

Comprehensive Annual Financial Report

For The

Fiscal Year Ended June 30, 2003

City of El Paso de Robles

California

Frank Mecham, Mayor
Gary Nemeth, Mayor Pro Tempore
George Finigan, Councilmember
Jim Heggarty, Councilmember
Duane Picanco, Councilmember

James L. App, City Manager

Prepared by Department of Administrative Services
Michael J. Compton, Director of Administrative Services
Jennifer Sorenson, Finance Manager

CITY OF EL PASO DE ROBLES



INTRODUCTORY SECTION

CITY OF EL PASO DE ROBLES
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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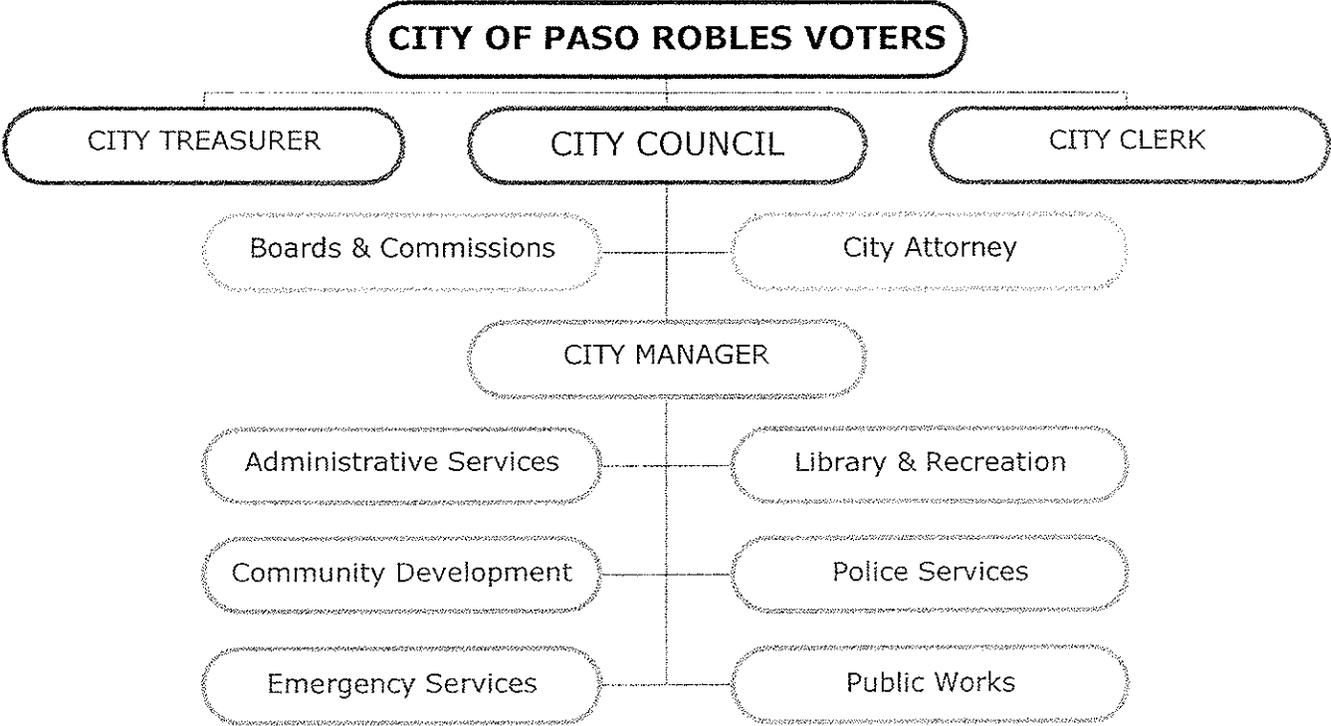
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**CITY OF EL PASO DE ROBLES
ORGANIZATION OF CITY GOVERNMENT**



California Society of Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting 2001-2002

Presented to the

City of El Paso de Robles



This certificate is issued in recognition of meeting professional standards and criteria in reporting which reflect a high level of quality in the annual financial statements and in the underlying accounting system from which the reports were prepared.

February 24, 2003

Bret M. Plimlee

Chair, Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



December 1, 2003

TO: Honorable Mayor and City Council
City of El Paso de Robles

FROM: Michael J. Compton, Director of Administrative Services

SUBJECT: Comprehensive Annual Financial Report for Fiscal Year 2002-03

INTRODUCTION

The City of El Paso de Robles' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2003 is hereby presented as prepared by the City's Administrative Services Department. Responsibility for the accuracy of the presented data, the completeness and fairness of the presentation rests with this department. The report has been prepared in conformance with the Accounting Principles generally accepted in the United States of America and the principles and standards as prescribed by Governmental Accounting Standards Board (GASB). Staff believes that the data, as presented, is accurate in all material respects; that its presentation fairly reflects the financial position and the results of the City's operations as measured by the financial activity of its various funds; and that all pertinent disclosures contained herein will provide the reader with a complete understanding of the City's financial affairs.

FINANCIAL REPORTING and FORMATS

This is the first year the City prepared the CAFR using the new reporting requirements as prescribed by GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This new GASB Statement requires significant changes in the presentation of financial results. For the first time, government-wide financial statements are included in order to provide the reader with a clear picture of the City as a single, unified reporting entity. These new statements are intended to compliment rather than replace the traditional fund-based financial statements. GASB Statement No. 34 also requires that Management provide a narrative introduction,

overview, and analysis to accompany the basic financial statements in the form of "Management's Discussion & Analysis" (MD&A). This letter of transmittal is intended to compliment the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors'.

The City's CAFR is divided into the following sections:

The Introductory Section includes this transmittal letter, information about the organizational structure of the City including elected and appointed officials, and other general information to provide the reader with a general understanding of the City.

The Financial Section is prepared in accordance with GASB 34 requirements by including the MD&A, the Basic Financial Statements including notes and Supplemental Information. The Basic Financial Statements include the government-wide financial statements that present an overview of the City's entire financial operations, and the fund financial statements that present the financial information of each of the City's major funds, as well as non-major governmental, fiduciary, and other funds. Also included in this section is the Independent Auditors' Report on the financial statements and schedules as prepared by Moss, Levy & Hartzheim. Their report contained herein provides an "unqualified" opinion that the financial statements contained herein are fairly presented in conformity with Accounting Principles generally accepted in the United States of America.

Additionally, the Federal Single Audit Act of 1996 requires the City to undergo an annual "single audit" in conformity with the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments and Non-Profit Organizations and Government Auditing Standards, issued by the Comptroller General of the United States. The "single audit" report is issued under separate cover and includes a schedule of federal financial assistance, findings and recommendations, and independent auditors' report on the internal control structure and compliance with applicable laws and regulations.

The Statistical Section includes various tables containing historical financial data, debt statistics, and miscellaneous social and economic data of the City that is of interest to potential investors and other readers. The data is generally presented on a multi-year basis.

THE REPORTING ENTITY

The City was incorporated in 1889 and operates under the Council-Manager form of local government. Four councilmen are elected on a non-partisan basis, at large for four-year terms with two councilmen elected every two years. The Mayor is elected at large every two years. The Council appoints the City Attorney and City Manager. The City Clerk and City Treasurer are both elected at large for four-year terms. The City provides a full range of services including police and fire

protection, library and recreation services, public works including maintenance of all City facilities, streets, parks, airport, and utility operations (sewer, water and landfill), transit, and development and planning services.

This CAFR includes the financial activities of the primary government, the City, and all the City's component units. Component units include legally separate entities for which the primary government is financially accountable and that have substantially the same governing board as the City or provide services entirely to the City. For reporting purposes, operations of the Redevelopment Agency and the Joint Powers Financing Authority are blended with the City.

PASO ROBLES ECONOMY AND OUTLOOK

Paso Robles is strategically located at the confluence of State Highway 101 and State Highway 46 and continues to be the fastest growing city within San Luis Obispo County with 27,000 residents. Travelers from the Central Valley on their way to central coast beaches or local lakes must pass through Paso Robles. The local lakes and other community events attract a significant number of travelers from southern and northern California areas as well. The Highway 101/Highway 46/Nacimiento Road corridor has been a major contributor to the City's sales tax revenues.

Paso Robles is home to a number of special events that attract visitors from all over the state. Such events include the Wine Festival, Paderewski Festival, West Coast Kustom Car Show (now held twice annually), Pioneer Day, Vine Street Christmas Showcase, Western Region Bicycle Rally, Concerts in the Park, Mid State Fair, and two highly successful farmers markets. The City is host of a championship level 10 K run that attracts world-class runners from all over the world. The operations of the state fairgrounds and its related facilities attract events nearly every weekend during the course of the year. The local wine industry has received considerable recognition for its premium wines. There are over 40 wineries and approximately 300 vineyards in the Paso Robles area. During the spring and summer months, many of the wineries and tasting rooms hold weekend concerts that attract numerous visitors.

Given the above events and attractions, tourism has become an important industry in Paso Robles. Transient occupancy tax collections, viewed as an indicator of tourism success, increased by 8%. The Hampton Inn added 81 new rooms in 2003 and the Wine Country RV Park provided 65 spaces. The City has approved applications for Paso Robles Hot Springs to construct a 223 room resort hotel and conference facility; a French architecture 80 room resort hotel/spa, a four story 130 room hotel on Vine Street, and the Adelaide Inn is in plan check for a 42 room expansion. There are a number of other hotel/resort projects in the pending and development stage.

Continued new residential home construction in conjunction with population growth and tourism success, provided for a 7.6% increase in sales tax revenue collections, the highest rate enjoyed by any city in San Luis Obispo County. While there were no new major retailers during the fiscal year, there were a large number of small retail and dining establishments that began operations. Individually any one of them would be considered rather insignificant but taken in

the aggregate, they contribute to a sound, growing sales tax base that, on a per capita basis, puts Paso Robles among the top sales tax producers in the State.

The top employers included Paso Robles Public Schools at 918, California Youth Authority at 356, Wal Mart at 280, Sunbank Electronics at 225, JIT Manufacturing at 215, Specialty Silicone Fabricators at 187, Zurn/Wilkins at 180, Life Fitness at 177, Applied Technologies at 165, City of Paso Robles at 160, Paris Precision at 145, Ennis Business Forms at 101, and Pro Forms at 75.

Given the recent and continuing successes in both the retail and manufacturing areas, the economic outlook for Paso Robles continues to look optimistic. This is particularly true given the current boom in the local housing construction market. During fiscal year 2003, Paso Robles issued 421 residential building permits representing 471 new units with a total valuation of \$81,037,819. The demand for housing remains high. The median home price of a home in the County in August 2003 was \$390,150 up 11.7% from a year ago. While housing in Paso Robles remains the most affordable, the median price is estimated to rise 17% in 2003, \$301,700 versus \$251,100 last year. Existing home sales and new residential home construction has resulted in significant increases in property tax collections. Property tax collections for all categories rose 15.2% last year, \$3,267,000 versus \$2,834,000.

The only dark cloud on the horizon is a State budget deficit of unprecedented proportions. As is always the case, the State looks to local government revenues to balance its' budget. Even before the current budget crises, the State continues to siphon off about \$6 billion annually in local government property taxes. The State decreased motor vehicle license fees by 2/3 and promised to hold local governments harmless. The State has been doing so but the "backfill" is now in jeopardy. Paso Robles is taking the only prudent measure available. It has assumed that the backfill will be eliminated, costing the City about \$1 million annually in unrestricted General Fund resources. The resulting deficit will be funded from reserves until such time as new, reoccurring revenues mature to match existing expenditure levels.

MAJOR ACHEIVEMENTS AND INITIATIVES

The City's General Fund is the primary source of funding for most municipal services such as police & fire protection, library & recreation services, parks, streets, maintenance & operation of governmental buildings/facilities, planning & building services, and other governmental activities such as city council, city manager and administrative services. The City prides itself on fiscal responsibility and control that has resulted in positive reoccurring General Fund results. Every fiscal year since 1998, the City has had positive results (excess revenues and other sources over expenditures and other uses) averaging \$915,000 annually. Total fund balance is nearly \$8.7 million with unreserved/undesigned reserves at \$7.2 million representing a thirty-nine percent (39%) reserve. It is these resources from which the City will draw to offset revenue reductions imposed by the State to balance its budget in the short term.

For the first time ever, the City undertook an AB 1600 development impact fee study. The proposed fees were adopted as recommended except that the retail/commercial fees were phased given the significant impact to new development. The fees will be adjusted annually by the Engineering News Record index. The fees will also be formally reviewed every two years or after any new policy document, i.e. General Plan, sewer and water master plans, etc. are updated.

In June 1998, the voters authorized the sale of \$38 million general obligation bonds for a variety of projects. Five major projects were completed or nearly so during fiscal year 2003. These projects included a new senior community center (\$1.346 million), new veteran's community center (\$1.165 million), regional athletic park (\$9.995 million), airport terminal (\$2.469 million), and a new public safety center serving both police and fire (\$13.3 million). Debt service will be funded from an ad valorem tax levied on all properties within Paso Robles' boundaries.

Major initiatives currently underway include the complete update of the City's general plan and all associated elements, fiscal impact analysis model and implementation of the Emergency Services Growth Management Plan. The General Plan is the City's major policy document that identifies growth, development, and infrastructure needs to serve a specific population target twenty to thirty years into the future. The fiscal impact analysis model is being developed concurrently with the General Plan update. Its objective is to calculate the net cost to provide municipal services, difference between new reoccurring revenues generated from new development and the cost to provide general municipal services to these areas. While the model may be used for any new development project, its' primary use will be for newly annexed areas that desire to develop within the City's boundaries. Net deficit development projects may be required to fund the net cost through various fee assessments.

With regard to the Emergency Services Growth Management Plan, it was adopted in fiscal year 2001. It identifies the equipment and manpower necessary to transition from a fully volunteer fire department to a department capable of providing four-minute responses for fire and medical calls ninety percent of the time. The department is now staffed with twenty full-time sworn plus one civilian employee. While implementation has slowed, efforts continue to augment staffing. During fiscal year 2003, two new fire pumpers were purchased at a total cost of \$667,000.

OTHER FINANCIAL INFORMATION

Internal Controls - In developing and evaluating the City's accounting system, internal accounting controls are of utmost importance. However, internal controls should be designed to provide reasonable, but not absolute, assurances regarding the safeguarding of assets against loss from unauthorized use or disposition and reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable recognizes that the cost of the control should not exceed the benefits derived and that the evaluation of costs and benefits requires estimates and judgments by management. Management believes that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary Controls - The budget is a plan for the use of City resources consistent with specific objectives developed and approved by the Council. The budget is adopted by resolution by the Council and may be modified from time to time as the Council sees fit or administratively by staff in accordance with the Council's approved Fiscal Policy. Except for the capital improvement projects budget, all appropriations lapse at fiscal year-end. Given the multi-year nature of the capital improvement projects, unspent appropriations are automatically carried forward. Requests for carry-over of operating budget appropriations are generally restricted to operating capital and special one-time appropriations, usually studies by third party consultants. Carry-over appropriations are approved by resolution by the Council and added to the following year's budget. Budgetary control is maintained at the department level. Line item variances with any given department/division are allowed so long as the total departmental budget does not exceed total appropriations for the department/division except that supplies and services savings may not be used to hire staff without specific City Manager approval. The City Manager's office and Administrative Services maintains a watchful eye for variances between actual and budgeted expenditures.

Cash Management and Investments - The City pools idle cash from all funds for the purpose of its investment activities in order to maximize investment income. Idle funds are invested in accordance with the Council's adopted investment policy which is reviewed annually by both the Council and its' investment policy review committee. In compliance with GASB 31, the City's investments are stated at fair value, except for highly liquid market investments with maturities of one year or less, which are stated at amortized cost and unrealized gains or losses less liquid market investments are recorded each June 30. The City generally holds all investments until maturity or until fair values equal or exceeds costs.

Risk Management - The City uses a combination of the purchased insurance and self-insurance to protect the City from property, liability and workers' compensation risks. For workers' compensation, the City is a member of the Central Coast Cities Self Insurance Fund. It is merely a banking program wherein member cities group purchase services; i.e. program administration, claim servicing and excess coverage in order to lower costs. The City is self-insured for the first \$350,000. The City is a member of the Local Agency Workers' Compensation Excess Joint Point Authority (LAWCX) for the purposes of coverage above the \$350,000. Member agencies share risk from \$350,000 to \$5 million and then purchase reinsurance up to \$50 million. For general liability risks, the City is a member of the California Joint Powers Insurance Authority. The City is self-insured for the first \$30,000. Losses are shared from \$30,000 to \$750,000 based on each member's percentage of the total losses between \$1 and \$30,000. Losses from \$750,000 to \$5 million are shared based upon percentage of total payroll. Excess coverage is purchased from \$5 million to \$50 million. The City purchases insurance for property damage (including newer fire apparatus equipment), boiler & machinery, airport liability, pollution legal liability, landfill pollution, and public employee dishonesty. The City is fully self-insured for auto damage except as otherwise noted.

INDEPENDENT AUDIT

The accounting firm of Moss, Levy & Hartzheim, certified public accountants, performed the annual independent audit. They also, under separate cover, prepared a report meeting the requirements of the Federal Single Audit Act and related OMB Circular A-133. While the Redevelopment Agency's financial transactions are included in this annual financial report, the auditors also issue an audit report under separate cover. The auditors' opinion letter on the basic financial statements is included in the financial section of this report.

CERTIFICATE OF AWARD

The California Society of Municipal Finance Officers awarded its Certificate for Outstanding Financial Reporting to the City for the 2002 CAFR. This was the fourth consecutive year that the City has achieved this prestigious statewide award. To receive the award, the City must publish an easily readable and efficiently organized CAFR that must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

ACKNOWLEDGMENTS

I would like to express my appreciation to the entire Administrative Services for their work ethic and dedication to "customer service" both internally and externally. Special acknowledgment goes to Jennifer Sorenson, Finance Manager, and Jody Dauth, Administrative Coordinator, who were primarily responsible for the preparation of this CAFR. In addition, I would like to thank Jim App, the City Manager, as well as the City Council for their continued support and interest in planning and conducting the City's financial operations.

Respectfully submitted,



Michael J. Compton
Director of Administrative Services
City Treasurer

CITY OF EL PASO DE ROBLES



FINANCIAL SECTION



MOSS, LEVY & HARTZHEIM

CERTIFIED PUBLIC ACCOUNTANTS
*A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

PARTNERS:

ROBERT M. MOSS, C.P.A.*
RONALD A. LEVY, C.P.A.*
CRAIG A. HARTZHEIM, C.P.A.*

INDEPENDENT AUDITORS' REPORT

802 EAST MAIN STREET
SANTA MARIA, CA 93454
PHONE: (805) 925-2579
FAX: (805) 925-2147

The Honorable Mayor and City Council
City of El Paso de Robles, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Paso de Robles, as of and for the fiscal year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of El Paso de Robles at June 30, 2003 and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

The basic financial statements referred to above follow the requirements of Governmental Accounting Standards Board Statements No. 34, *Basic Financial Statements—Management's Discussion and Analysis—for State and Local Governments*, No. 36, *Recipient Reporting for Certain Non-Exchange Revenues*, an Amendment of GASB Statement No. 33, No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, Omnibus, and No. 38, *Certain Financial Statement Note Disclosures*, as discussed in Note 1 to the Basic Financial Statements.

Management's Discussion and Analysis is supplementary information required by the Governmental Accounting Standards Board, but is not a required part of the basic financial statements. We have applied certain limited procedures to this information, principally inquiries of management regarding the methods of measurement and presentation of this information, but we did not audit this information and we express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the City of El Paso de Robles, taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 3, 2003, on our consideration of the City of El Paso de Robles' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

The introductory section and the statistical section listed in the Table of Contents was not audited by us, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

MOSS, LEVY & HARTZHEIM

Moss, Levy & Hartzheim

October 3, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended June 30, 2003

This discussion and analysis of the City of El Paso de Robles' financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2003. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the 2003 fiscal year by \$165 million. Of this amount, \$56 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$14.7 million, primarily due to the completion of projects and acquisition of assets from developers.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$40.5 million, compared to \$39.9 million in the prior fiscal year.
- Approximately 61% of the combined fund balances, \$24.7 million, is considered unreserved and is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7.4 million, or 40 % of total general fund expenditures.
- The City's total governmental funds debt increased by \$325,250 during the current fiscal year. The increase is the result of additional capital leases, normal increases in compensated absences, and closure/postclosure liability.
- The City's total business type funds debt increased by \$7,626,831 due the issuance of sewer revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of El Paso De Robles using the integrated approach as prescribed by GASB Statement No. 34.

Government-Wide Financial Statements

The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities. These statements include *all* assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued
Fiscal Year Ended June 30, 2003

These two statements report the City's *net assets* and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads.

