

Comprehensive Annual Financial Report

For The

Fiscal Year Ended June 30, 2004

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
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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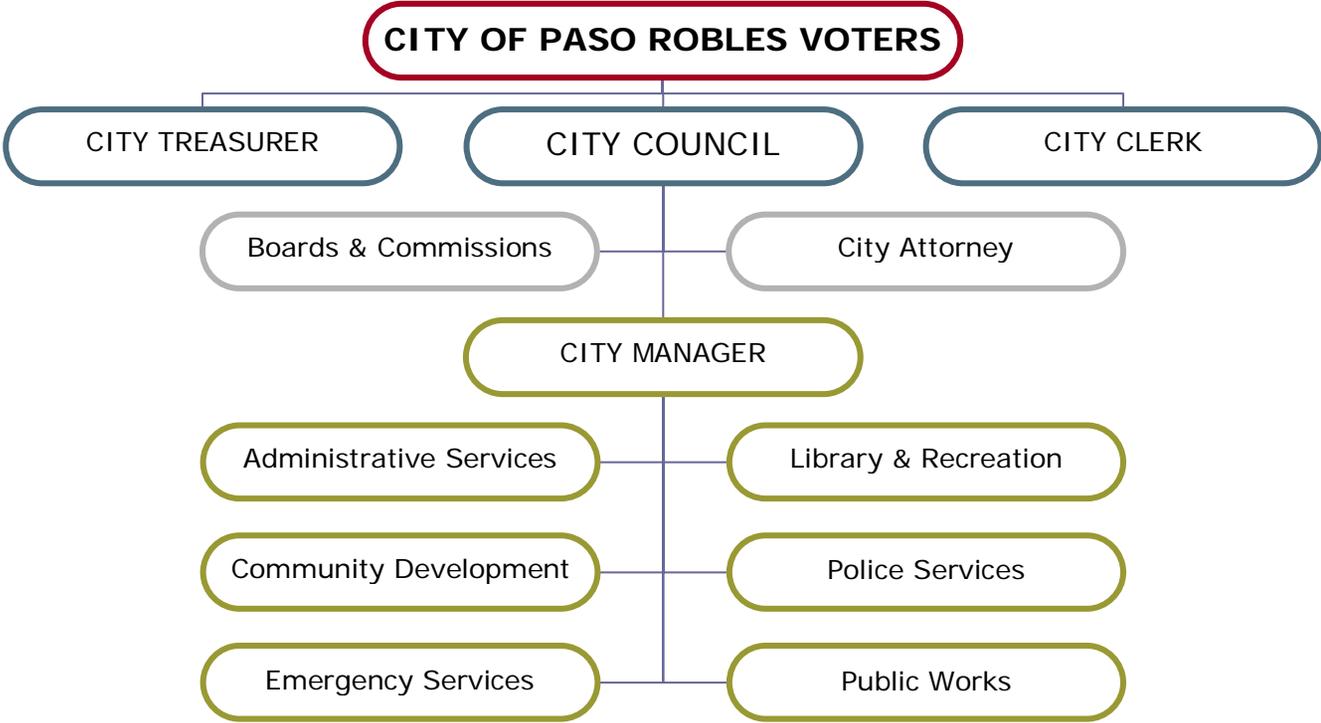
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CITY OF EL PASO DE ROBLES



INTRODUCTORY SECTION

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



CAFR AWARD GOES HERE



December 1, 2004

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 2003-04

INTRODUCTION

The City of El Paso de Robles' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004 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 represents the second 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 15.4% from fiscal year 2003. 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. The Adelaide Inn has begun construction on a 42 room expansion, the Wine Country RV Park has begun construction on an 84 space expansion including clubhouse and finally the owners of the Hampton Inn have begun grading for a new 60 room upscale hotel. 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 7.0% increase in sales tax revenue collections. 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. New sales tax producers that will be coming on line next year (currently under construction) include Kohl's Department Store plus 23,000 sq. ft. of additional commercial/retail space at Woodland Plaza II and a new Petco, Starbucks and 10,000 sq.ft. of commercial/retail space at the Target Center.

The top employers included Paso Robles Public Schools at 825, California Youth Authority at 300, Wal Mart at 290, JIT Manufacturing at 275, Sunbank Electronics at 225, and Zurn/Wilkins at 200. The City of Paso Robles employees 165 full time plus numerous part-time staff.

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 calendar year 2003, Paso Robles issued 417 residential building permits representing 461 new units with a record setting total valuation of \$82,123,370. The demand for housing remains high. The median home price of a home in the County in August 2004 was \$454,720 up 16.6% from a year ago. While housing in Paso Robles remains the most affordable, the median price is estimated to rise based upon partial year data by 17.5% in 2004, \$354,279 versus \$301,700 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 7.6% last year, \$3,513,400 versus \$3,267,000.

The dark cloud rising out of the State budget deficit of unprecedented proportions has been lifted with the passage of Proposition 1A. This proposition eliminates State raids on local government revenues. In exchange for the Governor's support of its passage, local government will contribute \$1.3 billion over two years towards balancing the State budget. With the repayment of motor vehicle license fees in the third year, the net impact upon Paso Robles is only \$305,000 representing a considerable improvement on the \$1 million take away that was projected in the adopted fiscal year 2005 budget.

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. Due to the San Simeon Quake and continued development of the City's General Plan, the City did dip into its General Fund reserves during fiscal year 2004 by \$87,326.

