, June 30, 2013	$ -	$ -	$ -

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ 444	$ 444	$ -
Total revenues	444	444	
Other Financing Sources (Uses):			
Transfers out	167,509	(133,927)	(301,436)
Total other financing sources (uses)	167,509	(133,927)	(301,436)
Net change in fund balance	167,953	(133,483)	(301,436)
Fund balance, July 1, 2012	394,640	394,640	
Fund balance, June 30, 2013	$ 562,593	$ 261,157	$ (301,436)

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, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	$ 100	$ 3	$ (97)
Other revenues		1,525	1,525
Total revenues	100	1,528	1,428
Expenditures:			
Capital outlay	64,000		64,000
Total expenditures	64,000		64,000
Excess of revenues over (under) expenditures	(63,900)	1,528	65,428
Other Financing Sources:			
Proceeds from issuance of debt	64,000	51,687	(12,313)
Total other financing sources	64,000	51,687	(12,313)
Net change in fund balance	100	53,215	53,115
Fund balance, July 1, 2012	(1,525)	(1,525)	
Fund balance, June 30, 2013	$ (1,425)	$ 51,690	$ 53,115

TOWN OF PARADISE
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2013

	Successor RDA Low/Mod Fund	Successor RDA Fund	RDA Debt Service Obligation Retirement Fund	Totals
Assets:				
Cash and investments	$ -	$ 23,381	$ -	$ 23,381
Restricted cash and investments with fiscal agents		372,975		372,975
Loans receivable		506		506
Deferred charges, net of accumulated amortization		149,049		149,049
Land		294,246		294,246
Total assets		840,157		840,157
Liabilities:				
Interest payable		27,211		27,211
Long-term debt, due within one year		7,802		7,802
Long-term debt, due in more than one year		7,654,785		7,654,785
Total liabilities		7,689,798		7,689,798
Net Position				
Unrestricted		(6,849,641)		(6,849,641)
Total net position (deficit)	$ -	$ (6,849,641)	$ -	$ (6,849,641)

TOWN OF PARADISE
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2013

	Successor RDA Low/Mod Fund	Successor RDA Fund	RDA Debt Service Obligation Retirement Fund	Totals
Additions:				
Taxes and assessments	$ -	$ -	$ 376,245	$ 376,245
Investment revenue		74		74
Interfund transfer in		376,245		376,245
Total additions		376,319	376,245	752,564
Deductions:				
Community development	92,640	6,585		99,225
Interest expense		380,639		380,639
Interfund transfer out			376,245	376,245
Total deductions	92,640	387,224	376,245	856,109
Change in net position	(92,640)	(10,905)		(103,545)
Net Position - July 1, 2012	92,640	(6,838,736)		(6,746,096)
Net Position (deficit) - June 30, 2013	$ -	(6,849,641)	$ -	$ (6,849,641)

TOWN OF PARADISE

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

June 30, 2013

	Hydrant Maintenance Fund	Department of Justice Livescan Fees Fund	Employee Bank Fund	SMIP Fund	Police Department Seizures Fund
ASSETS					
Cash and investments	$ 1,623	$ 662	$ 233	$ 1,585	$ 1,817
Accounts receivable	1,121				
Interest receivable				1	
Total Assets	$ 2,744	$ 662	$ 233	$ 1,586	$ 1,817
LIABILITIES					
Accounts payable	$ 1,623	$ 662	$ -	$ 272	$ -
Due to others	1,121		233	1,314	1,817
Total Liabilities	$ 2,744	$ 662	$ 233	$ 1,586	$ 1,817

Police Department Trading Card Fund	Chaplains-Disaster Relief Fund	Disability Access and Education Fund	Canine Protect Fund	Animal Control Fund	Police Fund
$ 1,754	$ 288	$ 15	$ 26,335	$ 50,600	$ 355
1			11	22	
$ 1,755	$ 288	$ 15	$ 26,346	$ 50,622	$ 355
$ -	$ -	$ -	$ -	$ -	$ -
1,755	288	15	26,346	50,622	355
$ 1,755	$ 288	$ 15	$ 26,346	$ 50,622	$ 355

(Continued)

TOWN OF PARADISE
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2013
(CONTINUED)

	Police Department Found Money Fund	Fire Fund	Special Project Donations Fund	Total
ASSETS				
Cash and investments	$ 4,425	$ 6,195	$ 3,534	$ 99,421
Accounts receivable				1,121
Interest receivable		3		38
Total Assets	$ 4,425	$ 6,198	$ 3,534	$ 100,580
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ 2,557
Due to others	4,425	6,198	3,534	98,023
Total Liabilities	$ 4,425	$ 6,198	$ 3,534	$ 100,580

TOWN OF PARADISE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
HYDRANT MAINTENANCE FUND				
ASSETS				
Cash and investments	$ -	$ 1,623	$ -	$ 1,623
Accounts receivable		1,121		1,121
Total Assets	$ -	$ 2,744	$ -	$ 2,744
LIABILITIES				
Accounts payable	$ -	$ 1,623	$ -	$ 1,623
Due to others		1,121		1,121
Total Liabilities	$ -	$ 2,744	$ -	$ 2,744
DEPARTMENT OF JUSTICE LIVESCAN FEES FUND				
ASSETS				
Cash and investments	$ 877	$ -	$ (215)	$ 662
Total Assets	$ 877	$ -	$ (215)	$ 662
LIABILITIES				
Accounts payable	$ 877	$ -	$ (215)	$ 662
Total Liabilities	$ 877	$ -	$ (215)	$ 662
EMPLOYEE BANK FUND				
ASSETS				
Cash and investments	$ 137	$ 96	$ -	$ 233
Total Assets	$ 137	$ 96	$ -	$ 233
LIABILITIES				
Due to others	$ 137	$ 96	$ -	$ 233
Total Liabilities	$ 137	$ 96	$ -	$ 233
SMIP FUND				
ASSETS				
Cash and investments	$ 2,361	$ -	$ (776)	$ 1,585
Interest receivable		1		1
Total Assets	$ 2,361	$ 1	$ (776)	$ 1,586
LIABILITIES				
Accounts payable	$ 1,117	$ -	$ (845)	$ 272
Due to others	1,244	70		1,314
Total Liabilities	$ 2,361	$ 70	$ (845)	$ 1,586