In the statement of net assets and the statement of activities, we distinguish the City's functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The activities of these two distinctions are as follows:

Governmental activities—Most of the City's basic services are reported in this category, including general government, public safety, public works, library and recreation, and community development. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

Business-type activities—The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water system, sewer system, airport operations, and transit services are reported in this category.

Fund Financial Statements

The Fund financial statements include statements for each of the three categories of activities - governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus. Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued
Fiscal Year Ended June 30, 2003

financial statements to those in the government-wide financial statements are explained in a reconciliation schedule following each governmental fund financial statement.

Proprietary funds - When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of revenues, expenses, and changes in fund net assets. In fact, the City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Fiduciary funds - The City is the trustee, or *fiduciary*, for certain funds held on behalf of the Senior Advisory Committee, War Memorial Hospital Scholarship, Customer Deposits, and North County Firefighters Association. Other activities reported in this category include the receipt of special taxes and assessments used to pay principal and interest on related bonded debt that has no direct City liability. The City's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the City's other financial statements since the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the net assets for the City as a whole increased 9% from \$151 million at June 30, 2002 to \$165 million at June 30, 2003. The largest portion of the City's net assets reflects the investment in capital assets such as land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to the citizens of the City of El Paso De Robles; therefore, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.

Consistent with the prior fiscal year, as of the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, for both the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued

Fiscal Year Ended June 30, 2003

CITY OF EL PASO DE ROBLES' NET ASSETS

	Governmental activities		Business-type activities		Total	
	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02
Current and other assets	\$ 79,805,632	\$ 43,587,063	\$ 97,422,665	\$ 21,647,869	\$ 177,228,297	\$ 65,234,932
Capital assets	71,261,603	106,937,482	(20,931,663)	39,116,568	50,329,940	146,054,050
Total assets	151,067,235	150,524,545	76,491,002	60,764,437	227,558,237	211,288,982
Long-term liabilities outstanding	104,266,560	52,464,377	22,070,161	3,164,251	126,336,721	55,628,628
Other liabilities	2,308,198	3,710,838	878,133	1,053,424	3,186,331	4,764,262
Total liabilities	106,574,758	56,175,215	22,948,294	4,217,675	129,523,052	60,392,890
Net assets:						
Invested in capital assets, net of related debt	-	54,473,105	-	35,952,317	-	90,425,422
Restricted	23,686,883	18,650,488			23,686,883	18,650,488
Unrestricted	100,946,011	21,225,737	64,706,855	20,594,445	165,652,866	41,820,182
Total Net Assets	\$ 44,492,477	\$ 94,349,330	\$ 53,542,708	\$ 56,546,762	\$ 189,339,749	\$ 150,896,092

The City's net assets increased \$14.8 million over the prior fiscal year. Current and other assets increased \$10 million while capital assets increased \$12. million. Long-term liabilities increased \$9.1 million due primarily to issuance of sewer revenue bonds.

GOVERNMENTAL ACTIVITIES

The City's net assets from governmental activities increased \$6.6 million, accounting for 45% of the total growth in net assets of the City of El Paso De Robles. The cost of all governmental activities this fiscal year was \$24.1 million. However, as shown in the statement of activities, the amount that the taxpayers ultimately financed for these activities was only \$23 million because some of the cost was paid by those who directly benefited from the programs (\$5.8 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$1.2 million), and capital grants and contributions (\$700,000). Overall, the City's governmental program revenues were \$7.7 million. The City paid for the remaining "public benefit" portion of governmental activities with \$17.6 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and revenues from other agencies.

The City's programs for governmental activities include general government, public safety, public works, library and recreation services, and community development. The programs for the business type activities include the water and sewer utilities, the airport operations, and transit services. A comparison of each program's revenues and expenses (in millions) for the current and prior fiscal year is presented below.

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued
Fiscal Year Ended June 30, 2003

Total resources available during the year to finance governmental activities consisted of net assets at July 1, 2002 of \$94 million, program revenues of \$7.7 million and general revenues of \$23 million. Total governmental activities during the fiscal year were \$24.1 million; thus, net assets were increased by \$6.6 million to \$101 million.

BUSINESS TYPE ACTIVITIES

The City's net assets from business-type activities increased \$8.1 million which accounts for 55% of the total increase in the City of El Paso Robles' net assets.

The cost of all Proprietary (business-type) activities this year was \$7.2 million. As shown in the statement of activities, the amounts paid by users of the systems were \$5 million, and capital grants and contributions were \$8.4 million. Revenues from other agencies accounted for \$717,000 and investment earnings were \$671,000.

CITY OF EL PASO DE ROBLES
Management's Discussion and Analysis, continued
Fiscal Year Ended June 30, 2003

CITY OF EL PASO DE ROBLES CHANGES IN NET ASSETS

	Governmental activities		Business-type activities		Total	
	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02
Revenues:						
Program revenues:						
Charges for services	\$ 5,829,317	\$ 5,383,656	\$ 5,006,123	\$ 5,876,258	\$ 10,835,440	\$ 11,259,914
Operating grants and contributions	1,214,275	2,757,509		2,222,410	1,214,275	4,979,919
Capital grants and contributions	694,262	519,235	8,435,707	3,704,176	9,129,969	4,223,411
General revenues:						
Taxes:						
Property taxes	8,540,624	4,515,097	101,180		8,641,804	4,515,097
Sales tax	6,043,901	5,618,732			6,043,901	5,618,732
Other taxes	3,032,912	4,044,720			3,032,912	4,044,720
Licenses and permits	294,641	283,164			294,641	283,164
From other agencies	2,198,210		716,608		2,914,818	
Investment earnings	1,839,073	1,884,914	670,903		2,509,976	1,884,914
Miscellaneous	1,033,901	1,648,610	427,062		1,460,963	1,648,610
Total revenues	30,721,116	26,655,637	15,357,583	11,802,844	46,078,699	38,458,481
Expenses:						
General government	1,233,006	371,863			1,233,006	371,863
Public safety	7,928,810	6,620,535			7,928,810	6,620,535
Public works	5,820,026	7,375,026			5,820,026	7,375,026
Library and recreation services	4,238,772	3,224,837			4,238,772	3,224,837
Community development	3,686,358	4,194,232			3,686,358	4,194,232
Interest on long term debt	1,217,463	699,290			1,217,463	699,290
Water operations			2,931,791	2,698,246	2,931,791	2,698,246
Sewer operations			2,918,340	2,240,400	2,918,340	2,240,400
Airport operations			604,430	522,441	604,430	522,441
Transit operations			747,929	613,958	747,929	613,958
Total expenses	24,124,435	22,485,783	7,202,490	6,075,045	31,326,925	28,560,828
Increase in net assets before transfers	6,596,681	4,169,854	8,155,093	5,727,799	14,751,774	9,897,653
Transfers		200,000			-	200,000
Increase (decrease) in net assets	6,596,681	4,369,854	8,155,093	5,727,799	14,751,774	10,097,653
Net assets July 1	93,858,926	89,979,476	56,546,762	50,818,963	150,405,688	140,798,439
Net assets June 30	\$ 100,455,607	\$ 94,349,330	\$ 64,701,855	\$ 56,546,762	\$ 165,157,462	\$ 150,896,092

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued
Fiscal Year Ended June 30, 2003

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The fund balance at fiscal year-end for the City's general fund of \$7.4 million is an overall decrease of \$800,000 over last year, due to the \$1.6 million residual equity transfer to special revenue funds.

The Measure D GO bonds capital projects fund shows a decrease in fund balance of \$6.8 million from the prior fiscal year, which is the result of completing construction of the Public Safety Center, preparation for the widening of the 13th Street Bridge, Niblick Bridge II design, Cuesta College Buena Vista and Highway 46 traffic signal, and New River Crossing.

The Bridge Development capital projects fund shows an increase in fund balance of \$1.3 million which is the result of development fees for new construction.

The Measure D GO bonds debt service fund shows an increase of \$2.9 million in fund balance, directly attributable to funding of the bond measure by property tax assessments.

The Redevelopment Agency debt service fund show an increase of \$270,000 in fund balance from the prior fiscal year resulting from increased tax receipts and a decrease in expenditures.

DEBT ADMINISTRATION

Debt considered a liability of governmental activities increased in FY 2002-03 by \$325,250. Normal amortization reduced debt by \$663,734 but new debt issued totaled \$666,218, compensated absences increased \$184,482, and closure/postclosure liability increased \$138,284. Per capita debt outstanding decreased from \$2,054 to \$1,987 per capita compared to the prior fiscal year. While debt remained relatively unchanged, the City's increase in population reduced per capita debt outstanding.

Debt considered a liability of business type activities increased in FY 2002-03 by \$7,626,831. Normal amortization reduced debt by \$3,923,169, but new debt issued for sewer improvements totaled \$11,550,000. Per capita debt outstanding increased from \$122 to \$401 per capita compared to the prior fiscal year.

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued
 Fiscal Year Ended June 30, 2003

Debt of the business-type activities increased by \$7.6 million in FY 2002-03 as a result of the issuance of new debt. A schedule of outstanding debt is presented below.

	Balance July 1, 2002	Incurred or Issued	Satisfied or Matured	Balance June 30, 2003
Governmental Activities:				
Lease payable	\$ 6,427,799	\$ 666,218	\$ 558,734	\$ 6,535,283
Compensated absences	1,044,173	184,482		1,228,655
Closure/postclosure liability	490,404	138,284		628,688
General obligation bonds payable	37,999,201			37,999,201
Redevelopment bonds payable	7,060,000		105,000	6,955,000
Total governmental activities	\$ 53,021,577	\$ 988,984	\$ 663,734	\$ 53,346,827
Business-Type Activities:				
Revenue bonds payable	\$ 3,143,169	\$ 11,550,000	\$ 3,923,169	\$ 10,770,000
Total business-type activities	\$ 3,143,169	\$ 11,550,000	\$ 3,923,169	\$ 10,770,000

CASH MANAGEMENT

To obtain flexibility in cash management, the City employs a pooled cash system (reference Note 2 in the notes to the basic financial statements). Under the pooled cash concept, the City invests the cash of all funds with maturities planned to coincide with cash needs. Idle cash is invested in certain eligible securities as constrained by law and further limited by the City's Investment Policy. The goals of the City's Investment Policy are safety, liquidity and yield.

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued
Fiscal Year Ended June 30, 2003

CAPITAL ASSETS

The capital assets of the City are those assets, which are used in the performance of the City's functions including infrastructure assets. At June 30, 2003, net capital assets of the governmental activities totaled \$113 million and the net capital assets of the business-type activities totaled \$45 million. Depreciation on capital assets is recognized in the government-wide financial statements. The City has elected to depreciate its infrastructure assets. In order to depreciate the infrastructure assets, an estimated useful life for each type of asset was determined using engineering standards, as well as discussions with City staff regarding the City's maintenance program for each asset type. This allowed the estimated useful life of each asset type to be tailored to include the unique attributes of the City of El Paso Robles.

The following table presents summary information on the City's infrastructure assets.

	Original Cost	Accumulated Depreciation	Book Value
Capital Assets - Governmental Activities:			
Land, Buildings, Equipment, CIP, and Infrastructure	\$ 141,959,955	\$ 29,053,621	\$ 112,906,334
Capital Assets - Business Type Activities:			
Land, Buildings, Equipment, CIP, and Infrastructure	\$ 77,598,504	\$ 32,457,403	\$ 45,141,101

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued

Fiscal Year Ended June 30, 2003

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the FY 03 original budget (or adopted) general fund budget amount of \$15 million to the final budget amount of \$18.8 million shows a net increase of \$3.8 million. Included in this figure is \$2.5 million in prior year carry forward, \$800,000 in memorandum of understanding (MOU) and benefit increases, and \$480,000 in a variety of operating budget augmentations. City Council approved all budget supplemental changes to the original budget.

Original Budget	+	Supplemental Changes	=	Final Budget
\$ 15,046,100	+	\$ 3,736,400	=	\$ 18,782,500

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key assumptions in the general fund revenue forecast for fiscal year 2003-04 were:

- An increase in property tax revenues of 4.4% due to an estimated rise in assessed valuation and general growth.
- An increase in sales tax revenues of 5.5% as a result of anticipated growth in the retail base.
- An increase in transient lodging taxes of 22% as a result of increased tourism.
- Franchise fees estimated to increase by 13.2% due to an estimated increase in development.
- Investment earnings are expected to decrease by 11.6%, a conservative approach based on low interest earnings in the past.
- A decrease of 65% in motor vehicle license fees to reflect State budget cuts.
- Capital projects funds revenues expected to increase 27% which is the estimate for traffic mitigation development fees.

The City continues to benefit from a sound financial base and local economy. Positive results of the last five fiscal years (1998 through 2002) have increased the general fund's fund balance by nearly \$4.7 million. The FY 04 budget assumes the State will take \$1 million in City general fund resources annually to balance their budget. The City has anticipated such an action and to weather this loss of revenues, the budget contains the following actions:

1. Maintain existing General Fund base budget - virtually no expanded or new services/programs added
2. Broaden the General Fund revenue base
3. Utilize reserves over the next four years by approximately \$1 million
4. Adopt a one-year budget in lieu of the standard two-year budget

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued
Fiscal Year Ended June 30, 2003

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information, contact the Office of Administrative Services at 1000 Spring Street, Paso Robles, California, 93446, phone 805-237-3999 or e-mail finance@prcity.com.

CITY OF EL PASO DE ROBLES



BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

The Statement of Net Assets and the Statement of Activities are entirely new statements required by Governmental Accounting Standards Board Statement No. 34 (GASB 34). Their purpose is to summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis - the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands.

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. The City's Business-Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net assets. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when the cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues, and measurable expenditures.

The format of the Statement of Activities differs considerably from those prepared in the past. It presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues - that is, revenues which are generated directly by these programs - are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-Type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City and the Redevelopment Agency of the City of El Paso de Robles, which is legally separate but is a component unit of the City because it is controlled by the City, which is financially accountable for the Agency's activities.

The new financial statements along with the fund financial statements and footnotes are called *Basic Financial Statements*, the term General Purpose Financial Statements is no longer used.

CITY OF EL PASO DE ROBLES
STATEMENT OF NET ASSETS
JUNE 30, 2003

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 40,015,222	\$ 30,137,661	\$ 70,152,883
Accounts receivable	1,841,751	1,061,790	2,903,541
Interest receivable	227,404	33,520	260,924
Inventory		91,916	91,916
Loan contracts receivable	591,230		591,230
Prepaid expenses	29,957		29,957
Internal balances	260,710	(260,710)	
Land	3,027,912	8,392,023	11,419,935
Buildings and improvements	33,811,446	57,966,465	91,777,911
Equipment	5,686,101	4,187,563	9,873,664
Construction in Progress	7,812,771	7,052,453	14,865,224
Infrastructure	91,621,725		91,621,725
Accumulated depreciation	(29,053,621)	(32,457,403)	(61,511,024)
Bond issuance deferred charges	880,728	285,724	1,166,452
Total Assets	156,753,336	76,491,002	233,244,338
LIABILITIES			
Accounts payable	1,187,543	766,471	1,954,014
Accrued payroll expenses	421,935	27,738	449,673
Interest payable	555,724	33,724	589,448
Customer deposits	6,973	50,200	57,173
Deferred revenue	59,609		59,609
Prepaid revenues	76,414		76,414
Long term debt			
Due within one year	5,039,892	620,000	5,659,892
Due in more than one year	48,459,235	10,286,014	58,745,249
Total Liabilities	55,807,325	11,784,147	67,591,472
NET ASSETS			
Invested in capital assets, net of related debt	61,416,850	34,366,101	95,782,951
Restricted	15,842,278		15,842,278
Unreserved	23,686,883	30,340,754	54,027,637
Total net assets	\$ 100,946,011	\$ 64,706,855	\$ 165,652,866

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

CITY OF EL PASO DE ROBLES
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Expenditures	Program Revenues			Primary Government		Total	
	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Net Governmental Activities	Net Business-type Activities		
Governmental Activities:							
General government	\$ 1,233,006	\$ 50,354	\$ 16,662	\$ -	\$ (1,165,990)	\$ -	\$ (1,165,990)
Public safety	7,928,810	425,710	207,263	24,624	(7,271,213)	-	(7,271,213)
Public works	5,820,026	262,764	412,199	669,638	(4,475,425)	-	(4,475,425)
Library and recreation services	4,238,772	721,150	134,801	-	(3,382,821)	-	(3,382,821)
Community development	3,686,358	4,369,339	443,350	-	1,126,331	-	1,126,331
Interest on long-term debt	1,217,463	-	-	-	(1,217,463)	-	(1,217,463)
Total Governmental Activities	24,124,435	5,829,317	1,214,275	694,262	(16,386,581)	-	(16,386,581)
Business-Type Activities:							
Water operations	2,931,791	2,462,964	-	2,728,108	-	2,259,281	2,259,281
Sewer operations	2,918,340	2,421,645	-	3,235,937	-	2,739,242	2,739,242
Airport operations	604,430	26,751	-	2,471,662	-	1,893,983	1,893,983
Transit operations	747,929	94,763	-	-	-	(653,166)	(653,166)
Total Business-Type Activities	7,202,490	5,006,123	-	8,435,707	-	6,239,340	6,239,340
Total primary government	\$ 31,326,925	\$ 10,835,440	\$ 1,214,275	\$ 9,129,969	(16,386,581)	6,239,340	(10,147,241)

General Revenues			
Taxes:			
Property taxes	8,540,624		8,540,624
Sales taxes	6,043,901		6,043,901
Other taxes	3,032,912	101,180	3,134,092
From other agencies	2,198,210	716,608	2,914,818
Licenses and permits	294,641		294,641
Other	1,033,901	427,062	1,460,963
Uses of money and property	1,839,073	670,903	2,509,976
Total general revenues	22,983,262	1,915,753	24,899,015
Change in net assets	6,596,681	8,155,093	14,751,774
Net assets beginning of fiscal year	93,858,926	56,546,762	150,405,688
Prior period adjustment	490,404	-	490,404
Net assets beginning of fiscal year, restated	94,349,330	56,546,762	150,896,092
Net assets end of fiscal year	\$ 100,946,011	\$ 64,701,855	\$ 165,647,866

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

CITY OF EL PASO DE ROBLES



FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUND FINANCIAL STATEMENTS

GASB 34 revises the format of the Fund Financial Statements so that only individual major funds are presented, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year. No distinction is made between Fund types and the practice of combining like funds and presenting their totals in separate columns (Combined Financial Statements) has been discontinued, along with the use of the General Fixed Assets and General Long-Term Debt Groups of Accounts.

The Governmental funds described below were determined to be Major Funds by the City in fiscal year 2003. Individual non-major funds may be found in the Supplemental section.

General Fund

The general fund is the general operating fund of the City. It is used to account for all financial resources except those to be accounted for in another fund.

Measure D GO Bonds Capital Projects Fund

This fund accounts for project expenditures for a variety of infrastructure projects funded by voter approved Measure D General Obligation Bonds.

Bridge Development Capital Projects Fund

This fund accounts for service charged received through the assessment of specific fees on every building permit issued. The City acts as an agent for the developer who purchased all of the bridge certificates for the construction of the Niblick Bridge in a prior year. The City remits the proceeds that are collected on behalf of the developer to the developer and retains a service charge fee.

Measure D GO Bonds Debt Service Fund

This fund accounts for long-term debt service transactions relating to a variety of infrastructure projects funded by the voter approved Measure D General Obligation Bonds.

Redevelopment Agency Debt Service Fund

This fund accounts for long-term debt service transactions relating to the acquisition and improvements of interim city hall and the repayment of short-term cash advances owed to the City of El Paso de Robles' general fund.