The City recently adopted AB 1600 development impact fees. The fees are adjusted annually by the Engineering News Record index. Given the recent adoption of the updated General Plan, the fees are currently under formal review in order to reflect changes in the General Plan. Also related to the new General Plan is the newly adopted City Council policy of “fiscal neutrality” as it may relate to new development. A fiscal impact model has been developed to measure the fiscal impact upon City services of new development. Should the model indicate a negative cost impact upon City services, the development will be required to annex to a community services district. The community services district will assess an annual levy equal to the negative cost impact upon City services.

Major initiatives currently underway include the citywide “cost of services” study that may give rise to increased and/or new fees to cover the cost of providing certain City services and programs. The sewer and water master plans are currently being updated. The City Council has authorized the City’s participation in the Nacimiento Water Project which will assure a safe, secure source of water for the City. User fee increases, phased in over time, have already been approved by the City Council to fund our participation in this landmark project whose ultimate cost is estimated at \$170 million. Fifty percent of the project costs will be born by new development through the City’s water impact fees.

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 identify resources to augment staffing.

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. However, beginning with fiscal year 2005, the Central Coast Cities Self Insurance Fund will be disbanded. Paso Robles will be joining the California Joint Powers Insurance Authority's workers' compensation program. 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 2003 CAFR. This was the fifth 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

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INDEPENDENT AUDITORS' REPORT

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, 2004, 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, 2004, 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.

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 opinions 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.

OFFICES: BEVERLY HILLS • SANTA MARIA • SACRAMENTO • TUSTIN

In accordance with *Government Auditing Standards*, we have also issued a report dated October 19, 2004, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in 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 19, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2004

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, 2004. 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 2004 fiscal year by \$185 million. Of this amount, \$52 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$19 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 \$39 million, compared to \$40.5 million in the prior fiscal year.
- Approximately 70% of the combined fund balances, \$26 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 37.5 % of total general fund expenditures.
- The City's total governmental funds debt decreased by \$2.4 million during the current fiscal year. The decrease is the result of normal amortization.
- The City's total business type funds debt decreased by \$620,000 due to normal amortization.

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, 2004

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, 2004

financial statements to those in the government-wide financial statements are explained in a reconciliation schedule following each governmental funds 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 12% from \$165 million at June 30, 2003 to \$185 million at June 30, 2004. 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, 2004

	CITY OF EL PASO DE ROBLES' NET ASSETS					
	Governmental activities		Business-type activities		Total	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
Current and other assets	\$ 41,159,208	\$ 43,847,002	\$ 30,531,906	\$ 31,349,901	\$ 71,691,114	\$ 75,196,903
Capital assets	125,755,000	112,906,334	51,339,788	45,141,101	177,094,788	158,047,435
Total assets	166,914,208	156,753,336	81,871,694	76,491,002	248,785,902	233,244,338
Long-term liabilities outstanding	48,286,826	48,459,235	9,594,620	10,286,014	57,881,446	58,745,249
Other liabilities	4,842,773	7,348,090	1,159,076	1,498,133	6,001,849	8,846,223
Total liabilities	53,129,599	55,807,325	10,753,696	11,784,147	63,883,295	67,591,472
Net assets:						
Invested in capital assets, net of related debt	75,824,763	61,416,850	43,913,708	34,366,101	119,738,471	95,782,951
Restricted	11,596,638	15,842,278	1,566,395		13,163,033	15,842,278
Unrestricted	26,363,208	23,686,883	25,637,895	30,340,754	52,001,103	54,027,637
Total Net Assets	\$ 113,784,609	\$ 100,946,011	\$ 71,117,998	\$ 64,706,855	\$ 184,902,607	\$ 165,652,866

The City's net assets increased \$19 million over the prior fiscal year. Current and other assets decreased \$3.5 million while capital assets increased \$19 million. Long-term liabilities decreased \$661,000 due to normal amortization while other liabilities decreased by \$2.8 million.

GOVERNMENTAL ACTIVITIES

The City's net assets from governmental activities increased \$12.8 million, accounting for 67% 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 \$27 million. As shown in the statement of activities, the amount that the taxpayers ultimately financed for these activities was only \$21 million because some of the cost was paid by those who directly benefited from the programs (\$4.8 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$1.4 million). Capital grants and contributions (\$10 million) provided for \$8 million fixed asset infrastructure provided by building development. The City paid for the remaining "public benefit" portion of governmental activities with \$20 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

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued
Fiscal Year Ended June 30, 2004

operations, and transit services. A comparison of each program's revenues and expenses for the current and prior fiscal year is presented below.

Total resources available during the year to finance governmental activities consisted of net assets at July 1, 2003 of \$101 million, program revenues of \$16.3 million and general revenues of \$24 million. Total governmental activities during the fiscal year were \$26.7 million.

BUSINESS TYPE ACTIVITIES

The City's net assets from business-type activities increased \$6.5 million which accounts for 33% of the total increase in the City of El Paso Robles' net assets.

The cost of all Proprietary (business-type) activities this year was \$7.9 million. As shown in the statement of activities, the amounts paid by users of the systems were \$5.9 million, and capital grants and contributions were \$5.9 million. Revenues from other agencies accounted for \$1.1 million and earnings from uses of money and property were \$619,000.