(Continued)

TOWN OF PARADISE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2013
(CONTINUED)

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
POLICE DEPARTMENT SEIZURES FUND				
ASSETS				
Cash and investments	$ 2,484	$ -	$ (667)	$ 1,817
Total Assets	$ 2,484	$ -	$ (667)	$ 1,817
LIABILITIES				
Due to others	$ 2,484	$ -	$ (667)	$ 1,817
Total Liabilities	$ 2,484	$ -	$ (667)	$ 1,817
POLICE DEPARTMENT TRADING CARD FUND				
ASSETS				
Cash and investments	$ 1,751	$ 3	$ -	$ 1,754
Interest receivable		1		1
Total Assets	$ 1,751	$ 4	$ -	$ 1,755
LIABILITIES				
Due to others	$ 1,751	$ 4	$ -	$ 1,755
Total Liabilities	$ 1,751	$ 4	$ -	$ 1,755
CHAPLAINS-DISASTER RELIEF FUND				
ASSETS				
Cash and investments	$ 287	$ 1	$ -	$ 288
Total Assets	$ 287	$ 1	$ -	$ 288
LIABILITIES				
Due to others	$ 287	$ 1	$ -	$ 288
Total Liabilities	$ 287	$ 1	$ -	$ 288

(Continued)

TOWN OF PARADISE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2013
(CONTINUED)

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
DISABILITY ACCESS AND EDUCATION FUND				
ASSETS				
Cash and investments	$ -	$ 15	$ -	$ 15
Total Assets	$ -	$ 15	$ -	$ 15
LIABILITIES				
Due to others	$ -	$ 15	$ -	$ 15
Total Liabilities	$ -	$ 15	$ -	$ 15
CANINE PROTECT FUND				
ASSETS				
Cash and investments	$ 23,013	$ 3,322	$ -	$ 26,335
Interest receivable		11		11
Total Assets	$ 23,013	$ 3,333	$ -	$ 26,346
LIABILITIES				
Accounts payable	$ 7,304	$ -	$ (7,304)	$ -
Due to others	15,709		10,637	26,346
Total Liabilities	$ 23,013	$ -	$ 3,333	$ 26,346
ANIMAL CONTROL FUND				
ASSETS				
Cash and investments	$ 63,214	$ -	$ (12,614)	$ 50,600
Interest receivable		22		22
Total Assets	$ 63,214	$ 22	$ (12,614)	$ 50,622
LIABILITIES				
Due to others	$ 63,214	$ -	$ (12,592)	$ 50,622
Total Liabilities	$ 63,214	$ -	$ (12,592)	$ 50,622

(Continued)

TOWN OF PARADISE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2013
(CONTINUED)

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
POLICE FUND				
ASSETS				
Cash and investments	$ 409	$ -	$ (54)	$ 355
Total Assets	$ 409	$ -	$ (54)	$ 355
LIABILITIES				
Due to others	$ 409	$ -	$ (54)	$ 355
Total Liabilities	$ 409	$ -	$ (54)	$ 355
POLICE DEPARTMENT FOUND MONEY FUND				
ASSETS				
Cash and investments	$ 8,366	$ -	$ (3,941)	$ 4,425
Total Assets	$ 8,366	$ -	$ (3,941)	$ 4,425
LIABILITIES				
Accounts payable	$ 120	$ -	$ (120)	$ -
Due to others	8,246		(3,821)	4,425
Total Liabilities	$ 8,366	$ -	$ (3,941)	$ 4,425
FIRE FUND				
ASSETS				
Cash and investments	$ 6,187	$ 8	$ -	$ 6,195
Interest receivable		3		3
Total Assets	$ 6,187	$ 11	$ -	$ 6,198
LIABILITIES				
Due to others	$ 6,187	$ 11	$ -	$ 6,198
Total Liabilities	$ 6,187	$ 11	$ -	$ 6,198

(Continued)

TOWN OF PARADISE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2013
(CONTINUED)

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
SPECIAL PROJECTS DONATIONS FUND				
ASSETS				
Cash and investments	$ 314	$ 3,220	$ -	$ 3,534
Total Assets	$ 314	$ 3,220	$ -	$ 3,534
LIABILITIES				
Accounts payable	$ 280	$ -	$ (280)	$ -
Due to others	34	3,500		3,534
Total Liabilities	$ 314	$ 3,500	$ (280)	$ 3,534
TOTAL AGENCY FUNDS				
ASSETS				
Cash and investments	$ 109,400	$ 8,288	$ (18,267)	$ 99,421
Accounts receivable		1,121		1,121
Interest receivable		38		38
Total Assets	$ 109,400	$ 9,447	$ (18,267)	$ 100,580
LIABILITIES				
Accounts payable	$ 9,698	$ 1,623	$ (8,764)	$ 2,557
Due to others	99,702	4,818	(6,497)	98,023
Total Liabilities	$ 109,400	$ 6,441	$ (15,261)	$ 100,580