CITY OF EL PASO DE ROBLES
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2003

	General Fund	Measure D GO Bonds Capital Projects Fund	Bridge Development Capital Projects Fund	Measure D GO Bonds Debt Service Fund	Redevelopment Agency Debt Service Fund	Other Governmental Funds	Totals
ASSETS							
Cash and cash equivalents	\$ 6,505,602	\$ 10,589,250	\$ 3,031,073	\$ -	\$ 328,024	\$ 15,213,418	\$ 35,667,367
Cash and Investments with fiscal agent				2,827,313	845,772	674,770	4,347,855
Accounts receivable	1,512,989			60,267	42,754	225,741	1,841,751
Interest receivable	180,687	46,717					227,404
Loan contracts receivable	260,710					591,230	851,940
Prepaid items	29,957						29,957
Due from other funds	198,966						198,966
Total Assets	\$ 8,688,911	\$ 10,635,967	\$ 3,031,073	\$ 2,887,580	\$ 1,216,550	\$ 16,705,159	\$ 43,165,240
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 527,218	\$ 392,427	\$ -	\$ -	\$ 17,541	\$ 250,357	\$ 1,187,543
Accrued payroll expenses	418,121	175				3,639	421,935
Compensated absences	50,000						50,000
Deposits due to others	102,300						102,300
Customer deposits	6,973						6,973
Deferred revenues	59,609					537,047	596,656
Due to other funds						198,966	198,966
Prepaid revenues	76,414						76,414
Total Liabilities	1,240,635	392,602			17,541	990,009	2,640,787
Fund Balances:							
Reserved		10,243,365		2,887,580	1,199,009	1,512,324	15,842,278
Unreserved/Designated							
Unreserved/Undesignated	7,448,276		3,031,073			14,202,826	24,682,175
Total Fund Balances	7,448,276	10,243,365	3,031,073	2,887,580	1,199,009	15,715,150	40,524,453
Total Liabilities and Fund Balances	\$ 8,688,911	\$ 10,635,967	\$ 3,031,073	\$ 2,887,580	\$ 1,216,550	\$ 16,705,159	\$ 43,165,240

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

CITY OF EL PASO DE ROBLES
 GOVERNMENTAL FUNDS
 Reconciliation of the Governmental Funds - Balance Sheet
 to the Statement of Net Assets
 June 30, 2003

Fund balances of governmental funds	\$ 40,524,453
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity	112,906,334
Deferred revenue	537,047
Accrued closure and postclosure costs added to long term debt	(628,688)
Bond issuance deferred charges	880,728
Bond interest payable	(555,724)
Lease contracts payable	(800,283)
Bonds and certificates of participation payable	(50,689,201)
Compensated absences	<u>(1,228,655)</u>
Net assets of governmental activities	<u><u>\$ 100,946,011</u></u>

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

CITY OF EL PASO DE ROBLES
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
JUNE 30, 2003

	General Fund	Measure D GO Bonds Capital Projects Fund	Bridge Development Capital Projects Fund	Measure D GO Bonds Debt Service Fund	Redevelopment Agency Debt Service Fund	Other Governmental Funds	Total
Revenues:							
Taxes	\$ 12,343,844	\$ -	\$ -	\$ 3,166,916	\$ 1,415,474	\$ 691,203	\$ 17,617,437
Licenses and permits	1,403,061						1,403,061
Fines and forfeitures	191,483						191,483
Uses of money and property	1,179,782	294,177	55,304	24,684	13,527	332,072	1,899,546
From other agencies	1,955,107	132,366				1,444,323	3,531,796
Charges for current services	1,537,380		1,250,196			2,135,556	4,923,132
Other	562,717	1,000			48,826	403,834	1,016,377
Principal						32,606	32,606
Total Revenues	19,173,374	427,543	1,305,500	3,191,600	1,477,827	5,039,594	30,615,438
Expenditures:							
General government	873,820	182,348	2,237			100,815	1,159,220
Public safety	7,340,090					192,939	7,533,029
Public works	2,453,620	12,176		3,250		707,458	3,176,504
Library and recreation services	4,092,245					28,313	4,120,558
Community development	1,888,685				106,697	834,435	2,829,817
Interest	40,110			297,970	365,287	305,461	1,008,828
Principal	204,494				105,000	355,000	664,494
Paying agent fees				1,687	3,140	1,978	6,805
Capital outlay	1,165,860	7,000,887				1,300,918	9,467,665
Fiscal agreements payments					628,975		628,975
Total Expenditures	18,058,924	7,195,411	2,237	302,907	1,209,099	3,827,317	30,595,895
Excess revenues over (under) expenditures	1,114,450	(6,767,868)	1,303,263	2,888,693	268,728	1,212,277	19,543
Other financing sources (uses):							
Operating transfers in	339,102	120,000				1,753,834	2,212,936
Operating transfers out	(593,867)	(112,531)				(1,506,538)	(2,212,936)
Proceeds from postclosure liability						138,284	138,284
Total Other Financing Sources (Uses)	(254,765)	7,469				385,580	138,284
Net Change in Fund Balances	859,685	(6,760,399)	1,303,263	2,888,693	268,728	1,597,857	157,827
Fund Balances - July 1	8,234,466	17,003,764	1,727,810	(1,113)	930,281	11,981,014	39,876,222
Prior period adjustment						490,404	490,404
Fund Balances - July 1, restated	8,234,466	17,003,764	1,727,810	(1,113)	930,281	12,471,418	40,366,626
Residual equity transfer	(1,645,875)					1,645,875	
Fund Balances - June 30	\$ 7,448,276	\$ 10,243,365	\$ 3,031,073	\$ 2,887,580	\$ 1,199,009	\$ 15,715,150	\$ 40,524,453

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

CITY OF EL PASO DE ROBLES
 GOVERNMENTAL FUNDS
 Reconciliation of the Net Change in Fund Balances
 with the Statement of Activities
 For the Fiscal Year Ended June 30, 2003

Net change in fund balances - total governmental funds \$ 157,827

Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of activities because:

Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the costs of those assets are not included but instead increase the capital assets on the statement of net assets 9,464,920

Governmental funds do not report depreciation as an expense. However, in the Statement of Activities, depreciation is recorded as an expense (3,087,277)

Repayment of long-term debt (bond principal, certificates of participation and capital lease) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets 664,494

CDBG reduction in loans receivables (32,606)

Interest payable one year increase (208,635)

Postclosure change in long term liability (138,284)

Current year bond issuance costs (39,276)

To record as an expense the net changes in compensated absences in the Statement of Activities (184,482)

Change in net assets of governmental activities \$ 6,596,681

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

CITY OF EL PASO DE ROBLES
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 11,252,000	\$ 11,252,000	\$ 12,343,844	\$ 1,091,844
Licenses and permits	741,500	741,500	1,403,061	661,561
Fines and forfeitures	131,800	131,800	191,483	59,683
Uses of money and property	414,900	414,900	1,179,782	764,882
From other agencies	1,729,500	1,744,800	1,955,107	210,307
Charges for current services	982,500	982,500	1,537,380	554,880
Other	100,000	100,000	562,717	462,717
Total Revenues	15,352,200	15,367,500	19,173,374	3,805,874
Expenditures:				
Current:				
General government	1,330,600	1,371,300	873,820	497,480
Public safety	6,725,900	7,391,100	7,340,090	51,010
Public works	2,137,600	2,240,100	2,453,620	(213,520)
Library & recreation services	3,205,200	4,114,500	4,092,245	22,255
Community development	1,294,700	1,880,500	1,888,685	(8,185)
Debt service	278,500	278,500	244,604	33,896
Capital outlay	73,600	1,506,500	1,165,860	340,640
Total Expenditures	15,046,100	18,782,500	18,058,924	723,576
Excess revenues over (under) expenditures	306,100	(3,415,000)	1,114,450	4,529,450
Other financing sources (uses):				
Operating transfers in	760,700	775,800	339,102	(436,698)
Operating transfers out	(717,700)	(717,700)	(593,867)	123,833
Total other financing sources (uses)	43,000	58,100	(254,765)	(312,865)
Excess revenues and other sources over (under) expenditures and other uses	349,100	(3,356,900)	859,685	4,216,585
Fund Balance - July 1	8,234,466	8,234,466	8,234,466	
Residual equity transfer out			(1,645,875)	(1,645,875)
Fund Balance - June 30	\$ 8,583,566	\$ 4,877,566	\$ 7,448,276	\$ 2,570,710

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

PROPRIETARY FUNDS FINANCIAL STATEMENTS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of major funds established by GASB Statement No. 34 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in fiscal year 2003.

GASB Statement No. 34 does not provide for the disclosure of budget versus actual comparisons regarding proprietary funds.

Water Operations Fund

This fund is used to account for the operation and maintenance of the City's water production, transmission, and distribution system.

Sewer Operations Fund

This fund is used to account for the operation and maintenance of the City's sewer collection and treatment system.

Airport Operations Fund

This fund is used to account for the operation and maintenance of the City's airport.

Transit Operations Fund

This fund is used to account for the operation and maintenance of the City's dial-a-ride and fixed route transit systems funded from Transportation Development Act funds.

CITY OF EL PASO DE ROBLES
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET ASSETS
 JUNE 30, 2003

	Business-type Activities - Enterprise Funds				Totals
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 13,902,037	\$ 8,538,505	\$ 548,757	\$ 178,277	\$ 23,167,576
Cash and investments with fiscal agent		6,970,085			6,970,085
Accounts receivable	422,529	463,164	52,362	157,255	1,095,310
Inventory	91,916				91,916
Total Current Assets	14,416,482	15,971,754	601,119	335,532	31,324,887
Plant, Property and Equipment	26,880,199	31,408,936	18,746,443	562,926	77,598,504
Less accumulated depreciation	12,986,298	14,020,910	5,111,889	338,306	32,457,403
Net Book Value	13,893,901	17,388,026	13,634,554	224,620	45,141,101
Long-term Assets:					
Unamortized bond discount and issue costs		285,724			285,724
Total Long-term Assets		285,724			285,724
Total Assets	\$ 28,310,383	\$ 33,645,504	\$ 14,235,673	\$ 560,152	\$ 76,751,712

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

CITY OF EL PASO DE ROBLES
 PROPRIETARY FUNDS
 STATEMENT OF FUND NET ASSETS
 JUNE 30, 2003

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 206,438	\$ 513,963	\$ 10,769	\$ 35,301	\$ 766,471
Accrued payroll expenses	13,413	12,478	1,731	116	27,738
Accrued interest expense		33,724			33,724
Compensated absences	37,917	91,172	6,925		136,014
Customer deposits	50,200				50,200
Bond principal payable - current portion		620,000			620,000
Interfund loans - current portion			58,060		58,060
Total Current Liabilities	<u>307,968</u>	<u>1,271,337</u>	<u>77,485</u>	<u>35,417</u>	<u>1,692,207</u>
Long-term Liabilities:					
Bond principal payable, net - less current portion		10,150,000			10,150,000
Interfund loans payable - less current portion			202,650		202,650
Total Long-term Liabilities		<u>10,150,000</u>	<u>202,650</u>		<u>10,352,650</u>
NET ASSETS					
Invested in capital assets, net of related debt	13,893,901	13,588,111	13,955,538	524,735	41,962,285
Restricted for capital projects		6,970,085			6,970,085
Unrestricted	14,108,514	4,665,971			18,774,485
Total net assets	<u>\$ 28,002,415</u>	<u>\$ 22,224,167</u>	<u>\$ 13,955,538</u>	<u>\$ 524,735</u>	<u>\$ 64,706,855</u>

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

CITY OF EL PASO DE ROBLES
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
Operating Revenues:					
Charges for current services	\$ 2,462,964	\$ 2,421,645	\$ 26,751	\$ 94,763	\$ 5,006,123
Rents and leases			324,277		324,277
Other	(6,264)	88,588	(457)	2,188	84,055
Total operating revenues	2,456,700	2,510,233	350,571	96,951	5,414,455
Operating expenses:					
Maintenance, operations and administration	2,237,577	1,442,371	313,009	557,682	4,550,639
Depreciation and amortization	694,214	1,026,741	269,654	61,751	2,052,360
Total operating expenses	2,931,791	2,469,112	582,663	619,433	6,602,999
Operating income (loss)	(475,091)	41,121	(232,092)	(522,482)	(1,188,544)
Non-operating revenues (expenses):					
Taxes			101,180		101,180
Revenues from other agencies				716,608	716,608
Interest revenue	345,617	314,065	7,479	3,742	670,903
Sale of surplus property	1,265	4,910		12,555	18,730
Contributions to other agencies				(128,496)	(128,496)
Interest expense		(360,366)	(21,767)		(382,133)
Bond issue costs		(88,862)			(88,862)
Total non-operating revenues (expenses)	346,882	(130,253)	86,892	604,409	907,930
Income before capital contributions	(128,209)	(89,132)	(145,200)	81,927	(280,614)
Capital contributions	2,728,108	3,235,937	2,471,662		8,435,707
Change in net assets	2,599,899	3,146,805	2,326,462	81,927	8,155,093
Total net assets - July 1	25,402,516	19,077,362	11,629,076	442,808	56,551,762
Total net assets - June 30	\$ 28,002,415	\$ 22,224,167	\$ 13,955,538	\$ 524,735	64,706,855

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

C O U N T Y E A T A R L E
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
Cash Flows from Capital and Related Financing Activities:					
Receipts from customers and users	\$ 2,481,080	\$ 2,407,246	\$ 332,191	\$ 71,755	\$ 5,292,272
Payments to suppliers	(1,604,170)	(469,984)	(405,527)	(575,953)	(3,055,634)
Payments to employees	(618,251)	(491,711)	(106,476)	(6,629)	(1,223,067)
Net cash provided (used) by operating activities	<u>258,659</u>	<u>1,445,551</u>	<u>(179,812)</u>	<u>(510,827)</u>	<u>1,013,571</u>
Cash Flows from Capital and Related Financing Activities:					
Bond proceeds		11,550,000			11,550,000
Proceeds from federal and state grants				716,608	716,608
Acquisitions of fixed assets	(1,881,469)	(4,260,419)	(2,016,075)		(8,157,963)
Loan/lease principal paid		(3,923,169)	(53,877)		(3,977,046)
Interest paid on long term debt		(360,366)	(21,767)		(382,133)
Bond issue costs		(262,936)			(262,936)
Contributed capital received	2,728,108	3,235,937	2,471,662		8,435,707
Sale of surplus equipment	1,265	4,910		12,555	18,730
Net cash provided (used) by Capital and related financing activities	<u>847,904</u>	<u>5,983,957</u>	<u>379,943</u>	<u>729,163</u>	<u>7,940,967</u>
Cash Flows from Non-capital and Related Financing Activities:					
Taxes			101,180		101,180
Contributions to others				(128,496)	(128,496)
Net cash provided (used) by Non-capital financing sources			<u>101,180</u>	<u>(128,496)</u>	<u>(27,316)</u>
Cash Flows from Investing Activities:					
Interest on investments	345,617	314,065	7,479	3,742	670,903
Net cash provided by investing financing activities	<u>345,617</u>	<u>314,065</u>	<u>7,479</u>	<u>3,742</u>	<u>670,903</u>
Net increase (decrease) in cash and cash equivalents	1,452,180	7,743,573	308,790	93,582	9,598,125
Cash and cash equivalents at beginning of year	12,449,857	7,765,017	239,967	84,695	20,539,536
Cash and cash equivalents at end of year	<u>\$ 13,902,037</u>	<u>\$ 15,508,590</u>	<u>\$ 548,757</u>	<u>\$ 178,277</u>	<u>\$ 30,137,661</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities					
Operating income (loss)	\$ (475,091)	\$ 41,121	\$ (232,092)	\$ (522,482)	\$ (1,188,544)
Adjustments to Reconcile Net Operating Income					
Add depreciation and amortization	694,214	1,026,741	269,654	61,751	2,052,360
Change in operating assets and liabilities:					
(Increase) decrease in accounts receivable	19,605	(91,275)	(9,619)	(25,196)	(106,485)
(Increase) decrease in inventory	2,013				2,013
Increase (decrease) in accounts payable	51,352	462,249	(208,167)	(24,996)	280,438
Increase in accrued payroll expenses	2,286	4,606	571	96	7,559
Increase (decrease) in compensated absences	(40,495)	13,821	(159)		(26,833)
Increase (decrease) in customer deposits	4,775	(11,712)			(6,937)
Net cash provided (used) by operating activities	<u>\$ 258,659</u>	<u>\$ 1,445,551</u>	<u>\$ (179,812)</u>	<u>\$ (510,827)</u>	<u>\$ 1,013,571</u>

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

FIDUCIARY FUNDS

Funds held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

CITY OF EL PASO DE ROBLES
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2003

	Agency Funds
ASSETS	
Cash and Investments	\$ 1,185,867
Total Assets	\$ 1,185,867
LIABILITIES	
Accounts payable	\$ 7,348
Accrued salaries and benefits payable	2,345
Customer deposits	680,950
Due to others	479,404
Special assessment bond principal payable	10,000
Special assessment bond interest payable	5,820
Total Liabilities	\$ 1,185,867

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

CITY OF EL PASO DE ROBLES

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June 30, 2003

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CITY OF EL PASO DE ROBLES

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June 30, 2003

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CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The accompanying comprehensive annual financial report includes the financial activities of the City of El Paso De Robles, and its component units, the Paso Robles Redevelopment Agency (Agency) and the El Paso de Robles Public Financing Authority (Authority). Although they are separate legal entities, component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. This City's component units that are described below are all blended.

The City of El Paso de Robles was incorporated in 1889 and operates under the State of California City Council-Manager form of government. The governing body consists of a five member City Council elected at large by voters of the City. The City provides the following services: Public Safety (Police and Fire), Library and Recreation Services, Planning and Zoning, Public Works (Streets and Roads), Public Improvements, Water, Sewer, Airport Operations, Public Transportation (Transit Services), and General Administrative Services.

The City Council members, in separate session, serve as the governing board of the Agency and the Authority and, as such, these entities are presented as blended component units. Separate financial statements are produced only for the Redevelopment Agency component unit of the City and may be obtained from the City's Administrative Services office.

The Agency was organized in August 1986, pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law". At the same time, the City Council became the governing board. The Final Report, Redevelopment Plan and Agency boundaries were adopted on November 19, 1987. Although it is legally separate from the City, the Agency is reported as if it were part of the primary government because its sole purpose is redevelopment, rehabilitation, and the revitalization of the redevelopment project area within the City's jurisdictional boundaries. City staff provides management assistance to the Agency. The funds of the Agency have been included in the Governmental Activities in the financial statements.

The Authority was formed by the City as a conduit for long-term debt financing and is governed by the City Council. The Authority exists and acts as a separate public entity and has the power to acquire, purchase, construct, finance, lease and/or sell public facilities and appurtenances necessary or convenient for the public purposes of the City. The Authority has no assets of its own. All capital assets acquired by the City under the Authority are included in the financial statements.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)
June 30, 2003

B. Basis of Presentation

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A. The accompanying financial statements are presented on the basis set forth in Government Accounting Standards Board Statements No. 34, *Basic Financial Statements—and Management's Discussion Analysis—for State and Local Governments*, No. 36, *Recipient Reporting for Certain Non-exchange Revenues, an Amendment of GASB Statement No. 33*, No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments; Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*.

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

Government-Wide Financial Statements: The Statement of Net Assets and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)
June 30, 2003

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

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Non-operating* revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

C. Major Funds

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

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Measure D Capital Projects Fund is used to account for the expenditure of general obligation bond proceeds for specific capital projects as authorized by the voters.

Bridge Development Impact Fee Fund is used to account for the collection bridge fees collected upon every building permit issued and the subsequent use of said fees to construct and/or expand bridges.

Measure D Bond Fund is to account for property tax revenues generated from the general obligation bond tax override approved by the voters and the expenditure of said funds for payment of bond principal and interest.

Redevelopment Agency Debt Fund is used to account for the collection property tax increment and payment of debt authorized by the Agency's Board.

The City reported all its enterprise funds as major proprietary funds in the accompanying financial statements:

Water Operations Fund is used to account for the operation and maintenance of the City's water production, transmission, and distribution system necessary to provide water service to the residents of the City.

Wastewater Operations Fund is used to account for the operation and maintenance of the City's sewer collection and treatment system necessary to provide sewer services to the residents of the City.

Airport Operations Fund is used to account for the operation and maintenance activities of the City's airport.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

Transit Operations Fund is used to account for the operation and maintenance activities of the City's transit system including both demand response and fixed route services as well as funding contributions to the regional transit system.

The City also reports the following fund types:

Fiduciary Funds - Fiduciary Fund Financial Statements include a Statement of Net Assets. The City's Fiduciary Funds represent Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and /or other funds. Included in this category are the following five funds: 1) debt service transactions of special assessment bond issues for which the City is not obligated in any manner, 2) to account for funds received and expended by the Senior Advisory Committee, 3) to account for funds to provide scholarships to graduated local high school students who undertake courses in the medical field. Scholarships are awarded by the Paso Robles High School District, 4) to account for deposits from customers to be refunded when performance criteria is met or applied against future amounts due to the City from the customer, and 5) to account for funds held in trust for the volunteer fire association.

D. Basis of Accounting

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

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 City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

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

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

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 City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary. Certain indirect costs are included in program expenses reported for individual functions and activities.

E. Budgeting and Budgetary Accounting

The City prepares a four-year financial plan that contains appropriations for two full fiscal years. During the second year of the two-year budget/four year financial plan, a new two-year budget is developed and two additional years are added to the four-year financial plan. The process for updating the two-year budget/four year financial plan is generally described as follows:

Administrative Services prepares base budget schedules consisting of maintenance and operations, personnel services, operating capital, revenue estimating forms and forms for submitting budgetary requests for new and/or expanded services, as well as requests for operating capital not all ready provided for on various pre-authorized replacement schedules. These schedules are distributed to all executive managers for affirmation and/or completion. Upon affirmation and return of new request forms, Administrative Services compiles and publishes the draft budget. Executive managers meet to review the draft budget and prepare specific recommendations to balance the budget should resources not cover budgetary requests. The draft budget and executive manager recommendations are then reviewed by the Council's "ad hoc budget committee" made up of two Councilpersons. Final budget recommendations are developed and are presented to the full Council at a public workshop, followed by a public hearing and then formal budget adoption at the first meeting in June. The budget preparation, review, and approval process takes place in the context of and with the objective of addressing the goals established by Council during a goal setting workshop held just prior to the process noted above.