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued

Fiscal Year Ended June 30, 2004

CITY OF EL PASO DE ROBLES CHANGES IN NET ASSETS

	Governmental activities		Business-type activities		Total	
	2003-04	2002-03	2003-04	2002-03	2003-04	2002-03
Revenues:						
Program revenues:						
Charges for services	\$ 4,819,315	\$ 5,829,317	\$ 5,880,002	\$ 5,006,123	\$ 10,699,317	\$ 10,835,440
Operating grants and contributions	1,387,347	1,214,275			1,387,347	1,214,275
Capital grants and contributions	10,128,972	694,262	5,901,199	8,435,707	16,030,171	9,129,969
General revenues:						
Taxes:						
Property taxes	9,951,429	8,540,624		101,180	9,951,429	8,641,804
Sales tax	6,229,299	6,043,901			6,229,299	6,043,901
Other taxes	3,889,911	3,032,912	65,101		3,955,012	3,032,912
Licenses and permits	306,688	294,641			306,688	294,641
From other agencies	2,078,797	2,198,210	1,156,807	716,608	3,235,604	2,914,818
Investment earnings	729,466	1,839,073	618,684	670,903	1,348,150	2,509,976
Miscellaneous	846,476	1,033,901	533,181	432,062	1,379,657	1,465,963
Total revenues	40,367,700	30,721,116	14,154,974	15,362,583	54,522,674	46,083,699
Expenses:						
General government	1,043,354	1,233,006			1,043,354	1,233,006
Public safety	9,152,876	7,928,810			9,152,876	7,928,810
Public works	6,584,703	5,820,026			6,584,703	5,820,026
Library and recreation services	4,749,506	4,238,772			4,749,506	4,238,772
Community development	3,861,638	3,686,358			3,861,638	3,686,358
Interest on long term debt	1,300,508	1,217,463			1,300,508	1,217,463
Water operations			3,426,900	2,931,791	3,426,900	2,931,791
Sewer operations			2,861,808	2,918,340	2,861,808	2,918,340
Airport operations			719,358	604,430	719,358	604,430
Transit operations			866,215	747,929	866,215	747,929
Total expenses	26,692,585	24,124,435	7,874,281	7,202,490	34,566,866	31,326,925
Increase in net assets before transfers	13,675,115	6,596,681	6,280,693	8,160,093	19,955,808	14,756,774
Transfers	(186,642)		186,642		-	-
Asset impairment losses	(649,875)				(649,875)	
Increase (decrease) in net assets	12,838,598	6,596,681	6,467,335	8,160,093	19,305,933	14,756,774
Net assets July 1	100,946,011	93,858,926	64,706,855	56,546,762	165,652,866	150,405,688
Prior period adjustments		490,404	(56,192)		(56,192)	490,404
Net assets June 30	\$ 113,784,609	\$ 100,946,011	\$ 71,117,998	\$ 64,706,855	\$ 184,902,607	\$ 165,652,866

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued
Fiscal Year Ended June 30, 2004

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 \$87,000 over last year.

The Measure D GO bonds capital projects fund shows a decrease in fund balance of \$4 million from the prior fiscal year, which is the result of the construction on the 13th Street Bridge.

The Bridge Development capital projects fund shows an increase in fund balance of \$15,600 which is the result of development fees for new construction.

The 1993 Public Facilities fund shows a decrease in fund balance of \$204,000 which is the result of refunding the certificates of participation during the fiscal year.

The Measure D GO bonds debt service fund shows an increase of \$1.3 million in fund balance, directly attributable to funding of the bond measure by property tax assessments.

The Redevelopment Agency debt service fund shows a decrease of \$138,000 in fund balance from the prior fiscal year resulting from increased expenditures.

DEBT ADMINISTRATION

Debt considered a liability of governmental activities decreased in FY 2003-04 by \$2.4 million. Normal amortization reduced debt by \$2.4 million, the refinance of debt attributed to a decrease of \$275,000, compensated absences increased \$156,504, and closure/postclosure liability increased \$155,703. Per capita debt outstanding decreased from \$1,987 to \$1,872 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 decreased in FY 2003-04 by \$620,000 due to normal amortization. Per capita debt outstanding decreased from \$401 to \$373 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, 2004

A schedule of outstanding debt is presented below.

	Balance July 1, 2003	Incurred or Issued	Satisfied or Matured	Balance June 30, 2004
Governmental Activities:				
Leases payable	\$ 6,535,283	\$ 5,460,000	\$ 6,001,373	\$ 5,993,910
Compensated absences	1,228,655	156,504		1,385,159
Closure/postclosure liability	628,688	155,703		784,391
General obligation bonds payable	37,999,201		2,009,520	35,989,681
Redevelopment bonds payable	6,955,000		150,000	6,805,000
Total governmental activities	<u>\$ 53,346,827</u>	<u>\$ 5,772,207</u>	<u>\$ 8,160,893</u>	<u>\$ 50,958,141</u>
Business-type Activities:				
Compensated absences	\$ 136,013	\$ 11,174	\$ -	\$ 147,187
Revenue bonds payable	10,770,000		620,000	10,150,000
Total business-type activities	<u>\$ 10,906,013</u>	<u>\$ 11,174</u>	<u>\$ 620,000</u>	<u>\$ 10,297,187</u>

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, 2004

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, 2004, net capital assets of the governmental activities totaled \$125 million and the net capital assets of the business-type activities totaled \$51 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	<u>\$ 157,019,044</u>	<u>\$ 32,405,690</u>	<u>\$ 124,613,354</u>
Capital Assets - Business-type Activities:			
Land, Buildings, Equipment, CIP, and Infrastructure	<u>\$ 85,145,179</u>	<u>\$ 33,805,391</u>	<u>\$ 51,339,788</u>

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued
Fiscal Year Ended June 30, 2004

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the FY 04 original budget (or adopted) general fund budget amount of \$17.4 million to the final budget amount of \$18.5 million shows a net increase of \$1.1 million. Included in this figure is \$850,000 in prior year carry forward, and \$400,000 in a variety of operating budget augmentations. City Council approved all budget supplemental changes to the original budget.

Original Budget	+	Supplemental Changes	=	Final Budget
\$ 17,369,200	+	\$ 1,144,544	=	\$ 18,513,744

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key assumptions in the general fund revenue forecast for fiscal year 2004-05 were:

- An increase in property tax revenues of 6.5% 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 \$1 million in motor vehicle license fees to reflect State budget cuts.
- The City will not sell 801 4th Street.

The City continues to benefit from a sound financial base and local economy. Positive results of the last five fiscal years (1999 through 2003) have increased the general fund's fund balance by nearly \$4.7 million. The FY 05 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. No new full time staff
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, 2004

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, 2004

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 36,235,372	\$ 28,570,734	\$ 64,806,106
Accounts receivable	3,041,494	1,796,054	4,837,548
Interest receivable	209,833	7,235	217,068
Inventory		84,662	84,662
Loan contracts receivable	817,376		817,376
Prepaid expenses	652,483		652,483
Internal balances	202,650	(202,650)	
Land	4,412,045	8,389,465	12,801,510
Buildings and improvements	29,705,132	65,858,729	95,563,861
Equipment	5,755,103	3,823,039	9,578,142
Construction in Progress	13,707,557	7,073,946	20,781,503
Infrastructure	103,439,207		103,439,207
Accumulated depreciation	(32,405,690)	(33,805,391)	(66,211,081)
Bond issuance deferred charges	1,141,646	275,871	1,417,517
	<u>166,914,208</u>	<u>81,871,694</u>	<u>248,785,902</u>
LIABILITIES			
Accounts payable	809,261	328,747	1,138,008
Accrued payroll expenses	422,628	41,846	464,474
Interest payable	554,658	32,691	587,349
Customer deposits	17,070	53,225	70,295
Deferred revenue	57,737		57,737
Prepaid revenues	105,804		105,804
Long term debt			
Due within one year	2,875,615	702,567	3,578,182
Due in more than one year	48,286,826	9,594,620	57,881,446
	<u>53,129,599</u>	<u>10,753,696</u>	<u>63,883,295</u>
NET ASSETS			
Invested in capital assets, net of related debt	75,824,763	43,913,708	119,738,471
Restricted	11,596,638	1,566,395	13,163,033
Unrestricted	26,363,208	25,637,895	52,001,103
	<u>\$ 113,784,609</u>	<u>\$ 71,117,998</u>	<u>\$ 184,902,607</u>

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, 2004

	Program Revenues				Primary Government		Total
	Expenditures	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Net Governmental Activities	Net Business-type Activities	
Governmental Activities:							
General government	\$ 1,043,354	\$ 44,514	\$ -	\$ -	\$ (998,840)	\$ -	\$ (998,840)
Public safety	9,152,876	512,187	316,831	24,016	(8,299,842)		(8,299,842)
Public works	6,584,703	300,125	39,518	10,104,956	3,859,896		3,859,896
Library and recreation services	4,749,506	737,158	218,061		(3,794,287)		(3,794,287)
Community development	3,861,638	3,225,331	812,937		176,630		176,630
Interest on long-term debt	1,300,508				(1,300,508)		(1,300,508)
Total Governmental Activities	26,692,585	4,819,315	1,387,347	10,128,972	(10,356,951)		(10,356,951)
Business-Type Activities:							
Water operations	3,426,900	2,722,343		3,197,963		2,493,406	2,493,406
Sewer operations	2,861,808	3,027,386		2,703,236		2,868,814	2,868,814
Airport operations	719,358	22,306				(697,052)	(697,052)
Transit operations	866,215	107,967				(758,248)	(758,248)
Total Business-Type Activities	7,874,281	5,880,002		5,901,199		3,906,920	3,906,920
Total primary government	\$ 34,566,866	\$ 10,699,317	\$ 1,387,347	\$ 16,030,171	(10,356,951)	3,906,920	(6,450,031)
General Revenues and transfers							
Taxes:							
Property taxes					9,951,429		9,951,429
Sales taxes					6,229,299		6,229,299
Other taxes					3,889,911	65,101	3,955,012
From other agencies					2,078,797	1,156,807	3,235,604
Licenses and permits					306,688		306,688
Other					846,476	533,181	1,379,657
Uses of money and property					729,466	618,684	1,348,150
Transfers in/(out)					(186,642)	186,642	
Asset impairment losses					(649,875)		(649,875)
Total general revenues					23,195,549	2,560,415	25,755,964
Change in net assets					12,838,598	6,467,335	19,305,933
Net assets beginning of fiscal year					100,946,011	64,706,855	165,652,866
Prior period adjustment						(56,192)	(56,192)
Net assets beginning of fiscal year, restated					100,946,011	64,650,663	165,596,674
Net assets end of fiscal year					\$ 113,784,609	\$ 71,117,998	\$ 184,902,607

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 2004. 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.

1993 Public Facilities Fund

This fund accounts for long-term debt service 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 amounts issued to construct a new municipal library and city hall.