This approved budget covers substantially all City expenditures including re-budgeted items. All appropriated amounts are as originally adopted or as amended by the City Council and lapse at fiscal year-end. The City Manager is authorized to transfer budgeted amounts between objects within departments. Transfers of appropriations between departments and funds may be made only by the City Council. Total departmental expenditures in excess of the total departmental budgeted amounts are discouraged and executive managers are held accountable accordingly. Formal budgetary integration is employed as a management control tool during the fiscal year for all funds including enterprise funds. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

F. Compensated Absences

It is the City's policy to record the cost of annual vacation, compensatory time, and fringe benefits as earned in accordance with the Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences". Accumulated unpaid vacation leave is accrued when incurred in the proprietary funds. Only the current portion of the unpaid vacation leave is accrued in the governmental funds. The long-term portion of the unpaid vacation leave is reported in the Government Wide Financial Statements. Employees may accumulate sick leave without limitation as to the number of hours of accumulation. Employees are paid 100% of their accumulated vacation pay when they terminate their employment for any reason. Accumulated sick pay under no circumstances is paid to employees at any time and thus is not recorded as a liability of the City.

G. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund types are pooled with the City's pooled cash and investments.

H. Inventories and Prepaid Items

Inventory is recorded using the purchases method and cost is recorded as an expenditure at the time individual inventory items are purchased. Inventory held in the Water Department is valued at cost using the first in, first out (FIFO) inventory method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Property Taxes

Property taxes are assessed, collected, and allocated by the County of San Luis Obispo throughout the fiscal year according to the following property tax calendar:

Lien Date	January 1
Levy Date	July 1 to June 30
Due Date - Secured Taxes	November 1, 1 st installment, March 1, 2 nd installment
Collection Date - Secured Taxes	December 10, 1 st installment, April 10, 2 nd installment
Due Date - Unsecured Taxes	June 30
Collection Date - Unsecured Taxes	August 31

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

Under California law, property taxes are assessed and collected by counties up to 1 percent of assessed value, plus other increases approved by the voters. Under Proposition 13, adopted by the voters in a statewide ballot in 1978, assessed valuation is increased annually by a cost of living index not to exceed 2% except for those properties that changed ownership during the twelve month period since the lien date. In these cases, the property is re-assessed at current value. The property taxes go into a pool, and are then allocated to the cities based on a complex formula prescribed by state statute. Accordingly, the City of El Paso de Robles recognizes property tax revenues when it becomes both measurable and available to finance expenditures of the current period.

Beginning with fiscal year 1993-94, the County of San Luis Obispo, for those taxing agencies desirous of participating on a volunteer basis, converted the property tax collection and distribution system to the "Teeter Plan". The City of El Paso de Robles chose to participate in the "Teeter Plan" wherein the City receives 100% of the property tax levy during the fiscal year without deduction for property tax payment delinquencies. Accordingly, the County of San Luis Obispo keeps all property tax penalties collected.

J. 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 the 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.

K. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at fiscal year-end are referred to as "due to/due from other funds". In all cases but one, "due to/due from other funds" represent the short-term transfer of cash resources at fiscal year-end to eliminate negative cash balances that are temporary in nature. For the one exception, cash resources have been advanced from one fund to another to provide resources to prepare a "specific plan", a planning/development tool, until fees generated from the specific plan area repay the advance.

Proprietary fund receivables are shown net of any allowance for uncollectible accounts. Utility customers are billed bi-monthly. The estimated value of services provided, but unbilled at fiscal year-end has been included in the accompanying financial statements.

L. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

NOTE 2 - CASH AND INVESTMENTS

A. Investment Policy

Cash balances from all funds are combined and invested pursuant to the Council's adopted Investment Policy and State Government Code Section 53647. Authorized investments include securities of the United States Government or its agencies, certificates of deposit, the State of California Local Agency Investment Fund (LAIF), bankers' acceptances, negotiable certificates of deposit, and repurchase agreements. The earnings from these investments are allocated monthly to each fund based upon the closing balance of each fund at month end. All enterprise fund investments are considered to be liquid investments for cash flow and reporting purposes. Funds held by outside fiscal agents under the provisions of bond indentures that are maintained separately and interest income earned on said funds are credited directly to the bond fund or reported as if the interest was credited directly to said funds.

The City uses the yield on the Local Agency Investment Fund, an investment pool managed by the State of California Treasurer's Office for evaluating investment performance. The yield for LAIF during the last quarter of fiscal year 2002/03 was 1.77%. For the month ended June 30, 2003, the City recognized a weighted average daily rate of return of 2.15%. At no time during the fiscal year did the City borrow funds through the use of reverse purchase agreements.

B. Collateral and Categorization Requirements

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus collateral for cash deposits is considered to be held in the City's name. The fair value of the pledged securities must equal at least 110% of the City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The collateral for certificates of deposit is generally held in safekeeping by the Federal Home Loan Bank in San Francisco as the third-party trustee. The securities are physically held in an undivided pool for all California public agency depositors. The State Public Administrative Office for public agencies and the Federal Home Loan Bank maintains detailed records of the security pool that are coordinated and updated weekly. The City Treasurer, at his discretion, may waive the collateralization requirement for deposits that are insured up to \$100,000 by the Federal Deposit Insurance Corporation and in fact has waived the collateralization requirement for all deposits held by financial institutions at June 30, 2003.

The carrying amount of the City's cash and deposits was \$12,752,598 at June 30, 2003. Cash on hand was \$3,500 and bank balances, before reconciling items, were \$4,258,470 at June 30, 2003. The general bank balance at June 30, 2003 was \$896,470 that was insured or held by the City or its agent in the City's name (Category 1). At June 30, 2003, the City had no deposits or investments classified as Category 2 or 3.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

The City's total cash and investments is reported as follows:

Governmental activities	\$40,015,222
Business activities	30,137,661
Fiduciary funds	<u>1,185,867</u>
Total Cash and Investments	<u>\$71,338,750</u>

Cash and investments were scheduled to mature as follows:

On demand	\$48,835,943
Within one year	9,680,628
One year to two years	2,464,351
Two years to five years	<u>10,357,828</u>
Total Cash and Investments	<u>\$71,338,750</u>

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements:

Available for operations	\$61,662,255
With fiscal agent	8,490,628
Fiduciary funds	<u>1,185,867</u>
Total Cash and Investments	<u>\$71,338,750</u>

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

The City selects its investments based on safety, liquidity and yield. In accordance with GASB Statement No. 3, deposits are classified as to custodial risk by three categories. These categories are intended to indicate the level of non-market risk assumed by the City in its cash and investments. Cash and non-negotiable certificates of deposit are classified in three categories of custodial risk as follows:

- Category 1 - Insured or collateralized with securities held by the City or by its agent in the City's name;
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name;
- Category 3 - Uncollateralized.

	Category			Bank Balance	Carrying Amount
	Category 1	Category 2	Category 3		
<i>Cash and Deposits:</i>					
Demand accounts at banks	\$ 100,000	\$ 881,544	\$ -	\$ 981,544	\$ 896,468
Certificates of deposit	3,362,000			3,362,000	3,362,000
Petty cash	3,500			3,500	3,500
<i>Total Cash and Deposits:</i>	\$ 3,465,500	\$ 881,544	\$ -	\$ 4,347,044	\$ 4,261,968

Investments are also classified in three categories of custodial credit risk as follows:

- Category 1 - Insured or registered, with securities held by the City or its agent in the City's name;
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name;
- Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

	Category			Carrying Amount/ Fair Value
	Category 1	Category 2	Category 3	
<i>Investments:</i>				
<i>Categorized Investments:</i>				
U.S. Agency Issues	\$ 10,650,181	\$ -	\$ -	\$ 10,650,181
<i>Non-Categorized Investments:</i>				
Cash with fiscal agent	N/A	N/A	N/A	8,490,628
Local Agency Investment Fund	N/A	N/A	N/A	47,935,973
<i>Total Investments</i>	\$ 10,650,181	\$ -	\$ -	\$ 67,076,782

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

At June 30, 2003, the difference between the City's bank accounts and the carrying amount is due to the normal deposits in transit and outstanding checks.

Certain investments are not considered "securities" for the purposes of credit risk classification. Therefore, investments in pools managed by other governments, consisting primarily of mutual funds, are not required to be categorized. The foregoing categorizations do not address the risk of loss due to changes in fair value.

C. Marking Investments to Fair Value (GASB 31)

Governmental Accounting Standards Board Statement No. 31 requires that the City's investments be carried at fair value instead of cost. The City must adjust the carrying value (book) of its investments to reflect their fair value at each fiscal year end, and it must include the effects of these adjustments in income for that fiscal year.

GASB 31 applies to all the City's investments, even if they are held to maturity and redeemed at full face value. Since the City holds all investments until maturity or until fair value equals or exceeds cost, the fair value adjustments required by GASB 31 result in accounting gains or losses (called "recognized" or "unrealized" gains or losses) which do not reflect actual sales of the investments (called "realized" gains or losses). Thus, recognized gains or losses on an investment purchased at par will now reflect changes in value at each succeeding fiscal year-end, but these recognized gains or losses will net to zero if the investment is held to maturity. By following GASB 31, the City is reporting the amount of available resources that would actually have been available if it had been required to liquidate all its investments at any fiscal year-end. The fair value is provided by Union Bank of California, the City's safekeeping custodial institution.

D. State Investment Pool

LAIF is a special fund of the California State Treasury through which local governments can pool investments. Each governmental agency may invest up to \$40,000,000 for each account in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-hours without loss of interest or principal. The full faith and credit of the State of California secure investments in LAIF.

At June 30, 2003, accounts were maintained in the name of the City for \$37,000,000 and the Redevelopment Agency for \$10,800,000 that totaled \$47,800,000. Due to GASB 31, the City recorded a total fair value of \$47,935,973 that included \$135,973 in recognized ("unrealized") gains on investments in LAIF. The unrealized gain was based on a fair market value adjustment factor of 1.002780144 calculated by the State of California Treasurer's Office.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

Additionally, under special arrangements with LAIF, the City opened a third account under the name of the Public Financing Authority. Proceeds from the sale of the 2002 Sewer Revenue Installment Bonds were deposited into the Authority's account. Total control for withdrawals was transferred to Union Bank of California as bond trustee and paying agent. The balance in the account at June 30, 2003 of \$6,937,832 is included in amounts reported as "cash with fiscal agent".

NOTE 3 - CAPITAL ASSETS

The Governmental Accounting Standards Board (GASB) issued Statement No. 34 that requires the inclusion of capital assets including infrastructure capital assets in the local governments' basic financial statements. In accordance with Statement No. 34, the City has included the value of all infrastructure into the 2002-03 Basic Financial Statements. Infrastructure assets include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems.

All capital assets including infrastructure are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. The City's policy is to capitalize all assets with costs exceeding certain minimum thresholds, \$5,000 for machinery and equipment and \$25,000 for buildings, improvements, and infrastructure, all with useful lives exceeding two years.

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2002 and has completed an internal update for June 30, 2003. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. When actual cost information was not available, current replacement cost was estimated and trended back to the date of acquisition by using either the Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers, Los Angeles-Riverside-Orange County, not seasonally adjusted for all items, or the Construction cost Index compiled by Engineering News Record (ENR), revised in June 2002. The Consumer Price Index was used for traffic signals and streetlights. The Construction Cost Index was used for all other infrastructure assets. The book value was then computed by deducting the accumulated depreciation from the original cost.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the useful life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Pavement	25 years
Curbs and gutters	50 years
Sidewalks	50 years
Medians	25 years
Bridges	75 years

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

Traffic signals	20 years
Streetlights	50 years
Storm drain systems	50 years
Off-road trails	20 years
Playground equipment	15 years
Governmental buildings	50 years

Capital Assets of the City for the fiscal year ended June 30, 2003, consisted of the following:

	Balance July 1, 2002	Increases	Decreases	Balance June 30, 2003
Governmental Activities:				
Land	\$ 3,027,912	\$ -	\$ -	3,027,912
Buildings and improvements	26,071,957	7,739,489		33,811,446
Equipment	5,046,021	640,080		5,686,101
Infrastructure and CIP Infrastructure	90,536,374	1,085,351		91,621,725
Construction in progress	7,812,771			7,812,771
Less accumulated depreciation	(25,966,344)	(3,087,277)		(29,053,621)
Governmental activity capital assets, net	\$ 106,528,691	\$ 6,377,643	\$ -	\$ 112,906,334

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

	Balance July 1, 2002	Increases	Decreases	Balance June 30, 2003
Business Type Activities:				
Water				
Buildings	\$ 744,891	\$ -	\$ -	\$ 744,891
Improvements other than buildings	18,882,445	3,940,145		22,822,590
Equipment	1,915,014	71,531		1,986,545
Construction in progress	3,456,380		2,130,207	1,326,173
Less accumulated depreciation	(12,292,084)	(694,214)		(12,986,298)
Water activities capital assets, net	12,706,646	3,317,462	2,130,207	13,893,901
Sewer				
Land	\$ 561,608	\$ -	\$ -	\$ 561,608
Buildings	697,785			697,785
Improvements other than buildings	23,983,126	865,178		24,848,304
Equipment	1,406,381	99,460	30,625	1,505,841
Construction in progress	499,617	3,295,781		3,795,398
Less accumulated depreciation	(12,994,169)	(1,026,741)		(14,020,910)
Sewer activities capital assets, net	14,154,348	3,233,678	30,625	17,388,026
Airport				
Land	\$ 7,830,415	\$ -	\$ -	\$ 7,830,415
Buildings	26,306			26,306
Improvements other than buildings	6,554,495	2,272,093		8,826,588
Equipment	75,148	57,104		132,252
Construction in progress	2,244,003		313,120	1,930,882
Less accumulated depreciation	(4,842,235)	(269,654)		(5,111,889)
Airport activities capital assets, net	11,888,132	2,059,543	313,120	13,634,554
Transit				
Equipment	\$ 562,926	\$ -	\$ -	\$ 562,926
Less accumulated depreciation	(276,555)	(61,751)		(338,306)
Transit activities capital assets, net	286,371	(61,751)	-	224,620
Total Capital Assets	\$ 145,564,188	\$ 14,926,575	\$ 2,473,952	\$ 158,047,435

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)
June 30, 2003

For the fiscal year ended June 30, 2003, depreciation expense on capital assets was charged to the governmental functions as follows:

General Government	\$	33,583
Public Safety		210,539
Public Works		2,464,766
Library and recreation services		368,839
Community development		9,550
		<hr/>
Total Depreciation Expense	\$	<u>3,087,277</u>

Construction Commitments

As of June 30, 2003, the City had a number of construction projects in progress. The major governmental activity projects included Public Safety Center \$6,591,854; 13th Street Bridge expansion \$3,228,306; and the Niblick Bridge expansion \$10,907,205. The governmental activity projects had a total work in progress amount of \$7,812,771. The business activity projects included various water, sewer, and airport infrastructure improvements totaling \$7,052,453.

NOTE 4 - INTERFUND TRANSACTIONS

A. Due To/Due From Other Funds

Interfund balances (advances) arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The following is a summary of interfund balances as of June 30, 2003:

	<u>Due From</u>	<u>Due To</u>
Major Fund:		
General Fund	\$198,966	
Non-major Fund:		
Chandler Specific Plan Fund		\$198,966

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

B. Loans

In 1992, the City loaned the Airport Operations Fund \$680,000 to fund runway and taxiway improvements at the municipal airport. Principal and interest payments are due monthly beginning June 1, 1992 with the last payment due June 1, 2007. Total annual payments are \$75,644.

C. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made an expenditure on behalf of another fund. Less often, a residual equity transfer may be made to open or close a fund. Transfers are identified as follows:

D. Equity Transfers

Last fiscal year, the City reported an equity transfer from Special Revenue Funds to the General Fund. The purpose was to consolidate certain Special Revenue Funds that received their resources directly or indirectly from the General Fund. It was subsequently determined these funds should be accounted for in the Special Revenue funds. Therefore, the \$1,645,875 transferred to the General Fund in fiscal year 2002 is being returned to the Special Revenue funds in fiscal year 2003.

	<u>Equity Transfer In</u>	<u>Equity Transfer Out</u>
Major Fund:		
General Fund	\$ -	\$1,645,875
Non-major Funds:		
General Emergency and Reserve Fund	267,847	
Economic Incentive Fund	635,547	
City Facility Repair Fund	321,974	
Landfill Contingency Fund	420,507	
Total Equity Transfers	<u>\$1,645,875</u>	<u>\$1,645,875</u>

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)
June 30, 2003

E. Transfers In/Transfers Out

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 339,102	\$ 593,867
Measure D GO Bonds Fund	120,000	112,531
Non-major Funds:		
General Emergency and Reserves Fund	335,000	
Capital Replacement Fund		335,000
Economic Incentive Fund	33,332	
Citizens Option Public Safety Fund		135,300
City Facility Repair Fund	99,996	
Gas Tax Fund	5,730	221,331
Community Development Block Grant Fund	91,107	30,200
Solid Waste Operations Fund	73,200	
Landfill Contingency Fund	344,496	
1993 Capital Facilities Fund	658,443	
Specific Plan Fund		78,000
Capital Projects Reserve Fund	112,530	
Public Facilities Development Fund		615,600
Redevelopment Agency Fund		91,107
	<hr/>	<hr/>
Totals	\$ 2,212,936	\$ 2,212,936

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

NOTE 5 - RISK MANAGEMENT

The City uses a combination of the purchased insurance and self-insurance to protect the City from property, liability, and workers' compensation risks. For workers' compensation, the City is a member of the Central Coast Cities Self Insurance Fund, a self-funded joint powers authority. It is merely a banking program wherein member cities, Arroyo Grande, Atascadero, Grover Beach, Guadalupe, Lompoc, Morro Bay, El Paso de Robles, Pismo Beach, San Luis Obispo, Santa Maria, and Santa Paula, group purchase services; i.e. program administration, claim servicing, and excess coverage in order to lower costs. Accounts are separately maintained for each participant. The City is self-insured for the first \$350,000. The City is a member of the Local Agency Workers' Compensation Excess Joint Point Authority (LAWCX) for the purposes of coverage above the \$350,000. Member agencies share risk from \$350,000 to \$5 million and then purchase reinsurance up to \$50 million. For general liability risks, the City is self-insured for the first \$100,000 per occurrence for public liability and automobile liability and excess insurance is purchased to provide coverage to a maximum of \$10,000,000 per occurrence. Additionally, insurance is purchased for "Public Entities Error and Omissions" at \$10,000,000 annual aggregate and \$2,000,000 for pollution liability. Automobile physical damage coverage is not provided as the City is fully self-insured for physical damage.

A. Workers' Compensation Insurance

The estimated liability for pending and incurred but not reported claims at June 30, 2003 has been included in the Claims Payable amount as of June 30, 2003. Claims Payable is incorporated in the financial statements.

Fiscal Year Ended June 30,	Claims Payable July 1,	Claims and Changes in Estimates	Claims Paid	Deposit Held by JPA in name of City	Claims Payable June 30,
2001	\$ 961,000	\$ 89,700	\$ 103,900	\$ -	\$ 946,800
2002	946,800	261,100	212,900		995,000
2003	995,000	545,500	351,500	1,222,100	(33,100)

Estimated claims liabilities are reported in the City's general long-term debt account group. Separate financial statements are available from the Central Coast Cities Self-Insurance Fund by writing to: City Administrator, City of San Luis Obispo, P O Box 8100, San Luis Obispo, CA 93403, or phone (805) 782-7100.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

B. Liability Insurance

The estimated liability for pending and incurred but not reported claims at June 30, 2003, has been incorporated in the financial statements as Claims Payable and are based on history and actuarial studies.

Fiscal Year Ended June 30,	Claims Payable July 1,	Claims and Changes in Estimates	Claims Paid	Deposit Held by JPA in name of City	Claims Payable June 30,
2001	\$ 265,000	\$ 400	\$ 91,400	\$ -	\$ 174,000
2002	174,000	155,000	92,000		237,000
2003	237,000	386,400	101,600	386,400	135,400

NOTE 6 - GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

A. Description

General Obligation Bonds - In June 1998, the voters passed a tax override authorizing the sale of \$38,000,000 general obligation bonds. The bonds were sold in three series. On June 9, 1999, the City issued \$22,999,598 in General Obligation Bonds, Series A Capital Appreciation and Term Bonds (1999) for the purpose of providing construction funds for a variety of citywide projects. The outstanding bonds bear a net interest cost of 5.36% and are due in annual installments ranging from \$297,970 to \$615,806 through January 1, 2028. These bonds are payable from ad valorem taxes levied against all taxable real property in the City (with the exception of certain classes of personal property).