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, 2004

	General Fund	Measure D GO Bonds Capital Projects Fund	Bridge Development Capital Projects Fund	1993 Public Facilities Debt Service Fund	Measure D GO Bonds Debt Service Fund	Redevelopment Agency Debt Service Fund	Other Governmental Funds	Totals
ASSETS								
Cash and cash equivalents	\$ 4,765,675	\$ 6,392,953	\$ 3,046,644	\$ -	\$ 3,910,516	\$ 169,910	\$ 16,625,512	\$ 34,911,210
Cash and Investments with fiscal agent				471,659		852,503		1,324,162
Accounts receivable	2,294,475				270,713	48,975	427,332	3,041,495
Interest receivable	183,825	26,008						209,833
Loan contracts receivable	202,650						817,375	1,020,025
Prepaid items	652,483							652,483
Due from other funds	529,965						449,400	979,365
Total Assets	\$ 8,629,073	\$ 6,418,961	\$ 3,046,644	\$ 471,659	\$ 4,181,229	\$ 1,071,388	\$ 18,319,619	\$ 42,138,573
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 415,296	\$ 202,121	\$ -	\$ 559	\$ 12,300	\$ 10,519	\$ 168,465	\$ 809,260
Accrued payroll expenses	417,916						4,712	422,628
Compensated absences	50,000							50,000
Deposits due to others	204,300							204,300
Customer deposits	17,070							17,070
Deferred revenues	57,737						633,543	691,280
Due to other funds							979,365	979,365
Prepaid revenues	105,804							105,804
Total Liabilities	1,268,123	202,121		559	12,300	10,519	1,786,085	3,279,707
Fund Balances:								
Reserved							837,836	837,836
Unreserved/Designated		6,216,840			4,168,929	1,060,869		11,446,638
Unreserved/Undesignated	7,360,950		3,046,644	471,100			15,695,698	26,574,392
Total Fund Balances	7,360,950	6,216,840	3,046,644	471,100	4,168,929	1,060,869	16,533,534	38,858,866
Total Liabilities and Fund Balances	\$ 8,629,073	\$ 6,418,961	\$ 3,046,644	\$ 471,659	\$ 4,181,229	\$ 1,071,388	\$ 18,319,619	\$ 42,138,573

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, 2004

Fund balances of governmental funds	\$ 38,858,866
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	124,613,354
Deferred revenue	633,543
Accrued closure and postclosure costs added to long term debt	(784,391)
Bond issuance deferred charges	1,141,646
Bond interest payable	(554,658)
Lease contracts payable	(533,910)
Bonds and certificates of participation payable	(48,254,682)
Compensated absences	<u>(1,335,159)</u>
Net assets of governmental activities	<u>\$ 113,784,609</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, 2004

	General Fund	Measure D GO Bonds Capital Projects Fund	Bridge Development Capital Projects Fund	1993 Public Facilities Debt Service Fund	Measure D GO Bonds Debt Service Fund	Redevelopment Agency Debt Service Fund	Other Governmental Funds	Total
Revenues:								
Taxes	\$ 13,632,654	\$ -	\$ -		\$ 4,050,433	\$ 1,540,660	\$ 846,892	\$ 20,070,639
Licenses and permits	1,080,724							1,080,724
Fines and forfeitures	281,908							281,908
Uses of money and property	448,593	106,944	27,236	3,879	8,998	13,038	292,189	900,877
From other agencies	2,555,188						1,812,585	4,367,773
Charges for current services	1,332,561		(11,665)				2,814,467	4,135,363
Other	33,506	14,193			2,222	47,780	748,775	846,476
Total Revenues	19,365,134	121,137	15,571	3,879	4,061,653	1,601,478	6,514,908	31,683,760
Expenditures:								
General government	704,506				5,769	60,645	179,424	950,344
Public safety	8,718,878						175,040	8,893,918
Public works	3,130,985						977,467	4,108,452
Library and recreation services	4,150,782						36,361	4,187,143
Community development	2,068,144						1,102,168	3,170,312
Interest	26,236			148,648	762,775	359,720		1,297,379
Principal	266,373			5,735,000	2,009,519	150,000		8,160,892
Paying agent fees				4,328	2,241	3,140		9,709
Bond issuance costs				299,434				299,434
Capital outlay	534,254	3,961,020					2,523,936	7,019,210
Fiscal agreements payments						681,614		681,614
Total Expenditures	19,600,158	3,961,020		6,187,410	2,780,304	1,255,119	4,994,396	38,778,407
Excess revenues over (under) expenditures	(235,024)	(3,839,883)	15,571	(6,183,531)	1,281,349	346,359	1,520,512	(7,094,647)
Other financing sources (uses):								
Operating transfers in	659,864			519,861		18,617	1,147,279	2,345,621
Operating transfers out	(512,166)	(186,642)				(503,116)	(1,330,340)	(2,532,264)
Bond proceeds				5,460,000				5,460,000
Proceeds from postclosure liability							155,703	155,703
Total Other Financing Sources (Uses)	147,698	(186,642)		5,979,861		(484,499)	(27,358)	5,429,060
Net Change in Fund Balances	(87,326)	(4,026,525)	15,571	(203,670)	1,281,349	(138,140)	1,493,154	(1,665,587)
Fund Balances - July 1	7,448,276	10,243,365	3,031,073	674,770	2,887,580	1,199,009	15,040,380	40,524,453
Fund Balances - June 30	\$ 7,360,950	\$ 6,216,840	\$ 3,046,644	\$ 471,100	\$ 4,168,929	\$ 1,060,869	\$ 16,533,534	\$ 38,858,866

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, 2004

Net change in fund balances - total governmental funds \$ (1,665,587)