On September 28, 2001, the City issued \$6,999,603 in General Obligation Bonds, Series B Capital Appreciation and Term Bonds (2001) for the purpose of providing construction funds for a variety of citywide projects. The outstanding bonds bear a net interest cost of 5.09% and are due in annual installments ranging from \$297,970 to \$615,806 through January 1, 2028. These bonds are payable from ad valorem taxes levied against all taxable real property in the City (with the exception of certain classes of personal property).

On April 17, 2002, the City issued \$8,000,000 in General Obligation Bonds, Series C (2002) for the purpose of providing construction funds for a variety of Citywide projects. The outstanding bonds bear a net interest cost of 4.98% and are due in annual installments ranging from \$297,970 to \$615,806 through January 1, 2028. These bonds are payable from ad valorem taxes levied against all taxable real property in the City (with the exception of certain classes of personal property).

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

Tax Allocation Bonds - On September 16, 1996, \$3,630,000 Tax Allocation Refunding Bonds were issued by the Agency to refund bonds originally issued in 1991 to repay advances and loans received by the Agency from the City. The outstanding bonds bear a net interest cost of 5.50% and are due in annual installments ranging from \$70,000 to \$255,000 through January 1, 2022. These bonds are payable from property tax increment revenues.

On October 3, 2000, \$4,090,000 Tax Allocation Bonds were issued by the Agency to repay advances and loans received by the Agency from the City and provide funds for the widening of Niblick Bridge from two to four lanes. The outstanding bonds bear a net interest cost of 5.25% and are due in annual installments ranging from \$20,000 to \$485,000 through January 1, 2028. These bonds are payable from property tax increment revenues. The outstanding bonds bear a net interest cost of 5.25% and are due in annual installments ranging from \$20,000 to \$485,000 through January 1, 2028. These bonds are payable from property tax increment revenues.

Lease Purchase Obligations - On November 15, 1993, the Paso Robles Public Financing Authority sold \$8,230,000 Certificates of Participation. \$3,530,000 of the certificates was used to refund the 1988 Certificates of Participation issued to construct a community park and recreational facility. This portion of the certificates matures June 1, 2007. The balance of certificates, \$4,700,000, were used to construct a new municipal library and municipal offices. This portion of the certificates matures June 1, 2024. All the outstanding certificates bear a net interest cost of 5.15% and are due in annual installments ranging from \$180,000 to \$640,000 through January 1, 2028. The library portion is reimbursable to the General Fund from Redevelopment Agency property tax increment revenues.

The City entered into a \$428,162 lease purchase contract dated December 7, 1999, for the acquisition of an aerial ladder truck for the Fire Department. Principal and interest payments are due semi-annually in installments beginning June 7, 2000, with the last payment due December 7, 2004. The total annual payments are 98,552.

The City entered into a \$17,410 lease purchase contract dated August 24, 2000, for the acquisition of a copy machine for the Police Department. Principal and interest payments are due monthly beginning August 15, 1999 with the last payment due July 15, 2004. Total annual payments are \$4,011.

The City entered into a \$193,571 lease purchase contract dated August 20, 1999, for the acquisition of a 911 phone system for the Police Department. Principal and interest payments are due monthly beginning December 1, 1999, with the last payment due November 1, 2004. Total annual payments are \$45,941.

The City entered into a \$666,218 lease purchase contract dated October 25, 2002, for the acquisition of two fire engines for the Fire Department. Principal and interest payments are due monthly beginning November 25, 2002, with the last payment due October 25, 2007. Total annual payments are \$144,471.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

B. Changes in Long-Term Debt

As of June 30, 2003, the City had the following long-term obligations outstanding including the current portion:

	Governmental Activities				
	Balance July 1, 2002	Incurred or Issued	Satisfied or Matured	Balance June 30, 2003	Current Portion
Governmental Activities:					
Capital Leases Payable	\$ 337,799	\$ 666,218	\$ (203,734)	\$ 800,283	\$ 266,373
Certificates of Participation	6,090,000		(355,000)	5,735,000	370,000
General Obligation Bonds	37,999,201			37,999,201	2,009,519
Redevelopment Tax Allocation Bonds	7,060,000		(105,000)	6,955,000	150,000
Compensated Absences	1,044,173	184,482		1,228,655	50,000
Closure/Postclosure Liability	490,404	138,284		628,688	
Total Governmental Activities	\$ 53,021,577	\$ 988,984	\$ (663,734)	\$ 53,346,827	\$ 2,845,892

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)
June 30, 2003

C. Annual Repayment Requirements of Long-Term Debt

The annual requirements to amortize all debts outstanding (excluding compensated absences and closure/postclosure liability) as of June 30, 2003 are as follows:

Governmental Activities		
Year End June 30	Principal	Interest
2004	\$ 2,795,892	\$ 1,437,606
2005	2,760,615	1,512,662
2006	2,705,213	1,596,576
2007	2,736,334	1,654,346
2008	2,688,005	1,716,663
2009-2013	11,053,958	9,347,898
2014-2018	9,547,921	10,473,111
2019-2023	8,964,109	10,746,060
2024-2028	8,237,436	10,474,568
	<u>\$ 51,489,483</u>	<u>\$ 48,959,490</u>

D. Bond Requirements

At June 30, 2003, management believes the City and its component units are in compliance with all covenants of the various debt indentures.

E. Defeased Obligations

There are no outstanding defeased obligations at June 30, 2003.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

NOTE 7 - BUSINESS ACTIVITIES LONG-TERM DEBT

A. Description

Sewer Installment Sale Revenue Bonds - On October 1, 2002, the Public Financing Authority issued \$11,550,000 in Sewer Revenue Installment Bonds (2003) for the purpose of refunding the 1993 Sewer Refunding Bonds (which refunded the 1987 Sewer Revenue Bonds) and providing \$8,000,000 for sewer collection and treatment system improvements. The economic gain, net present value savings, was \$129,373. The outstanding bonds bear a net interest cost of 5.36% and are due in annual installments ranging from \$297,970 to \$615,806 through January 1, 2028. These bonds are payable from sewer user fees.

B. Changes in Long-Term Obligations

As of June 30, 2003, the City had the following long-term obligations outstanding including the current portion:

	Business Activities				
	Balance July 1, 2002	Incurred or Issued	Satisfied or Matured	Balance June 30, 2003	Current Portion
Business Type Activities:					
Compensated Absences	\$ 162,847	\$ -	\$ (26,834)	\$ 136,013	\$ -
Revenue Bonds	3,143,169	11,550,000	(3,923,169)	10,770,000	620,000
Total Business Type Activities	\$ 3,306,016	\$ 11,550,000	\$ (3,950,003)	\$ 10,906,013	\$ 620,000

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)
June 30, 2003

C. Annual Repayment Requirements of Long-Term Debt

The annual requirements to amortize all debts outstanding (excluding compensated absences) as of June 30, 2003 are as follows:

Year End June 30	Business Activities	
	Principal	Interest
2004	\$ 620,000	\$ 404,689
2005	640,000	392,289
2006	655,000	279,489
2007	675,000	366,389
2008	695,000	351,201
2009-2013	1,015,000	1,608,266
2014-2018	1,210,000	1,410,650
2019-2023	1,495,000	1,133,593
2024-2028	1,900,000	750,263
2029-2034	1,865,000	238,500
	<u>\$ 10,770,000</u>	<u>\$ 6,935,327</u>

D. Bond Requirements

At June 30, 2003, management believes the City and its component units are in compliance with all covenants of the various debt indentures.

E. Defeased Obligations

There are no outstanding defeased obligations at June 30, 2003.

NOTE 8 - EMPLOYEE BENEFITS

A. Retirement System

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees' Retirement System (PERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

agent for its participating member employers. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. The City's employees participate in the separate safety (police and fire) and miscellaneous (all other) employee plans. Benefit provisions under both plans are established by state statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both plans are determined annually on an actuarial basis as of June 30 by PERS; the City must contribute these amounts.

Active plan members in PERS are required to contribute a percent of their annual covered salary. However, the City pays the contributions required of all miscellaneous employees, all police safety employees, and fire safety members. The rates are set by statute and therefore remain unchanged from year to year. The City is required to contribute the actuarially determined amounts necessary to fund the benefit for its members beyond the contribution required of member employees. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration.

The plans' provisions, benefits and contribution rates in effect at June 30, 2003 are summarized as follows:

	<u>Miscellaneous</u>	<u>Police</u>	<u>Fire</u>
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	50	50
Monthly benefits, as % of annual salary	2%	2%	2%
Required employee contribution rate	7%	9%	9%
Required employer contribution rate	0%	4.002%	0%
Total current covered payroll	\$ 4,546,493	\$ 2,108,067	\$ 937,408
Required employee contributions made	\$ 308,440	\$ 189,726	\$ 84,367
Required employer contributions rate made	\$ -	\$ 84,365	\$ -

Total current payroll for covered employees for the year ended June 30, 2003 was \$7,591,967 and the total payroll for all employees was \$8,725,855.

PERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the pension benefit obligation.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

PERS uses the market-related value method of valuing the plan's assets. An investment rate of return of 8.25% is assumed, including inflation at 3.50%. Annual salary increases are assumed to vary by duration of service. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization periods for the City's plans are as follows:

Police Safety	June 30, 2005
Fire Safety	June 30, 2024
Miscellaneous	June 30, 2024

A three-year smoothing technique is used for Asset Valuation. For 2002-03 the annual rate components were as follows:

	<u>Miscellaneous</u>		<u>Police</u>		<u>Fire</u>
Normal Cost	\$ 0	\$	0	\$	0
Unfunded Liability (Surplus)					
Total City Portion Paid	\$ 0	\$	0	\$	0
Normal Cost Rate	5.963%		14.173%		13.261%
Unfunded Liability (Surplus) Rate	-5.963%		-10.171%		-13.261%
Total	0.000%		4.002%		0.000%

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

The plans' actuarial value (which differs from fair value) and funding progress over the three most recently available years is set forth below at their actuarial valuation date:

	Actuarial Valuation Date	Actual Asset Value	Entry Age Actuarial Accrued Liability	Underfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Underfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll
Miscellaneous Plan	6/30/2000	19,163,026	14,081,540	(5,081,486)	136.1%	3,132,693	-162.2%
	6/30/2001	19,665,383	15,311,526	(4,353,857)	128.4%	3,800,363	-114.6%
	6/30/2002*	18,447,465	16,516,645	(1,930,820)	111.7%	4,171,362	-46.3%
Police Safety Plan	6/30/2000	10,630,505	8,385,540	(2,244,965)	126.8%	1,710,682	-131.2%
	6/30/2001	11,017,043	9,247,376	(1,769,667)	119.1%	1,935,350	-91.4%
	6/30/2002*	10,410,840	10,085,035	(325,805)	103.2%	2,029,391	-16.1%
Fire Safety Plan	6/30/2000	1,545,907	1,162,273	(383,634)	133.0%	437,582	-87.7%
	6/30/2001	1,622,604	1,410,181	(212,423)	115.1%	603,064	-35.2%
	6/30/2002*	1,578,222	1,639,834	61,612	96.2%	695,032	8.9%

*Latest year available

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)
June 30, 2003

PERS has reported that the value of the net assets in the Plan held for pension benefits changed as follows during the year ended June 30, 2002, the most recent available:

	<u>Miscellaneous</u>	<u>Police</u>	<u>Fire</u>
Beginning Balance 6/30/01	\$ 18,226,730	\$ 10,202,477	\$ 1,502,111
Contributions Received	25,889	224,145	63,873
Benefits and Refunds Paid	(366,111)	(305,032)	(33,790)
Investment Return	(1,130,451)	(651,537)	(97,560)
Transfers In/Out and Miscellaneous Adjustments	14,366	(5,653)	113
Expected Actuarial Value of Assets 6/30/02	<u>\$ 16,770,423</u>	<u>\$ 9,464,400</u>	<u>\$ 1,434,747</u>
Fair Value of Assets 6/30/02	<u>\$ 16,770,423</u>	<u>\$ 9,464,400</u>	<u>\$ 1,434,747</u>
Actuarial Value of Assets 6/30/02	<u>\$ 18,447,465</u>	<u>\$ 10,410,840</u>	<u>\$ 1,578,222</u>

Audited annual financial statements and ten-year trend information for the fiscal year ended June 30, 2002, the most recent available, are available from PERS at P.O. Box 942709, Sacramento, CA 94229-2709.

B. Post Employment Benefits

In addition to the pension benefits described above, the City Council has adopted resolutions making health care insurance benefits available for all retired full time City employees regardless of bargaining affiliation if they so desire. Providing health care benefits under the City's group health plan may provide benefits at a substantially lower cost than if the retirees purchased their own individual benefit. This obligation to make coverage available under the City's group health plan is discontinued at such time as the retiree reaches age sixty-five or receives health insurance coverage from another employer. In accordance with adopted wage and benefit agreements, the City contributes toward retiree health insurance premiums as follows: 1) Management, Police, Fire, and SEIU employees receive up to \$400 per month. The City contributions may be used to defray premium cost for either the City provided plan(s) or other plan(s) secured by retiree. Each retiree choosing to receive City provided health care insurance must reimburse the City the full premium cost that exceed the City's contribution as detailed above.

The City contribution toward retiree health care insurance benefits is recognized as an expenditure in the fund which paid the employee's wage at the time of retirement. For the fiscal year ended June 30, 2003, these costs totaled \$29,800. For fiscal year 2002 the total amount was \$21,400 and fiscal year 2001 the amount was \$7,259. The balance of the retiree health care benefits is not recognized as an expenditure. Payments for health insurance premiums are recorded as receivables and are billed for reimbursement to the retirees. At June 30, 2003, 12 retirees were subscribing to the City's group health plan.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

C. Deferred Compensation Plans

City employees may defer a portion of their compensation under two separate, optional City-sponsored deferred compensation plans created in accordance with Internal Revenue Code Section 457. Under these plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death, or in an emergency as defined by the plans.

Effective January 1, 1998, the law governing deferred compensation plan assets now require plan assets to be held for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these new plans are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

In accordance with adopted wage and benefit agreements, the City makes contributions to optional City-sponsored deferred compensation plans for management. For all managers, the City contributes \$4,200 annually. In addition to the \$4,200, the City will match up to \$2,500 in additional contributions for executive managers. For the fiscal year ended June 30, 2003, the total City contribution on behalf of eligible employees was \$129,364.

D. Section 125 Benefit Plan

The City has a 125 benefit plan established pursuant to Section 125 of the IRS code. Under this plan, eligible employees may elect to contribute pre-tax dollars into any combination of the following three benefit categories:

1. Unreimbursed Medical Spending Account
2. Dependent Day Care Spending Account

Under no circumstances may an employee direct more than \$5,000 annually into the Dependent Day Care Spending Account and the Unreimbursed Medical Spending Account. All regular full-time employees employed on a regular and continuous basis, including certain contractual employees, are eligible to participate in this plan. Temporary and casual employees are not eligible. The plan year adopted by the City begins on July 1 and ends June 30. To obtain reimbursement of expenses incurred within a plan year within the spending accounts (items 2 or 3), employees must submit claims within 90 days of the end of the plan year or separation of service from the City, whichever occurs first. Funds unclaimed after 90 days of the close of the plan year are then remitted to the City.

E. Compensated Absences

The City's policy relating to compensated absences is described in Note 1. The long-term portion of this debt, amounting to \$1,228,655 for governmental activities and \$136,014 for business-type activities at June 30, 2003, is expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the general fund and the proprietary funds. The total amount outstanding at June 30, 2003 was \$1,278,655 for governmental activities and \$136,014 for business type activities.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)
June 30, 2003

NOTE 9 - NET ASSETS AND FUND BALANCES

A. Net Assets

GASB 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis. In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested In Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted Net Assets - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Additionally, this category presents restrictions placed on the categories of Capital Projects, Debt Service, and Specific Projects and Programs as established by the City Council.

Unrestricted Net Assets - This category represents the net assets of the City, which are not restricted for any project or other purpose.

The restricted net assets for governmental funds of \$15.8 million consists of \$10.2 million for Measure D GO Bonds capital projects, \$2.9 million for Measure D GO Bonds debt service, \$1.2 million for Redevelopment Agency debt service, \$838,000 for Redevelopment Agency special projects, and \$675,000 for 1993 Public Facilities debt service.

B. Fund Balances

In the Fund Financial Statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the City Council and Management and can be increased, reduced, or eliminated by similar actions. As of June 30, 2003, reservations of fund balance are described below:

Fiscal Agreements - In the case of the Redevelopment Agency, tax increment revenues are held by the Agency until such time as projects are mutual, agreed benefit are identified and undertaken.

Interfund Receivables - These reserves were established to provide for receivable due by one fund to another. While expected to be fully repaid, it is not currently available for use by the fund where the receivable is recorded.

Capital Projects - These reserves represent specific projects and programs for which the City has made a commitment towards completion through adoption of the City Budget or Capital Improvement Projects Plan.

Low Income Housing - Pursuant to California Health and Safety Code, 20% of property tax increment received by the Redevelopment Agency must be set aside and used exclusively for projects related to low and moderate income housing purposes.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2003

The City has not designated any unreserved fund balances in the Fund Financial Statements for any specific purposes.

There were no deficit fund balances at June 30, 2003.

NOTE 10 - FUNDS WITH EXPENDITURES EXCEEDING APPROPRIATIONS

The following individual fund and department expenditures exceeded appropriations during the fiscal year:

Major Funds:

1998 Measure D Debt Service Fund - Administrative Services	\$302,907
Bridge Development Impact Capital Projects Fund - Admin. Svcs.	2,237

Non-major Funds:

TDA Special Revenue Fund - Public Works	2,182
Youth Scholarship Special Revenue Fund - Library & Recreation Svcs	3,630
Landscape & Lighting Special Revenue Fund - Public Works	177,464
Closure/Postclosure Special Revenue Fund - Public Works	138,284
Economic Incentive Special Revenue Fund - Community Development	5,354
Capital Project Fund - Public Works	378,025
Public Facilities Develop Impact Capital Projects Fund - Admin. Svcs.	2,237

NOTE 11 - PRIOR PERIOD ADJUSTMENTS

A. Prior Period Adjustments

To correct overstated liabilities in the Closure/Postclosure and Contingency special revenue fund in the amount of \$490,404.

NOTE 12 - LITIGATION AND CONTINGENCIES

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or determined in amount. While the City is a defendant in a number of lawsuits arising out of the normal course of business, their outcome can not be predicted. In the opinion of the City Attorney, these actions when finally adjudicated will not have a material adverse impact on the financial position of the City.

CITY OF EL PASO DE ROBLES



SUPPLEMENTAL INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Capital Replacement Fund - to account for funds being set aside for the replacement of capital equipment.

Building Education Fund - to account for funds generated by a fee assessed on each building permit issued for the specific purpose of providing training monies for building inspectors as provided for by new State law.

City/School Facility Improvement Fund - to account for funds to be set aside for major maintenance and repairs of joint use facilities in accordance with each facility use agreement with the Paso Robles School District for the purpose of repair and long term maintenance of recreation public facilities.

Citizens Option Public Safety Fund - to account for State AB 3229 funds. Funds must be held in an interest bearing account until utilized to provide the City's matching share of Federal Citizens Option Public Safety grant.

State Gas Tax Fund - to account for receipts and expenditures of money apportioned under Streets and Highway Code Sections 2105, 2106, 2107, and 2107.5 of the State of California.

Transportation Development Act Fund - to account for the receipt and expenditure of the 1/4% sales tax levied statewide for local transportation purposes. In 1971, the 6% sales tax levy was extended to gasoline purchases and is divided into two categories; Article 8a, which is used for streets and roads, and Article 8c, which is restricted for transit purposes.

Community Development Block Grant Fund - to account for Federal grant funds received from the Department of Housing and Urban Development for the rehabilitation of low and moderate income housing and the elimination of blight in the City.

Youth Scholarship Fund - to account for revenues and expenditures associated with grants to recreation program participants who are unable to pay their own participation fees.

Landscape and Lighting District Fund - to account for City's benefit assessment district which was established to finance the ongoing maintenance and operational costs of street lighting and landscaped medians and parkways, etc.

Landfill Closure/Postclosure Fund - to account for the State mandated set-aside funds to provide funds for the closure and postclosure operating expenses for the municipal landfill.

Redevelopment Agency Fund - to account for certain financial activities of the City's Redevelopment Agency.

General Emergency and Reserve Fund - to account for funds provided to meet unanticipated emergencies and special budgetary needs of the City. Funds were originally derived from a General Fund transfer.