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	16,022,071
Governmental funds do not report depreciation as an expense. However, in the Statement of Activities, depreciation is recorded as an expense	(3,665,176)
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	8,160,893
Proceeds from debt refinancing	(5,460,000)
CDBG reduction in loans receivables	96,496
Interest payable one year decrease	1,066
Impairment loss	(649,875)
Postclosure change in long term liability	(155,703)
Bond issuance costs	299,434
Current year bond issuance amortization	(38,517)
To record as an expense the net changes in compensated absences in the Statement of Activities	<u>(106,504)</u>
Change in net assets of governmental activities	<u><u>\$ 12,838,598</u></u>

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, 2004**

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 12,815,900	\$ 12,815,900	\$ 13,632,654	\$ 816,754
Licenses and permits	1,060,000	1,060,000	1,080,724	20,724
Fines and forfeitures	135,000	135,000	281,908	146,908
Uses of money and property	372,300	372,300	448,593	76,293
From other agencies	867,700	1,106,600	2,555,188	1,448,588
Charges for current services	1,228,800	1,228,800	1,332,561	103,761
Other	430,000	430,000	33,506	(396,494)
Total Revenues	16,909,700	17,148,600	19,365,134	2,216,534
Expenditures:				
Current:				
General government	550,100	301,800	704,506	(402,706)
Public safety	8,345,500	8,813,400	8,718,878	94,522
Public works	2,061,700	2,393,800	3,130,985	(737,185)
Library & recreation services	3,942,500	4,135,500	4,150,782	(15,282)
Community development	1,685,800	2,317,900	2,068,144	249,756
Debt service	233,600	233,600	292,609	(59,009)
Capital outlay	550,000	317,744	534,254	(216,510)
Total Expenditures	17,369,200	18,513,744	19,600,158	(1,086,414)
Excess revenues over (under) expenditures	(459,500)	(1,365,144)	(235,024)	1,130,120
Other financing sources (uses):				
Operating transfers in	237,200	330,644	659,864	329,220
Operating transfers out	(362,800)	(392,800)	(512,166)	(119,366)
Total other financing sources (uses)	(125,600)	(62,156)	147,698	209,854
Excess revenues and other sources over (under) expenditures and other uses	(585,100)	(1,427,300)	(87,326)	1,339,974
Fund Balance - July 1	7,448,276	7,448,276	7,448,276	
Fund Balance - June 30	\$ 6,863,176	\$ 6,020,976	\$ 7,360,950	\$ 1,339,974

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 2004.

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 FUNDS NET ASSETS
 JUNE 30, 2004**

	Business-type Activities - Enterprise Funds				Totals
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 15,108,839	\$ 10,662,536	\$ 761,865	\$ 471,099	\$ 27,004,339
Cash and investments with fiscal agent		1,566,395			1,566,395
Accounts receivable	504,215	1,017,326	82,934	198,816	1,803,291
Inventory	84,662				84,662
Total Current Assets	<u>15,697,716</u>	<u>13,246,257</u>	<u>844,799</u>	<u>669,915</u>	<u>30,458,687</u>
Capital Assets:					
Plant, property and equipment	28,477,856	37,397,954	18,748,063	521,304	85,145,177
Less accumulated depreciation	13,335,329	14,797,985	5,428,237	243,840	33,805,391
Net Book Value	<u>15,142,527</u>	<u>22,599,969</u>	<u>13,319,826</u>	<u>277,464</u>	<u>51,339,786</u>
Long-term Assets:					
Unamortized bond discount and issue costs		275,871			275,871
Total Long-term Assets		<u>275,871</u>			<u>275,871</u>
Total Assets	<u>\$ 30,840,243</u>	<u>\$ 36,122,097</u>	<u>\$ 14,164,625</u>	<u>\$ 947,379</u>	<u>\$ 82,074,344</u>

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

**CITY OF EL PASO DE ROBLES
 PROPRIETARY FUNDS
 STATEMENT OF FUNDS NET ASSETS
 JUNE 30, 2004**

	Business-type Activities - Enterprise Funds				Totals
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 140,934	\$ 42,731	\$ 67,807	\$ 77,275	\$ 328,747
Accrued payroll expenses	18,850	18,485	4,258	253	41,846
Accrued interest expense		32,691			32,691
Compensated absences	45,834	96,408	4,945		147,187
Customer deposits	53,225				53,225
Bond principal payable - current portion		640,000			640,000
Interfund loans - current portion			62,567		62,567
Total Current Liabilities	258,843	830,315	139,577	77,528	1,306,263
Long-term Liabilities:					
Bond principal payable, net - less current portion		9,510,000			9,510,000
Interfund loans payable - less current portion			140,083		140,083
Total Long-term Liabilities		9,510,000	140,083		9,650,083
NET ASSETS					
Invested in capital assets, net of related debt	15,142,527	14,016,364	13,884,965	869,851	43,913,707
Restricted for capital projects		1,566,395			1,566,395
Unrestricted	15,438,873	10,199,023			25,637,896
Total Net Assets	\$ 30,581,400	\$ 25,781,782	\$ 13,884,965	\$ 869,851	\$ 71,117,998

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 FUNDS NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
Operating Revenues:					
Charges for current services	\$ 2,722,343	\$ 3,027,386	\$ 22,306	\$ 107,967	\$ 5,880,002
Rents and leases			316,049		316,049
Other	(4,944)	537,625	500		533,181
Total operating revenues	2,717,399	3,565,011	338,855	107,967	6,729,232
Operating expenses:					
Maintenance, operations, and administration	2,207,347	1,511,408	367,842	691,029	4,777,626
Depreciation and amortization	633,954	940,823	333,931	65,962	1,974,670
Total operating expenses	2,841,301	2,452,231	701,773	756,991	6,752,296
Operating income (loss)	(123,902)	1,112,780	(362,918)	(649,024)	(23,064)
Non-operating revenues (expenses):					
Taxes			65,101		65,101
Revenues from other agencies			55,592	1,101,215	1,156,807
Interest revenue	125,856	169,390	5,190	2,149	302,585
Sale of surplus property	50				50
Contributions to other agencies				(109,224)	(109,224)
Interest expense		(403,655)	(17,584)		(421,239)
Paying agent charges		(5,922)			(5,922)
Total non-operating revenues (expenses)	125,906	(240,187)	108,299	994,140	988,158
Income before other financing sources (uses) and capital contributions	2,004	872,593	(254,619)	345,116	965,094
Other financing sources (uses):					
Transfers in			186,642		186,642
Capital contributions	3,197,963	2,703,236			5,901,199
Asset impairment losses	(585,600)				(585,600)
Change in net assets	2,614,367	3,575,829	(67,977)	345,116	6,467,335
Total net assets - July 1	28,002,415	22,224,167	13,955,538	524,735	64,706,855
Prior period adjustment	(35,382)	(18,214)	(2,596)		(56,192)
Total net assets - June 30	\$ 30,581,400	\$ 25,781,782	\$ 13,884,965	\$ 869,851	\$ 71,117,998

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

**CITY OF EL PASO DE ROBLES
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
Cash Flows from Operating Activities:					
Receipts from customers and users	\$ 2,638,737	\$ 3,010,849	\$ 308,284	\$ 66,406	\$ 6,024,276
Payments to suppliers	(1,651,860)	(1,398,321)	(194,823)	(639,158)	(3,884,162)
Payments to employees	(600,382)	(573,074)	(115,434)	(9,758)	(1,298,648)
Net cash provided (used) by operating activities	386,495	1,039,454	(1,973)	(582,510)	841,466
Cash Flows from Capital and Related Financing Activities:					
Bond proceeds					-
Proceeds from federal and state grants			55,592	1,101,215	1,156,807
Acquisitions of fixed assets	(702,680)	(5,070,065)	(22,038)	(118,808)	(5,913,591)
Loan/lease principal paid		(620,000)	(58,060)		(678,060)
Interest paid on long term debt		(404,688)	(17,584)		(422,272)
Paying agent charges		(5,922)			(5,922)
Operating transfers in			186,642		186,642
Contributed capital received	1,397,081	1,612,172			3,009,253
Sale of surplus equipment	50	-			50
Net cash provided (used) by capital and related financing activities	694,451	(4,488,503)	144,552	982,407	(2,667,093)
Cash Flows from Non-capital and Related Financing Activities:					
Taxes			65,101		65,101
Contributions to others				(109,224)	(109,224)
Net cash provided (used) by non-capital financing sources		-	65,101	(109,224)	(44,123)
Cash Flows from Investing Activities:					
Interest on investments	125,856	169,390	5,428	2,149	302,823
Net cash provided by investing financing activities	125,856	169,390	5,428	2,149	302,823
Net increase (decrease) in cash and cash equivalents	1,206,802	(3,279,659)	213,108	292,822	(1,566,927)
Cash and cash equivalents at beginning of year	13,902,037	15,508,590	548,757	178,277	30,137,661
Cash and cash equivalents at end of year	\$ 15,108,839	\$ 12,228,931	\$ 761,865	\$ 471,099	\$ 28,570,734
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:					
Operating income (loss)	\$ (123,902)	\$ 1,112,780	\$ (362,918)	\$ (649,024)	\$ (23,064)
Adjustments to reconcile net operating income					
Add depreciation and amortization	633,954	940,823	333,931	65,962	1,974,670
Change in operating assets and liabilities:					
(Increase) decrease in accounts receivable	(81,687)	(554,161)	(30,571)	(41,560)	(707,979)
(Increase) decrease in inventory	7,254				7,254
Increase (decrease) in accounts payable	(65,503)	(471,232)	57,038	41,974	(437,723)
Increase in accrued payroll expenses	5,437	6,007	2,527	138	14,109
Increase (decrease) in compensated absences	7,917	5,237	(1,980)		11,174
Increase (decrease) in customer deposits	3,025				3,025
Net cash provided (used) by operating activities	\$ 386,495	\$ 1,039,454	\$ (1,973)	\$ (582,510)	\$ 841,466

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, 2004

	Agency Funds
Assets	
Cash and investments	\$ 1,139,120
Accounts receivable	31,554
Total Assets	1,170,674
Liabilities	
Accounts payable	384
Accrued salaries and benefits payable	1,432
Customer deposits	683,846
Due to others	469,192
Special assessment bond principal payable	10,000
Special assessment bond interest payable	5,820
Total Liabilities	\$ 1,170,674
Net Assets	
Unrestricted	
Total Net Assets	\$ -

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, 2004

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CITY OF EL PASO DE ROBLES

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CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2004

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). The financial activities of the foregoing entities have been aggregated and merged (termed "blending") with those of the City in the accompanying financial statements, as each meets the criteria for inclusion as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39.

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, 2004

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.

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.

Funds Financial Statements: Governmental Funds 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 funds 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 funds *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.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

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 GO Bonds 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 Capital Projects 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.

1993 Public Facilities Debt Service Fund is used to account for the long-term debt service 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.