Economic Incentive Fund - to account for funds which were set aside by the City Council to assist business development in the community in accordance with the adopted economic strategic plan. Funding derives from General Fund transfers.

Alleyway Improvement Fund - to account for funds specially set-aside by the City Council from General Fund reserves to improve various alleyways throughout the City.

City Facility Repair Fund - to account for funds generated by a \$2.00 surcharge assessed on and collected from each recreation program participant for the purpose of repair and long term maintenance of recreation public facilities. General Fund also makes a contribution.

Landfill Contingency Fund - to account for funds set-aside by the City to cover any landfill contingencies that might arise after "decommissioning" the landfill as an enterprise fund operation. Funds come from General Fund landfill franchise fees.

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

1993 Public Facilities Fund - to account for long-term debt service transactions relating to the construction of Centennial Park. Certificates of participation were first issued in 1988 and were refunded in this issue which included an additional, new amount issued to construct a new municipal library and city hall.

CAPITAL PROJECTS FUNDS

Capital Projects Reserve Fund - to account for financial resources segregated for the acquisition or construction of major capital facilities and equipment by the City.

Traffic Mitigation Development Fund - to account for the fees assessed and collected upon the issuance of a City building permit. Funds are used to fund bridge, road and signal improvements needed to serve new growth.

Signalization Development Fund - to account for the fees assessed and collected upon the issuance of a City building permit. Funds are used to install signalization devices throughout the City.

Park Development Fund - to account for the fees assessed and collected upon the issuance of a City building permit. Funds are used to acquire or construct park and recreation facilities throughout the City.

Storm Drain Development Fund - to account for the fees assessed and collected upon the issuance of a City building permit. Funds are used to construct storm drain facilities throughout the City.

Parkway and Median Development Fund - to account for the fees assessed and collected upon the issuance of a City building permit. Funds are used to install parkways and medians in City right-of-ways throughout the City.

Public Facilities Development Fund - to account for the fees assessed and collected upon the issuance of City certificate of occupancy. Funds are used to construct public facilities.

Specific Plans Fund - to segregate and accumulate funds collected from the payment of development impact fees as identified in the Borkey and Union/46 Specific Plans for public facilities and infrastructure.

CITY OF EL PASO DE ROBLES
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2003

	SPECIAL REVENUE FUNDS												
	Capital Replacement	Building Education	City/ Facility Improvement	School Option	Citizens Public Safety	State Gas Tax	Transportation Development	Community Development Block Grant	Youth Scholarship	Landscape and Lighting District	Closure/ Postclosure and Contingency	Redevelopment Agency	Other Funds*
ASSETS													
Cash and Investments	\$ 731,326	\$ 81,088	\$ 39,515	\$ 150,807	\$ 1,238,041	\$ 246,933	67,145	\$ 17,943	\$ 86,498	\$ 954,359	\$ 836,157	\$ 2,395,586	
Accounts receivable	3,440				73,936	12,399	110,294	77					
Loan contracts receivable							537,047					54,183	
Total Assets	\$ 734,766	\$ 81,088	\$ 39,515	\$ 150,807	\$ 1,311,977	\$ 259,332	\$ 714,486	\$ 18,020	\$ 86,498	\$ 954,359	\$ 890,340	\$ 2,395,586	
LIABILITIES AND FUND BALANCES													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148,388	\$ -	\$ 43,961	\$ -	\$ 89	\$ -	
Accrued payroll expenses							3,031		608				
Deferred revenues							537,047						
Due to other funds													
Total Liabilities							688,466		44,569		89		
Fund balances:													
Reserved												837,554	
Unreserved	734,766	81,088	39,515	150,807	1,311,977	259,332	26,020	18,020	41,929	954,359	52,697	2,395,586	
Total Fund Balances	734,766	81,088	39,515	150,807	1,311,977	259,332	26,020	18,020	41,929	954,359	890,251	2,395,586	
Total Liabilities and Fund Balances	\$ 734,766	\$ 81,088	\$ 39,515	\$ 150,807	\$ 1,311,977	\$ 259,332	\$ 714,486	\$ 18,020	\$ 86,498	\$ 954,359	\$ 890,340	\$ 2,395,586	

*Other Funds includes General Emergency and Reserve Fund, Economic Incentive Fund, Alleyway Improvement Fund, City Facility Repair Fund and Contingency Fund.

CITY OF EL PASO DE ROBLES
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2003

	DEBT SERVICE FUND		CAPITAL PROJECTS FUNDS								Total Nonmajor Governmental Funds
	1993 Public Facilities	Capital Projects Reserve	Traffic Mitigation Development	Signalization Development	Park Development	Storm Drain Development	Parkway and Median Development	Public Facilities Development	Specific Plans		
ASSETS											
Cash and Investments	\$ 674,770	\$ 342,719	\$ 9,757	\$ 780,118	\$ 747,689	\$ 507,092	\$ 99,521	\$ 2,308,512	\$ 3,572,612	\$ 15,888,188	
Accounts receivable		25,595								225,741	
Loan contracts receivable										591,230	
Total Assets	\$ 674,770	\$ 368,314	\$ 9,757	\$ 780,118	\$ 747,689	\$ 507,092	\$ 99,521	\$ 2,308,512	\$ 3,572,612	\$ 16,705,159	
LIABILITIES AND FUND BALANCES											
Accounts payable	\$ -	\$ 17,789	\$ -	\$ -	\$ 25,256	\$ -	\$ -	\$ -	\$ 14,874	\$ 250,357	
Accrued payroll expenses										3,639	
Deferred revenues										537,047	
Due to other funds									198,966	198,966	
Total Liabilities		17,789			25,256				213,840	990,009	
Fund balances:											
Reserved	674,770									1,512,324	
Unreserved		350,525	9,757	780,118	722,433	507,092	99,521	2,308,512	3,358,772	14,202,826	
Total Fund Balances	674,770	350,525	9,757	780,118	722,433	507,092	99,521	2,308,512	3,358,772	15,715,150	
Total Liabilities and Fund Balances	\$ 674,770	\$ 368,314	\$ 9,757	\$ 780,118	\$ 747,689	\$ 507,092	\$ 99,521	\$ 2,308,512	\$ 3,572,612	\$ 16,705,159	

CITY OF EL PASO DE ROBLES
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2003

	SPECIAL REVENUE FUNDS											
	Capital Replacement	Building Education	City/ School Facility Improvement	Citizens Option Public Safety	State Gas Tax	Transportation Development	Community Development Block Grant	Youth Scholarship	Landscape and Lighting District	Closure/ Postclosure and Contingency	Redevelopment Agency	Other Funds*
Revenues:												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 303,056	\$ -	\$ 299,993	\$ -
Uses of money and property	51,234	1,846	5,964		33,644	6,200	37,762	511	3,524	23,907	23,487	54,708
From other agencies				134,573	536,971	49,596	443,350					
Charges for current services	12,646	16,251										16,186
Other	356,326							7,368			5,000	
Total Revenues	420,206	18,097	5,964	134,573	570,615	55,796	481,112	7,879	306,580	23,907	328,480	70,894
Expenditures:												
General government	27,995						1,988					22,904
Public safety	192,939											
Public works	180,510								388,664	138,284		
Library & recreation services	24,683							3,630				
Community development	61,593	2,424					270,596				342,124	
Debt service												
Capital outlay					371,064	44,682	315,139				41	111,103
Total Expenditures	487,720	2,424			371,064	44,682	587,723	3,630	388,664	138,284	342,165	134,007
Excess revenues over (under) expenditures	(67,514)	15,673	5,964	134,573	199,551	11,114	(106,611)	4,249	(82,084)	(114,377)	(13,685)	(63,113)
Other financing sources (uses):												
Operating transfers in					5,730		91,107			73,200		812,824
Operating transfers out	(335,000)			(135,300)	(221,331)		(30,200)				(91,107)	
Proceeds from postclosure liability										138,284		
Total other financing sources (uses)	(335,000)			(135,300)	(215,601)		60,907			211,484	(91,107)	812,824
Excess revenues and other sources over (under) expenditures and other uses	(402,514)	15,673	5,964	(727)	(16,050)	11,114	(45,704)	4,249	(82,084)	97,107	(104,792)	749,711
Fund Balances - July 1	1,137,280	65,415	33,551	151,534	1,328,027	248,218	71,724	13,771	124,013	366,848	995,043	
Prior period adjustment										490,404		
Fund Balances - July 1, restated	1,137,280	65,415	33,551	151,534	1,328,027	248,218	71,724	13,771	124,013	857,252	995,043	
Residual equity transfers in												1,645,875
Fund Balances - June 30	\$ 734,766	\$ 81,088	\$ 39,515	\$ 150,807	\$ 1,311,977	\$ 259,332	\$ 26,020	\$ 18,020	\$ 41,929	\$ 954,359	\$ 890,251	\$ 2,395,586

*Other Funds includes General Emergency and Reserve Fund, Economic Incentive Fund, Alleyway Improvement Fund, City Facility Repair Fund and Contingency Fund.

CITY OF EL PASO DE ROBLES
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2003

	CAPITAL PROJECTS FUNDS									
	DEBT SERVICE FUND	Capital Projects Reserve	Traffic Mitigation Development	Signalization Development	Park Development	Storm Drain Development	Parkway and Median Development	Public Facilities Development	Specific Plans	Total Non-major Governmental Funds
	1993 Public Facilities									
Revenues:										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,154	\$ 691,203
Uses of money and property	7,777	6,826		17,876	16,823	12,522	2,593	57,474		364,678
From other agencies		279,833								1,444,323
Charges for current services		35,000	9,757	140,837	230,577	101,676		878,364	694,262	2,135,556
Other									35,140	403,834
Total Revenues	7,777	321,659	9,757	158,713	247,400	114,198	2,593	935,838	817,556	5,039,594
Expenditures:										
General government				2,237	2,237	41,217		2,237		100,815
Public safety										192,939
Public works										707,458
Library & recreation services										28,313
Community development									157,698	834,435
Debt service	662,439									662,439
Capital outlay		378,025		2,705	58,586				19,573	1,300,918
Total Expenditures	662,439	378,025		4,942	60,823	41,217		2,237	177,271	3,827,317
Excess revenues over (under) expenditures	(654,662)	(56,366)	9,757	153,771	186,577	72,981	2,593	933,601	640,285	1,212,277
Other financing sources (uses):										
Operating transfers in	658,443	112,530								1,753,834
Operating transfers out								(615,600)	(78,000)	(1,506,538)
Proceeds from postclosure liability										138,284
Total other financing sources (uses)	658,443	112,530						(615,600)	(78,000)	385,580
Excess revenues and other sources over (under) expenditures and other uses	3,781	56,164	9,757	153,771	186,577	72,981	2,593	318,001	562,285	1,597,857
Fund Balances - July 1	670,989	294,361		626,347	535,856	434,111	96,928	1,990,511	2,796,487	11,981,014
Prior period adjustment										490,404
Fund Balances - July 1, restated	670,989	294,361	-	626,347	535,856	434,111	96,928	1,990,511	2,796,487	12,471,418
Residual equity transfers in										1,645,875
Fund Balances - June 30	\$ 674,770	\$ 350,525	\$ 9,757	\$ 780,118	\$ 722,433	\$ 507,092	\$ 99,521	\$ 2,308,512	\$ 3,358,772	\$ 15,715,150

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Capital Replacement Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 29,800	\$ 51,234	\$ 21,434
Charges for current services	4,200	12,646	8,446
Other	250,000	356,326	106,326
Total Revenues	<u>284,000</u>	<u>420,206</u>	<u>136,206</u>
Expenditures:			
General Government	92,600	27,995	64,605
Public safety	269,100	192,939	76,161
Public works	214,500	180,510	33,990
Library & recreation services	52,000	24,683	27,317
Community development	80,000	61,593	18,407
Total Expenditures	<u>708,200</u>	<u>487,720</u>	<u>220,480</u>
Excess revenues over (under) expenditures	<u>(424,200)</u>	<u>(67,514)</u>	<u>356,686</u>
Other financing sources (uses):			
Operating transfers out		(335,000)	(335,000)
Total other financing sources (uses)		<u>(335,000)</u>	<u>(335,000)</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(424,200)</u>	<u>(402,514)</u>	<u>21,686</u>
Fund Balance - July 1	<u>1,137,280</u>	<u>1,137,280</u>	
Fund Balance - June 30	<u>\$ 713,080</u>	<u>\$ 734,766</u>	<u>\$ 21,686</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Building Education Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 1,200	\$ 1,846	\$ 646
Charges for current services	6,000	16,251	10,251
Total Revenues	7,200	18,097	10,897
Expenditures:			
Community development	10,000	2,424	7,576
Total Expenditures	10,000	2,424	7,576
Excess revenues over (under) expenditures	(2,800)	15,673	18,473
Fund Balance - July 1	65,415	65,415	
Fund Balance - June 30	\$ 62,615	\$ 81,088	\$ 18,473

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	City/School Facility Improvement Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 5,900	\$ 5,964	\$ 64
Total Revenues	5,900	5,964	64
Expenditures:			
Library & recreation services			
Total Expenditures			
Excess revenues over (under) expenditures	5,900	5,964	64
Excess revenues and other sources over (under) expenditures and other uses	5,900	5,964	64
Fund Balance - July 1	33,551	33,551	
Fund Balance - June 30	\$ 39,451	\$ 39,515	\$ 64

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Citizens Option Public Safety Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
From other agencies	\$ 150,000	\$ 134,573	\$ (15,427)
Other			
Total Revenues	<u>150,000</u>	<u>134,573</u>	<u>(15,427)</u>
Excess revenues over (under) expenditures	<u>150,000</u>	<u>134,573</u>	<u>(15,427)</u>
Other financing sources (uses):			
Operating transfers out	<u>(120,000)</u>	<u>(135,300)</u>	<u>(15,300)</u>
Total other financing sources (uses)	<u>(120,000)</u>	<u>(135,300)</u>	<u>(15,300)</u>
Excess revenues and other sources over (under) expenditures and other uses	30,000	(727)	(30,727)
Fund Balance - July 1	<u>151,534</u>	<u>151,534</u>	
Fund Balance - June 30	<u>\$ 181,534</u>	<u>\$ 150,807</u>	<u>\$ (30,727)</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	State Gas Tax Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 28,700	\$ 33,644	\$ 4,944
From other agencies	415,000	536,971	121,971
Total Revenues	<u>443,700</u>	<u>570,615</u>	<u>126,915</u>
Expenditures:			
Capital outlay	1,422,400	371,064	1,051,336
Total Expenditures	<u>1,422,400</u>	<u>371,064</u>	<u>1,051,336</u>
Excess revenues over (under) expenditures	<u>(978,700)</u>	<u>199,551</u>	<u>1,178,251</u>
Other financing sources (uses):			
Operating transfers in		5,730	5,730
Operating transfers out	(182,700)	(221,331)	(38,631)
Total other financing sources (uses)	<u>(182,700)</u>	<u>(215,601)</u>	<u>(32,901)</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(1,161,400)</u>	<u>(16,050)</u>	<u>1,145,350</u>
Fund Balance - July 1	<u>1,328,027</u>	<u>1,328,027</u>	
Fund Balance - June 30	<u>\$ 166,627</u>	<u>\$ 1,311,977</u>	<u>\$ 1,145,350</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Transportation Development Act Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Taxes	\$ -	\$ -	-
Uses of money and property	400	6,200	5,800
From other agencies	47,600	49,596	1,996
	48,000	55,796	7,796
Total Revenues			
Expenditures:			
Capital outlay	42,500	44,682	
	42,500	44,682	
Total Expenditures			
Excess revenues over (under) expenditures	5,500	11,114	7,796
Fund Balance - July 1	248,218	248,218	
Fund Balance - June 30	\$ 253,718	\$ 259,332	\$ 7,796

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Community Development Block Grant		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Uses of money and property		37,762	37,762
From other agencies	285,000	443,350	158,350
Charges for current services			
Total Revenues	285,000	481,112	196,112
Expenditures:			
General government	2,500	1,988	512
Community development	310,700	270,596	40,104
Capital outlay	598,300	315,139	283,161
Total Expenditures	911,500	587,723	323,777
Excess revenues over (under) expenditures	(626,500)	(106,611)	519,889
Other financing sources (uses):			
Operating transfers in	161,200	91,107	(70,093)
Operating transfers out	(15,100)	(30,200)	
Total other financing sources (uses)	146,100	60,907	(70,093)
Excess revenues and other sources over (under) expenditures and other uses	(480,400)	(45,704)	449,796
Fund Balance - July 1	71,724	71,724	
Fund Balance - June 30	\$ (408,676)	\$ 26,020	\$ 449,796

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Youth Scholarship Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ -	\$ 511	\$ 511
Other		7,368	7,368
Total Revenues		7,879	7,879
Expenditures:			
Library & recreation services		3,630	(3,630)
Total Expenditures		3,630	(3,630)
Excess revenues over (under) expenditures		4,249	4,249
Fund Balance - July 1	13,771	13,771	
Fund Balance - June 30	\$ 13,771	\$ 18,020	\$ 4,249

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Landscape and Lighting District Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Taxes	\$ 270,000	\$ 303,056	\$ 33,056
Uses of money and property	1,000	3,524	2,524
Total Revenues	<u>271,000</u>	<u>306,580</u>	<u>35,580</u>
Expenditures:			
Public works	189,200	388,664	(199,464)
Capital outlay	22,000		22,000
Total Expenditures	<u>211,200</u>	<u>388,664</u>	<u>(177,464)</u>
Excess revenues over (under) expenditures	59,800	(82,084)	(141,884)
Fund Balance - July 1	<u>124,013</u>	<u>124,013</u>	
Fund Balance - June 30	<u>\$ 183,813</u>	<u>\$ 41,929</u>	<u>\$ (141,884)</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Landfill Closure/Postclosure Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 24,000	\$ 23,907	\$ (93)
Total Revenues	24,000	23,907	(93)
Expenditures:			
Public works		138,284	(138,284)
Total Expenditures		138,284	(138,284)
Excess revenues over (under) expenditures	24,000	(114,377)	(138,377)
Other financing sources (uses):			
Operating transfers in		73,200	73,200
Proceeds from postclosure liability		138,284	138,284
Total other financing sources (uses)		211,484	211,484
Excess revenues and other sources over (under) expenditures and other uses	24,000	97,107	73,107
Fund Balance - July 1	366,848	366,848	
Prior period adjustment		490,404	490,404
Fund Balance - July 1, restated	366,848	857,252	490,404
Fund Balance - June 30	\$ 390,848	\$ 954,359	\$ 563,511

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Redevelopment Agency Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Taxes	\$ 243,600	\$ 299,993	\$ 56,393
Uses of money and property	22,000	23,487	1,487
Other		5,000	5,000
Total Revenues	<u>265,600</u>	<u>328,480</u>	<u>62,880</u>
Expenditures:			
Community development	1,302,300	342,124	960,176
Capital outlay	5,000	41	4,959
Total Expenditures	<u>1,307,300</u>	<u>342,165</u>	<u>965,135</u>
Excess revenues over (under) expenditures	<u>(1,041,700)</u>	<u>(13,685)</u>	<u>1,028,015</u>
Other financing sources (uses):			
Operating transfers in	45,500		(45,500)
Operating transfers out	(85,400)	(91,107)	(5,707)
Total other financing sources (uses)	<u>(39,900)</u>	<u>(91,107)</u>	<u>(51,207)</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(1,081,600)</u>	<u>(104,792)</u>	<u>976,808</u>
Fund Balance - July 1	<u>995,043</u>	<u>995,043</u>	
Fund Balance - June 30	<u>\$ (86,557)</u>	<u>\$ 890,251</u>	<u>\$ 976,808</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	General Emergency and Reserve		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 7,200	\$ 10,031	\$ 2,831
Total Revenues	7,200	10,031	2,831
Excess revenues over (under) expenditures	7,200	10,031	2,831
Other financing sources (uses):			
Operating transfers in		335,000	335,000
Operating transfers out	(500,000)		500,000
Total other financing sources (uses)	(500,000)	335,000	835,000
Excess revenues and other sources over (under) expenditures and other uses	(492,800)	345,031	837,831
Fund Balance - July 1			
Residual equity transfer		267,847	267,847
Fund Balance - June 30	\$ (492,800)	\$ 612,878	\$ 1,105,678

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Economic Incentive Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 11,500	\$ 19,393	\$ 7,893
Total Revenues	11,500	19,393	7,893
Expenditures:			
General government	17,550	22,904	(5,354)
Total Expenditures	17,550	22,904	(5,354)
Excess revenues over (under) expenditures	(6,050)	(3,511)	2,539
Other financing sources (uses):			
Operating transfers in	200,000	33,332	(166,668)
Total other financing sources (uses)	200,000	33,332	(166,668)
Excess revenues and other sources over (under) expenditures and other uses	193,950	29,821	(164,129)
Fund Balance - July 1			
Residual equity transfer		635,547	635,547
Fund Balance - June 30	\$ 193,950	\$ 665,368	\$ 471,418

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	City Facility Repair Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 2,300	\$ 9,428	\$ 7,128
Charges for current services	14,000	16,166	2,166
Total Revenues	<u>16,300</u>	<u>25,594</u>	<u>9,294</u>
Expenditures:			
Capital outlay	150,000	111,103	38,897
Total Expenditures	<u>150,000</u>	<u>111,103</u>	<u>38,897</u>
Excess revenues over (under) expenditures	<u>(133,700)</u>	<u>(85,509)</u>	<u>48,191</u>
Other financing sources (uses):			
Operating transfers in	100,000	99,996	(4)
Total other financing sources (uses)	<u>100,000</u>	<u>99,996</u>	<u>(4)</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(33,700)</u>	<u>14,487</u>	<u>48,187</u>
Fund Balance - July 1			
Residual equity transfer		321,974	321,974
Fund Balance - June 30	<u>\$ (33,700)</u>	<u>\$ 336,461</u>	<u>\$ 370,161</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Landfill Contingency Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ -	\$ 15,876	\$ 15,876
Total Revenues		15,876	15,876
Expenditures:			
Public works			
Total Expenditures			
Excess revenues over (under) expenditures		15,876	15,876
Other financing sources (uses):			
Operating transfers in	417,700	344,496	(73,204)
Total other financing sources (uses)	417,700	344,496	(73,204)
Excess revenues and other sources over (under) expenditures and other uses	417,700	360,372	(57,328)
Fund Balance - July 1			
Residual equity transfer		420,507	420,507
Fund Balance - June 30	\$ 417,700	\$ 780,879	\$ 363,179

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	1993 Public Facilities Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 40,000	\$ 7,777	\$ (32,223)
Total Revenues	40,000	7,777	(32,223)
Expenditures:			
Debt service:			
Interest	305,400	305,461	(61)
Principal	355,000	355,000	
Paying agent fees	6,100	1,978	4,122
Total Expenditures	666,500	662,439	4,061
Excess revenues over (under) expenditures	(626,500)	(654,662)	(28,162)
Other financing sources (uses):			
Operating transfers in	445,500	658,443	212,943
Total other financing sources (uses)	445,500	658,443	212,943
Excess revenues and other sources over (under) expenditures and other uses	(181,000)	3,781	184,781
Fund Balance - July 1	670,989	670,989	
Fund Balance - June 30	\$ 489,989	\$ 674,770	\$ 184,781

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Capital Projects Reserve Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ -	\$ 6,826	\$ 6,826
From other agencies		279,833	279,833
Current services		35,000	35,000
Total Revenues		321,659	321,659
Expenditures:			
Capital outlay		378,025	(378,025)
Total Expenditures		378,025	(378,025)
Excess revenues over (under) expenditures		(56,366)	(56,366)
Other financing sources (uses):			
Operating transfers in		112,530	112,530
Total other financing sources (uses)		112,530	112,530
Excess revenues and other sources over (under) expenditures and other uses		56,164	56,164
Fund Balance - July 1	294,361	294,361	
Fund Balance - June 30	\$ 294,361	\$ 350,525	\$ 56,164

CITY OF EL PASO DE ROBLES
 NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the fiscal year ended June 30, 2003

Traffic Mitigation Development Fund			
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ -	\$ -	-
Charges for current services		9,757	9,757
Total Revenues		9,757	9,757
Expenditures:			
Capital outlay			
Total Expenditures			
Excess revenues over (under) expenditures		9,757	9,757
Fund Balance - July 1			
Fund Balance - June 30	\$ -	9,757	\$ 9,757

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Signalization Development Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 5,000	\$ 17,876	\$ 12,876
Charges for current services	35,000	140,837	105,837
Total Revenues	<u>40,000</u>	<u>158,713</u>	<u>118,713</u>
Expenditures:			
General government		2,237	(2,237)
Capital outlay	226,100	2,705	223,395
Total Expenditures	<u>226,100</u>	<u>4,942</u>	<u>221,158</u>
Excess revenues over (under) expenditures	(186,100)	153,771	339,871
Fund Balance - July 1	<u>626,347</u>	<u>626,347</u>	
Fund Balance - June 30	<u>\$ 440,247</u>	<u>\$ 780,118</u>	<u>\$ 339,871</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Park Development Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 10,000	\$ 16,823	\$ 6,823
From other agencies			
Charges for current services	90,000	230,577	140,577
Miscellaneous			
Total Revenues	<u>100,000</u>	<u>247,400</u>	<u>147,400</u>
Expenditures:			
General government		2,237	(2,237)
Capital outlay	951,000	58,586	892,414
Total Expenditures	<u>951,000</u>	<u>60,823</u>	<u>890,177</u>
Excess revenues over (under) expenditures	(851,000)	186,577	1,037,577
Fund Balance - July 1	<u>535,856</u>	<u>535,856</u>	
Fund Balance - June 30	<u>\$ (315,144)</u>	<u>\$ 722,433</u>	<u>\$ 1,037,577</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Storm Drain Development		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 3,500	\$ 12,522	\$ 9,022
Charges for current services	30,000	101,676	71,676
Total Revenues	<u>33,500</u>	<u>114,198</u>	<u>80,698</u>
Expenditures:			
General government	45,000	41,217	3,783
Total Expenditures	<u>45,000</u>	<u>41,217</u>	<u>3,783</u>
Excess revenues over (under) expenditures	(11,500)	72,981	84,481
Fund Balance - July 1	<u>434,111</u>	<u>434,111</u>	
Fund Balance - June 30	<u>\$ 422,611</u>	<u>\$ 507,092</u>	<u>\$ 84,481</u>

CITY OF EL PASO DE ROBLES
 NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the fiscal year ended June 30, 2003

	Parkway and Median Development Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 2,000	\$ 2,593	\$ 593
Total Revenues	2,000	2,593	593
Expenditures:			
Public works	7,900		7,900
Total Expenditures	7,900		7,900
Excess revenues over (under) expenditures	(5,900)	2,593	8,493
Fund Balance - July 1	96,928	96,928	
Fund Balance - June 30	\$ 91,028	\$ 99,521	\$ 8,493

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Public Facilities Development Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 50,000	\$ 57,474	\$ 7,474
Charges for current services	591,200	878,364	287,164
Total Revenues	<u>641,200</u>	<u>935,838</u>	<u>294,638</u>
Expenditures:			
General government		2,237	(2,237)
Total Expenditures		<u>2,237</u>	<u>(2,237)</u>
Excess revenues over (under) expenditures	<u>641,200</u>	<u>933,601</u>	<u>296,875</u>
Other financing sources (uses):			
Operating transfers out	(445,500)	(615,600)	(170,100)
Total other financing sources (uses)	<u>(445,500)</u>	<u>(615,600)</u>	<u>(170,100)</u>
Excess revenues and other sources over (under) expenditures and other uses	195,700	318,001	122,301
Fund Balance - July 1	<u>1,990,511</u>	<u>1,990,511</u>	
Fund Balance - June 30	<u>\$ 2,186,211</u>	<u>\$ 2,308,512</u>	<u>\$ 122,301</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	Specific Plans Fund		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Taxes	\$ 72,600	\$ 88,154	\$ 15,554
Charges for current services	510,000	694,262	184,262
Other	29,500	35,140	5,640
Total Revenues	<u>612,100</u>	<u>817,556</u>	<u>205,456</u>
Expenditures:			
Community development		157,698	(157,698)
Capital outlay	200,000	19,573	180,427
Total Expenditures	<u>200,000</u>	<u>177,271</u>	<u>22,729</u>
Excess revenues over (under) expenditures	<u>412,100</u>	<u>640,285</u>	<u>228,185</u>
Other financing sources (uses):			
Operating transfers out	(78,000)	(78,000)	
Total other financing sources (uses)	<u>(78,000)</u>	<u>(78,000)</u>	
Excess revenues and other sources over (under) expenditures and other uses	<u>334,100</u>	<u>562,285</u>	<u>228,185</u>
Fund Balance - July 1	<u>2,796,487</u>	<u>2,796,487</u>	
Fund Balance - June 30	<u>\$ 3,130,587</u>	<u>\$ 3,358,772</u>	<u>\$ 228,185</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2003

	TOTALS		
	Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Taxes	\$ 586,200	\$ 691,203	105,003
Uses of money and property	244,500	364,678	120,178
Charges for current services	1,280,400	2,135,556	855,156
From other agencies	897,600	1,444,323	546,723
Other	279,500	403,834	124,334
Total Revenues	<u>3,288,200</u>	<u>5,039,594</u>	<u>1,751,394</u>
Expenditures:			
General Government	157,650	100,815	56,835
Public safety	269,100	192,939	76,161
Public works	411,600	707,458	(295,858)
Library & recreation services	52,000	28,313	23,687
Community development	1,703,000	834,435	868,565
Debt service	666,500	662,439	4,061
Capital outlay	3,617,300	1,300,918	2,316,382
Total Expenditures	<u>6,877,150</u>	<u>3,827,317</u>	<u>3,049,833</u>
Excess revenues over (under) expenditures	<u>(3,588,950)</u>	<u>1,212,277</u>	<u>4,801,227</u>
Other financing sources (uses):			
Operating transfers in	1,369,900	1,753,834	383,934
Operating transfers out	(1,426,700)	(1,506,538)	(79,838)
Proceeds from postclosure liability		138,284	138,284
Total other financing sources (uses)	<u>(56,800)</u>	<u>385,580</u>	<u>442,380</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(3,645,750)</u>	<u>1,597,857</u>	<u>5,243,607</u>
Fund Balance - July 1	11,981,014	11,981,014	
Prior period adjustment		490,404	490,404
Fund Balance - July 1, restated	<u>11,981,014</u>	<u>12,471,418</u>	<u>490,404</u>
Residual equity transfers		1,645,875	1,645,875
Fund Balance - June 30	<u>\$ 8,335,264</u>	<u>\$ 15,715,150</u>	<u>\$ 7,379,886</u>

MAJOR FUNDS

Measure D GO Bonds Capital Projects Fund

This fund accounts for project expenditures for a variety of infrastructure projects funded by voter approved Measure D General Obligation Bonds.

Bridge Development Capital Projects Fund

This fund accounts for service charges received through the assessment of specific fees on every building permit issued. The City acts as an agent for the developer who purchased all of the bridge certificates for the construction of the Niblick Bridge in a prior year. The City remits the proceeds that are collected on behalf of the developer to the developer and retains a service charge fee.

Measure D GO Bonds Debt Service Fund

This fund accounts for long-term debt service transactions relating to a variety of infrastructure projects funded by voter approved Measure D General Obligation Bonds.

Redevelopment Agency Debt Service Fund

This fund accounts for long-term debt service transactions relating to the acquisition and improvements of interim city hall and the repayment of short-term cash advances owed to the City of El Paso de Robles' general fund.

CITY OF EL PASO DE ROBLES
 MEASURE D GO BONDS - CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For The Fiscal Year Ending June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Uses of money and property	\$ 300,000	\$ 300,000	\$ 294,177	\$ (5,823)
From other agencies			132,366	132,366
Miscellaneous			1,000	1,000
Total Revenues	300,000	300,000	427,543	127,543
Expenditures:				
General government			182,348	(182,348)
Public works			12,176	(12,176)
Capital outlay	19,753,900	19,753,900	7,000,887	12,753,013
Total Expenditures	19,753,900	19,753,900	7,195,411	12,558,489
Excess revenues over (under) expenditures	(19,453,900)	(19,453,900)	(6,767,868)	12,686,032
Other financing sources (uses):				
Transfers in	120,000	120,000	120,000	
Transfers out			(112,531)	(112,531)
Total other financing sources (uses)	120,000	120,000	7,469	(112,531)
Excess revenues and other sources over (under) expenditures and other uses	(19,333,900)	(19,333,900)	(6,760,399)	12,573,501
Fund Balance - July 1	17,003,764	17,003,764	17,003,764	
Fund Balance - June 30	\$ (2,330,136)	\$ (2,330,136)	\$ 10,243,365	\$ 12,573,501

CITY OF EL PASO DE ROBLES
 BRIDGE DEVELOPMENT - CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For The Fiscal Year Ending June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Uses of money and property	\$ 90,000	\$ 90,000	\$ 55,304	\$ (34,696)
Charges for current services	525,500	525,500	1,250,196	724,696
Total Revenues	615,500	615,500	1,305,500	690,000
Expenditures:				
General government			2,237	(2,237)
Total Expenditures			2,237	(2,237)
Excess revenues over (under) expenditures	615,500	615,500	1,303,263	687,763
Fund Balance - July 1	1,727,810	1,727,810	1,727,810	
Fund Balance - June 30	\$ 2,343,310	\$ 2,343,310	\$ 3,031,073	\$ 687,763

CITY OF EL PASO DE ROBLES
 MEASURE D GO BONDS - DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For The Fiscal Year Ending June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ -	\$ -	\$3,166,916	\$ 3,166,916
Uses of money and property			24,684	24,684
Total Revenues			\$3,191,600	\$3,191,600
Expenditures:				
Professional services			3,250	(3,250)
Debt service:				
Interest			297,970	(297,970)
Paying agent fees			1,687	(1,687)
Total Expenditures			302,907	(302,907)
Excess revenues over (under) expenditures			\$2,888,693	\$2,888,693
Excess revenues and other sources over (under) expenditures and other uses			2,888,693	2,888,693
Fund Balance - July 1	(1,113)	(1,113)	(1,113)	
Fund Balance - June 30	\$ (1,113)	\$ (1,113)	\$ 2,887,580	\$ 2,888,693

CITY OF EL PASO DE ROBLES
REDEVELOPMENT AGENCY - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ending June 30, 2003

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 1,450,500	\$ 1,450,500	\$ 1,415,474	\$ (35,026)
Uses of money and property	40,000	40,000	13,527	(26,473)
Miscellaneous			48,826	48,826
Total Revenues	<u>1,490,500</u>	<u>1,490,500</u>	<u>1,477,827</u>	<u>(12,673)</u>
Expenditures:				
Community development			106,697	(106,697)
Debt service:				
Interest	365,300	365,300	365,287	13
Principal	105,000	105,000	105,000	
Paying agent fees	7,000	7,000	3,140	3,860
Fiscal agreement payments	838,600	838,600	628,975	209,625
Total Expenditures	<u>1,315,900</u>	<u>1,315,900</u>	<u>1,209,099</u>	<u>106,801</u>
Excess revenues over (under) expenditures	<u>174,600</u>	<u>174,600</u>	<u>268,728</u>	<u>94,128</u>
Other financing sources (uses):				
Operating transfers out	(94,800)	(94,800)		94,800
Total other financing sources (uses)	<u>(94,800)</u>	<u>(94,800)</u>		<u>94,800</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>79,800</u>	<u>79,800</u>	<u>268,728</u>	<u>188,928</u>
Fund Balance - July 1	<u>930,281</u>	<u>930,281</u>	<u>930,281</u>	
Fund Balance - June 30	<u>\$ 1,010,081</u>	<u>\$ 1,010,081</u>	<u>\$ 1,199,009</u>	<u>\$ 188,928</u>

FIDUCIARY FUNDS

Special Assessments Fund - to account for debt service transactions of special assessment bond issues for which the City is not obligated in any manner.

Senior Citizen Fund - to account for funds received and expended by the Senior Advisory Committee.

War Memorial Hospital Scholarship Fund - to account for funds that provide scholarships to graduated local high school students who undertake college courses in the medical field. Scholarships are awarded by the Paso Robles High School District.

Customer Deposits Fund - to account for deposits from customers which are either to be refunded when performance criteria is met or to be applied against future amounts due to the City from the customer.

North County Firefighters Fund - to account for funds held in trust for the volunteer fire association.

CITY OF EL PASO DE ROBLES
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
 For The Fiscal Year Ended June 30, 2003

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
<u>SPECIAL ASSESSMENTS</u>				
Assets:				
Cash and Investments	\$ 78,852	\$ -	\$ 63,032	\$ 15,820
Total Assets	<u>\$ 78,852</u>	<u>\$ -</u>	<u>\$ 63,032</u>	<u>\$ 15,820</u>
Liabilities:				
Due to others	\$ 63,032		\$ 63,032	-
Special assessment bond principal payable	10,000			10,000
Special assessment bond interest payable	5,820			5,820
Total Liabilities	<u>\$ 78,852</u>	<u>\$ -</u>	<u>\$ 63,032</u>	<u>\$ 15,820</u>
<u>SENIOR CITIZEN</u>				
Assets:				
Cash and Investments	\$ 370,956	\$ 19,051	\$ 30,524	\$ 359,483
Total Assets	<u>\$ 370,956</u>	<u>\$ 19,051</u>	<u>\$ 30,524</u>	<u>\$ 359,483</u>
Liabilities:				
Accounts payable	\$ -	\$ 1,848	\$ -	\$ 1,848
Accrued salary & benefits payable	1,788	14,741	14,184	2,345
Due to others	369,168	2,462	16,340	355,290
Total Liabilities	<u>\$ 370,956</u>	<u>\$ 19,051</u>	<u>\$ 30,524</u>	<u>\$ 359,483</u>
<u>HOSPITAL SCHOLARSHIP</u>				
Assets:				
Cash and Investments	\$ 106,608	\$ 5,217	\$ 7,500	\$ 104,325
Total Assets	<u>\$ 106,608</u>	<u>\$ 5,217</u>	<u>\$ 7,500</u>	<u>\$ 104,325</u>
Liabilities:				
Accounts payable	\$ -	\$ 2,500	\$ -	\$ 2,500
Due to others	106,608	2,717	7,500	101,825
Total Liabilities	<u>\$ 106,608</u>	<u>\$ 5,217</u>	<u>\$ 7,500</u>	<u>\$ 104,325</u>

CITY OF EL PASO DE ROBLES
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
 For The Fiscal Year Ended June 30, 2003

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
<u>CUSTOMER DEPOSITS</u>				
Assets:				
Cash and Investments	\$ 675,442	\$ 1,470,049	\$ 1,461,541	\$ 683,950
Total Assets	<u>\$ 675,442</u>	<u>\$ 1,470,049</u>	<u>\$ 1,461,541</u>	<u>\$ 683,950</u>
Liabilities:				
Accounts payable	\$ 8,291	\$ 545,273	\$ 550,564	\$ 3,000
Customer deposits	667,151	924,776	910,977	680,950
Total Liabilities	<u>\$ 675,442</u>	<u>\$ 1,470,049</u>	<u>\$ 1,461,541</u>	<u>\$ 683,950</u>
<u>NORTH COUNTY FIREFIGHTERS</u>				
Assets:				
Cash and Investments	\$ 21,045	\$ 1,328	\$ 84	\$ 22,289
Total Assets	<u>\$ 21,045</u>	<u>\$ 1,328</u>	<u>\$ 84</u>	<u>\$ 22,289</u>
Liabilities:				
Due to others	\$ 21,045	\$ 1,328	\$ 84	\$ 22,289
Total Liabilities	<u>\$ 21,045</u>	<u>\$ 1,328</u>	<u>\$ 84</u>	<u>\$ 22,289</u>

CITY OF EL PASO DE ROBLES
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
 For The Fiscal Year Ended June 30, 2003

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
<u>TOTAL - ALL AGENCY FUNDS</u>				
Assets:				
Cash and Investments	\$ 1,252,903	\$ 1,495,645	\$ 1,562,681	\$ 1,185,867
Total Assets	\$ 1,252,903	\$ 1,495,645	\$ 1,562,681	\$ 1,185,867
Liabilities:				
Accounts payable	\$ 8,291	\$ 549,621	\$ 550,564	\$ 7,348
Accrued salary & benefits payable	1,788	14,741	14,184	2,345
Customer deposits	667,151	924,776	910,977	680,950
Due to others	559,853	6,507	86,956	479,404
Special assessment bond principal payable	10,000			10,000
Special assessment bond interest payable	5,820			5,820
Total Liabilities	\$ 1,252,903	\$ 1,495,645	\$ 1,562,681	\$ 1,185,867

CITY OF EL PASO DE ROBLES



STATISTICAL SECTION

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

LAST TEN FISCAL YEARS

Fiscal Year	General Government	Public Safety	Public Works	Library & Recreation (3)	Community Development	Library Services (3)	Other (2)	Total
1994	\$1,677,707	\$3,592,269	\$4,595,541	\$2,044,193	\$1,196,814	\$3,452,810	\$2,434,413	\$18,993,747
1995	2,107,215	3,764,569	2,775,819	2,622,988	700,109	4,122,252	856,937	16,949,889
1996	2,076,379	4,140,069	2,145,090	2,061,847	1,007,275	386,249	1,270,945	13,087,854
1997	2,028,116	3,993,601	3,369,286	2,295,678	899,690	585,808	1,134,853	14,307,032
1998	2,098,144	4,142,382	2,116,404	2,127,206	1,197,163	386,431	1,086,622	13,154,352
1999	2,456,580	4,611,010	7,481,992	990,572	1,061,835	459,171	2,003,116	19,064,276
2000	2,381,721	4,869,932	4,028,528	1,092,173	935,762	529,208	10,381,593	24,218,917
2001	1,665,847	6,074,412	2,857,842	3,173,887	1,639,688		17,333,505	32,745,181
2002	559,439	6,382,773	3,054,746	2,765,458	2,677,551		19,254,551	34,694,518
2003	7,533,029	3,176,504	4,120,558	2,829,817	1,008,828		10,767,939	29,436,675

(1) Includes General, Special Revenue, Debt Service and Capital Project Funds

(2) "Other" represents expenditures made for debt service and capital outlay.

(3) Community Services and Library Services combined to single function in FY 01

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Licenses and permits	Fines and Penalties	Use of Money and Property	From Other Agencies	Charges for Current Services	Contributions and Other	Total
1994	\$5,981,231	\$325,335	\$56,968	\$1,279,593	\$2,070,652	\$1,996,920	\$397,158	\$12,107,857
1995	6,105,483	339,518	58,729	581,292	2,015,579	1,823,789	827,774	11,752,164
1996	6,640,273	377,719	80,557	652,348	3,021,430	1,834,813	1,232,059	13,839,199
1997	6,887,888	426,623	80,676	565,244	2,094,103	1,896,506	1,027,668	12,978,708
1998	7,785,114	673,615	81,915	776,668	2,391,389	2,396,645	766,738	14,872,084
1999	9,033,831	601,105	197,101	1,053,067	4,913,778	2,858,509	916,146	19,573,537
2000	10,175,009	978,691	167,043	2,174,141	8,383,160	3,956,877	1,023,888	26,858,809
2001	11,283,052	1,022,627	170,857	4,298,566	5,466,342	3,949,538	904,303	27,095,285
2002	13,079,429	1,297,115	170,919	2,010,007	4,084,239	4,426,300	1,587,631	26,655,640
2003	17,617,437	1,403,061	191,483	1,899,546	4,923,132	1,016,377	3,564,402	30,615,438

(1) Includes General, Special Revenue, Debt Service and Capital Project Funds

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Debt Service to Expenditure Ratio
1994	\$ -	\$ -	\$ -	\$ 18,993,747	
1995				16,949,889	
1996				14,307,032	
1997				13,087,854	
1998				13,154,352	
1999				19,064,276	
2000				24,218,917	
2001				32,745,181	
2002				34,694,518	
2003		297,970	297,970	30,595,895	0.01

(1) Includes General, Special Revenue, Debt Service and Capital Project Funds
Source: City of El Paso de Robles - Finance Office

**RATIO OF NET GENERAL BONDED DEBT TO GROSS ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	Total Assessed Value (1)	Net General Bonded Debt (2)	Ratio to Assessed Value	Certified City Population (3)	Net Bonded Debt Per Capita
1994	\$ 970,433,337	\$ -		20,400	\$ -
1995	979,362,067			20,900	
1996	1,009,950,592			21,450	
1997	1,040,727,599			21,650	
1998	1,071,071,140			22,050	
1999	1,146,269,846			22,500	
2000	1,238,975,405			22,900	
2001	1,382,189,314			25,190	
2002	1,578,855,382			25,812	
2003	1,784,403,983	297,970	0.00017	26,850	11

(1) Source: San Luis Obispo County Assessor

(2) Source: City of El Paso de Robles - Finance Office

(3) Source: State of California - Department of Finance - Population Research

COMPUTATION OF LEGAL DEBT MARGIN at JUNE 30, 2003

Assessed Valuation	\$ 1,784,403,983
Legal Debt Margin 3.75%	66,915,149
Debt Subject to Limit	
Legal Debt Margin	<u>\$ 66,915,149</u>

**SECURED PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Total Current Levy	Total Current Collections	% of Levy
1994	\$ 1,834,537	\$ 1,925,176	104.94
1995	1,850,518	1,626,471	87.89
1996	1,905,532	1,666,034	87.43
1997	1,955,647	1,730,154	88.47
1998	1,995,770	1,741,663	87.27
1999	2,108,423	2,120,322	100.56
2000	2,239,170	2,210,554	98.72
2001	2,450,115	2,510,717	102.47
2002	2,739,475	2,833,987	103.45
2003	3,077,254	3,257,109	105.84

Source: San Luis Obispo County Auditor/Controller

Note: Total Current Collections excludes RDA Property Tax increment, Landscape & Lighting Assessment levies and Possessory Interest taxes for the Airport

**ASSESSED AND ESTIMATED ACTUAL VALUES OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Secured Valuation	Unsecured Valuation	Non Unitary Valuation (Note 3)	Total Assessed Valuation	% Increase	(Memo Only) Homeowners Exemption Valuation (Note 2)
1993-94	\$ 916,598,070	\$ 53,835,267		\$ 970,433,337	2.75	\$ 23,780,400
1994-95	927,133,591	52,228,476		979,362,067	0.92	24,410,400
1995-96	953,057,264	56,893,328		1,009,950,592	3.12	25,194,400
1996-97	979,814,959	60,912,640		1,040,727,599	3.05	25,889,600
1997-98	1,003,245,050	67,826,090		1,071,071,140	2.92	26,327,900
1998-99	1,072,473,209	73,796,637		1,146,269,846	7.02	27,128,802
1999-00	1,156,283,946	82,691,459		1,238,975,405	8.09	28,132,698
2000-01	1,280,017,282	102,172,032		1,382,189,314	11.56	29,291,803
2001-02	1,469,498,589	109,356,793		1,578,855,382	14.23	30,755,791
2002-03	1,676,286,480	108,117,503		1,784,403,983	13.02	32,338,561

Notes:

1. Valuations are established by the County Assessor of the County of San Luis Obispo, except for property owned by private utility companies, which is valued by the State of California.
2. For comparison purposes, assessed valuations include homeowners' exemptions. Although these exemptions reduce property tax collections, the revenue loss is reimbursed by the State of California. As such, gross assessed valuation is the revenue base used in establishing property tax-related revenues.
3. Due to AB 454 legislation, unitary values are excluded in fiscal years 1989-1993.

Source: HdL Coren & Cone and San Luis Obispo County Assessor

COMPUTATION OF DIRECT AND OVERLAPPING DEBT AT JUNE 30, 2003

2002-03 Assessed Valuation: \$1,621,854,733 (after deducting \$162,549,250 redevelopment incremental valuation)

<u>Overlapping Tax and Assessment Debt:</u>	<u>% Applicable</u>	<u>Debt 6/30/03</u>
Templeton Unified School District Authority	3.875%	\$ 238,506
Paso Robles Union School District Authority	59.208%	497,347
City of Paso Robles	100.000%	37,999,201
Total Overlapping Tax and Assessment Debt		38,735,054
<u>Direct and Overlapping Lease Obligation Debt:</u>		
San Luis Obispo County Certificates of Participation	7.231%	3,427,494
Cuesta Community College District Certificates of Participation	7.212%	241,963
Paso Robles Joint Unified School District Authority Certificates of Participation	48.103%	1,241,057
Paso Robles Union School District Authority Certificates of Participation	59.208%	757,863
City of Paso Robles Certificates of Participation	100.000%	5,665,000
Total Direct and Overlapping Bonded Debt		11,333,377
Grand Total Debt		\$ 50,068,431 (1)

(1) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to Assessed Valuation:

Direct Debt (\$37,999,201)	2.13%
Overlapping Tax and Assessment Debt	2.17%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$43,664,201)	2.69%
Combined Total Debt	3.09%

State School Building Aid Repayable as of June 30, 2003 \$0

Source: California Municipal Statistics, Inc.

**RATIO OF NET GENERAL BONDED DEBT TO GROSS ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	County Wide Levy	City Bonds	School Bonds	Water Project	Total
1994	1.0000		0.3575	0.00910	1.3666
1995	1.0000		0.3575	0.00870	1.3662
1996	1.0000		0.3575	0.00870	1.3662
1997	1.0000		0.3575	0.00630	1.3638
1998	1.0000		0.3575	0.00490	1.3624
1999	1.0000		0.3575	0.00470	1.3622
2000	1.0000		0.3575	0.00470	1.3622
2001	1.0000		0.3575	0.00230	1.3598
2002	1.0000		0.3575	0.00230	1.3598
2003	1.0000	0.17750	0.0000	0.00230	1.1798

Source: San Luis Obispo County Auditor/Controller

**REVENUE BOND COVERAGE
WASTEWATER TREATMENT OPERATIONS FUND
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
1994	\$ 1,713,118	\$ 1,557,605	\$ 155,513		\$ 226,765	\$ 226,765	(0.69)
1995	1,698,709	1,637,378	61,331		303,200	303,200	(0.20)
1996	1,768,008	1,801,602	(33,594)		302,093	302,093	(0.11)
1997	1,829,004	1,973,659	(144,655)		244,467	244,467	(0.59)
1998	1,762,242	1,918,593	(156,351)		227,720	227,720	(0.69)
1999	1,824,924	1,877,108	(52,184)		212,418	212,418	(0.25)
2000	1,976,803	2,028,768	(51,965)		194,705	194,705	(0.27)
2001	1,869,486	2,130,064	(260,578)		183,648	183,648	(1.42)
2002	2,073,640	2,077,892	(4,252)		162,508	162,508	(0.03)
2003	2,510,233	2,469,112	41,121	780,000	246,336	246,336	0.17

Source: City of El Paso de Robles - Finance Office

**SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Total Current Levy
1994	\$ 468,766
1995	326,459
1996	267,674
1997	157,838
1998	113,833
1999	1,144
2000	-
2001	-
2002	-
2003	-

Source: City of El Paso de Robles - Finance Office

**CONSTRUCTION PERMITS AND PROPERTY VALUATIONS
LAST TEN CALENDAR YEARS**

Calendar Year	Commercial Permits	New Commercial Construction Valuation	Residential Permits	New Residential Construction Valuation	Other Permits	Other Construction Valuation	Total Construction Valuation
1993	11	\$ 6,647,910	64	\$ 7,258,249	421	\$ 2,232,048	\$ 16,138,207
1994	10	5,557,537	117	12,725,666	327	4,467,016	22,750,219
1995	14	3,594,876	159	17,342,125	351	2,995,657	23,932,658
1996	15	7,058,531	107	12,547,595	227	2,677,879	22,284,005
1997	21	13,131,052	117	14,606,269	282	3,773,305	31,510,626
1998	13	6,105,245	269	34,207,167	291	3,090,438	43,402,850
1999	20	8,728,106	231	32,635,516	346	2,384,705	43,748,327
2000	17	17,347,070	372	55,162,656	413	6,090,220	78,599,946
2001	22	7,604,684	421	63,360,187	431	5,861,699	76,826,570
2002	25	12,520,398	315	48,310,962	476	7,804,021	68,635,381

Source: City of El Paso de Robles - Department of Community Development

**BANK DEPOSITS
LAST TEN FISCAL YEARS
in (\$000)**

Fiscal Year	Commercial Bank Deposits	Savings and Thrift Bank Deposits	Total Bank Deposits	% Increase (Decrease)
1993	\$ 143,943	\$ 118,068	\$ 262,011	(27.30)
1994	214,440	99,659	314,099	19.88
1995	218,803	105,447	324,250	3.23
1996	217,624	107,250	324,874	0.19
1997	222,874	114,411	337,285	3.82
1998	253,315	114,487	367,802	9.05
1999	264,989	118,320	383,309	4.22
2000	311,564	129,529	441,093	15.08
2001	342,120	137,059	479,179	8.63
2002	372,497	166,051	538,548	12.39

Source: The Findley Reports on California Financial Institutions

* Fiscal year 1999 is the most current year available

SCHEDULE OF INSURANCE COVERAGE
AS OF JUNE 30, 2003

Company	Policy #	Term	Limits	Coverage
Various	WPL661442	7/1/02-7/1/03	\$ 500,000,000	Property
			\$ 100,000,000	Comprehensive Boiler and Machinery
Munich-American	CCC02AG	7/1/02-03	\$ 10,000,000	\$10,000,000 Per Occurences Wrongful Employment Act
			\$ 10,000,000	\$10,000,000 Gen Agg
			\$ 10,000,000	\$10,000,000 E & O and EPL Agg
			\$ 2,000,000	\$2,000,000 Pollution Agg
Continental Casualty Company	W-128585572A	7/1/02-03	\$ 25,000,000	For Workers Compensation \$25,000,000
			\$ 1,000,000	For Employers Liability: \$1,000,000-combined \$25,000,000
Gulf Underwriters	GU0501006	7/1/02-7/1/03	\$ 1,000,000	Site Specific Third Party Pollution Liability \$1,000,000
Ace Property and Casualty Insurance Company	AAPN00034642	6/30/02-03	\$ 15,000,000	\$15,000,000 Products/Completed Operations Agg limit
			\$ 15,000,000	\$15,000,000 Personal Injury/Agg Limit
			\$ 15,000,000	\$15,000,000 Each Occurance Limit
			\$ 15,000,000	\$15,000,000 Malpractice Agg Limit/Each Occurrence
			\$ 100,000	\$100,000 Fire Damange Any One Fire
			\$ 5,000	\$5,000 Medical Payments Any One Person
			\$ 15,000,000	\$15,000,000 Hangarkeeprs Limit/One Occurrence
			\$ 15,000,000	\$15,000,000 Hangarkeeprs Limit Any One Aircraft
			\$ 15,000,000	\$15,000,000 Non-Owned Aircraft Liability
			\$ 15,000,000	\$15,000,000 Excess Automobile Liability (Off Premises)
			\$ 1,000,000	\$1,000,000 Underlying Each Occurrence
\$ 15,000,000	\$15,000,000 Excess Employers Liability excess \$1,000,000			
\$ 10,000	\$10,000 Non-Owned Physical Damage Legal Liability Any One Aircraft			
Hartford	57BPEAI5709	7/1/02-7/1/03	\$ 500,000	Employee dishonesty - 500,000/5,000 Deductible
			\$ 5,000	5,000 Deductible

**DEMOGRAPHIC STATISTICAL INFORMATION
LAST TEN FISCAL YEARS**

Fiscal Year	Square Miles (1)	Certified City Population (2)	% Annual Increase	San Luis Obispo County Population	% Annual Increase	City Population as a % of Total County
1994	16.80	20,400	0.49	225,400	1.08	9.05
1995	16.80	20,900	2.45	227,200	0.80	9.20
1996	16.80	21,450	2.63	232,400	2.29	9.23
1997	16.80	21,650	0.93	234,148	0.75	9.25
1998	16.93	22,050	1.85	238,974	2.06	9.23
1999	16.93	22,500	2.04	241,598	1.10	9.13
2000	16.93	22,900	1.78	245,191	1.49	9.34
2001	16.93	25,190	10.00	252,067	2.80	9.99
2002	16.93	25,812	2.47	253,555	0.59	10.18
2003	16.93	26,850	4.02	256,300	1.08	10.48

(1) Source: City of El Paso de Robles - Department of Public Works

(2) Source: State of California - Department of Finance - Demographic Research Unit

* The initial 1991 population estimate from the Department of Finance did not include the Calif. Youth Authority, which was annexed to the City effective 12/27/90.

** In May, 1996, the Department of Finance revised its methodology for population estimates and did so retroactively back to 1991. The new population figures are rounded by DOF to the nearest "50".

**MISCELLANEOUS STATISTICAL INFORMATION
AS OF JUNE 30, 2003**

Date of Incorporation:	March 11, 1889	Area:	16.93 Square Miles
Form of Government:	City Council - Manager	Miles of Streets:	116.45
Employees (full time):	160	Municipal Water System:	
Fire Protection:		Number of customers:	9,370
Number of stations:	3	Ave. daily consumption:	5.9 million gals.
Number of firemen:		Miles of lines & mains:	165.0
Sworn	20	Number of reservoirs	4
Civilian	0	Number of wells:	14
Volunteers	14	Municipal Sewer System:	
Non-Emergency Volunteers	1	Miles of sanitary sewers:	115.3
Police Protection:		Average daily flow:	2.8 million gals.
Number of stations:	1	Treatment capacity:	4.9 million gals.
Number of personnel:		Miles of storm drains:	13.8
Sworn	37	Recreation and Culture:	
Civilian	11	Number of recreation facilities:	16 with 71.05 acres
Reserves	10	Number of libraries:	1
Cadets/Guards	7.0	Number of Volumes:	60,000

Source: City of El Paso de Robles - Public Works, Emergency Services, Police, Community Services and Administrative Services Departments

MAJOR EMPLOYERS

AT JUNE 30, 2003

Company Name	Employees	Principal Product/Service
Paso Robles Public School	918	Public School System
Twin Cities Hospital	472	Hospital
California Mid-State Fair	420	Fairgrounds
California Youth Authority	356	Correctional Facility
WalMart	280	Retail Department Store
Joslyn-Sunbank Corporation	225	Electrical Connectors/Flexible Conduit
J.I.T., Inc.	215	Electronics
Specialty Silicone Fabricators	187	Silicone Products for Healthcare Industry
Zurn Industries	180	Water Regulators
Applied Technologies	165	High Tech Dilling
City of Paso Robles	160	City Government
Target	160	Retail Department Store
Albertson's	150	Grocery Store
Paris Precision Products	145	Sheet Metal Fabrication
M.A.T.E.S.	125	Army National Guard
Ennis Business Forms	101	Printer Business Forms
Volt Services Group	100	Temp/Perm Placement for Labor
Life Fitness Strength Systems	100	Professional Exercise Equipment
Paso Robles Inn	100	Hotel/banquet
Pro Forms	75	Printer Business Forms

Source: Economic Forecast 2004 and Paso Robles Chamber of Commerce

PRINCIPAL PROPERTY TAXPAYERS - SECURED

FISCAL YEAR ENDED JUNE 30, 2003

Taxpayer	Business	2001-02		Percent
		2002-03 Assessed Value	Estimated Total Tax	
Dry Creek Apartments, California Lmt Ptp	Apartment	\$ 17,603,186	\$67,390	1.11
Wal Mart Stores, Inc.	Retail	9,606,205	63,369	0.61
Martin Resorts Inc.	Hospitality	10,253,503	61,470	0.65
Albertsons, Inc.	Retail	7,597,559	50,118	0.48
Brunswick Corporation		5,195,928	39,668	0.33
Woodland Plaza LLC	Retail	5,480,757	36,142	0.35
Charter Communications Properties		6,083,258	35,601	0.39
Woodland Plaza II	Retail	4,998,030	32,970	0.32
Tri W Enterprises Inc		9,958,292	32,861	0.63
GL Remainder LLC		4,845,000	31,902	0.31
Central Coast Cinemas	Retail	4,842,762	31,887	0.31
Pacific Waste Services		8,229,406	30,298	0.52
JC Penney Properties Inc.	Retail	4,579,289	30,208	0.29
North American Jet Charter Inc.		22,299,313	29,900	1.41
All Other Taxpayers		1,457,282,894		92.30
Total All Taxpayers		\$ 1,578,855,382		100.00

Source: County of San Luis Obispo - Assessor's Office and HdL Coren & Cone

MAJOR SALES TAX PRODUCERS
FISCAL YEAR ENDED JUNE 30, 2003

Business Name *	Business Category
ATV Agricultural Field Svc	Boats/Motorcycles
Albertson's	Grocery Stores Liquor
Bay Area Diablo Petroleum Co	Petroleum Prod/Equipment
Big Creek Lumber Company	Lumber/Building Materials
Black Oak AM PM Mini Market	Service Stations
Homer T. Hayward Lumber Company	Lumber/Building Materials
J. B. Dewar, Inc.	Petroleum Prod/Equipment
JC Penney Company Inc	Department Store
Jack In the Box	Fast Food
Jerry Reneau Chrysler Plymouth Dodge	New Motor Vehicle Dealers
Orchard Supply Hardware	Hardware Store
Paso Robles Ford Lincoln Mercury	New Motor Vehicle Dealers
Paso Robles GMC Truck, Inc.	New Motor Vehicle Dealers
Pete Johnston GM	New Motor Vehicle Dealers
R & R Sportcenter	Boats/Motorcycles
Ralphs	Grocery Stores Liquor
Ross Dress for Less	Family Apparel
San Luis Bay Suzuki Kia	New Motor Vehicle Dealers
San Luis Obispo County Farm Supply Company	Garden Supplies
Sky River RV	Trailers and Supplies
Staples The Super Store	Office Supplies/Furniture
Target Store T 1120	Discount Dept Stores
Vons	Grocery Stores Liquor
Wal Mart 2099	Discount Department Stores
Woodland Chevron	Service Stations

Percent of City Total Paid By Top 25 Accounts = 59.08%

* Firms Listed Alphabetically

Period: April 2002 thru March 2003