Measure D GO Bond Debt Service 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 Service 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.

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.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

The City also reports the following fund types:

Fiduciary Funds - Fiduciary Funds 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.

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.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

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 already 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.

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.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

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

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.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

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 American Institute of Certified Public Accountants, 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.

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.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

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 2003/04 was 1.67%. For the month ended June 30, 2004, the City recognized a weighted average daily rate of return of 2.11%. 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, 2004.

The carrying amount of the City's cash and deposits was \$4,074,197 at June 30, 2004. Cash on hand was \$3,800 and bank balances, before reconciling items, were \$5,732,544 at June 30, 2004.

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

Governmental activities	\$36,235,372
Business activities	28,570,734
Fiduciary funds	<u>1,139,120</u>
Total Cash and Investments	<u>\$65,945,226</u>

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)
June 30, 2004

Cash and investments were scheduled to mature as follows:

On demand	\$42,079,462
Within one year	1,419,790
One year to two years	
2,563,370	
Two years to five years	7,350,190
Five years to seven years	<u>12,532,414</u>
Total Cash and Investments	<u>\$65,945,226</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	\$61,915,549
With fiscal agent	2,890,557
Fiduciary funds	<u>1,139,120</u>
Total Cash and Investments	<u>\$65,945,226</u>

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	\$ (680,603)
Certificates of deposit	4,751,000			4,751,000	4,751,000
Petty cash	3,800			3,800	3,800
<i>Total Cash and Deposits:</i>	<u>\$ 4,854,800</u>	<u>\$ 881,544</u>	<u>\$ -</u>	<u>\$ 5,736,344</u>	<u>\$ 4,074,197</u>

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

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	
Investments:				
Categorized Investments:				
U.S. Agency Issues	\$ 16,512,207	\$ -	\$ -	\$ 16,512,207
Non-Categorized Investments:				
Cash and investments with fiscal agent	N/A	N/A	N/A	2,890,557
Local Agency Investment Fund	N/A	N/A	N/A	42,468,265
Total Investments	\$ 16,512,207	\$ -	\$ -	\$ 61,871,029

At June 30, 2004, 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

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

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, 2004, accounts were maintained in the name of the City for \$35,980,000 and the Redevelopment Agency for \$6,557,000 that totaled \$42,537,000. Due to GASB 31, the City recorded a total fair value of \$42,468,265 that included \$68,735 in recognized ("unrealized") losses on investments in LAIF. The unrealized loss was based on a fair market value adjustment factor of .998384177 calculated by the State of California Treasurer's Office.

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, 2004 of \$1,665,958 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. 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, 2004. 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

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

Statistics, Consumer Price Index for All Urban Consumers, Lose 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
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, 2004, consisted of the following:

	Balance July 1, 2003	Increases	Decreases	Balance June 30, 2004
Governmental Activities:				
Land	\$ 3,027,912	\$ 1,384,133	\$ -	\$ 4,412,045
Buildings and improvements	33,811,446	1,468,789	5,575,103	29,705,132
Equipment	5,686,101	466,914	397,912	5,755,103
Infrastructure and CIP Infrastructure	91,621,725	11,817,482		103,439,207
Construction in progress	7,812,771	6,741,448	846,662	13,707,557
Less accumulated depreciation	(29,053,621)	(3,665,176)	(313,107)	(32,405,690)
Governmental activity capital assets, net	\$ 112,906,334	\$ 18,213,590	\$ 6,506,570	\$ 124,613,354

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

	Balance July 1, 2003	Increases	Decreases	Balance June 30, 2004
Businesstype Activities:				
Water				
Buildings	\$ 744,891	\$ -	\$ 12,403	\$ 732,488
Improvements other than buildings	22,822,590	2,247,180	652,324	24,417,446
Equipment	1,986,545	64,128	241,178	1,809,495
Construction in progress	1,326,173	543,706	351,452	1,518,427
Less accumulated depreciation	(12,986,298)	(349,031)		(13,335,329)
Water activities capital assets, net	\$ 13,893,901	\$ 2,505,983	\$ 1,257,357	\$ 15,142,527
Sewer				
Land	\$ 561,608	\$ -	\$ 2,558	\$ 559,050
Buildings	697,785		9,447	688,338
Improvements other than buildings	24,848,304	4,423,045	31,992	29,239,357
Equipment	1,505,841		128,113	1,377,728
Construction in progress	3,795,398	4,356,085	2,618,002	5,533,481
Less accumulated depreciation	(14,020,910)	(777,075)		(14,797,985)
Sewer activities capital assets, net	\$ 17,388,026	\$ 8,002,055	\$ 2,790,112	\$ 22,599,969
Airport				
Land	\$ 7,830,415	\$ -	\$ -	\$ 7,830,415
Buildings	26,306	1,930,642		1,956,948
Improvements other than buildings	8,826,588		2,437	8,824,151
Equipment	132,252		17,741	114,511
Construction in progress	1,930,882	22,038	1,930,882	22,038
Less accumulated depreciation	(5,111,889)	(316,348)		(5,428,237)
Airport activities capital assets, net	\$ 13,634,554	\$ 1,636,332	\$ 1,951,060	\$ 13,319,826
Transit				
Equipment	\$ 562,926	\$ 118,808	\$ 160,430	\$ 521,304
Less accumulated depreciation	(338,306)		94,466	(243,840)
Transit activities capital assets, net	\$ 224,620	\$ 118,808	\$ 254,896	\$ 277,464
Net capital assets, total government	\$ 158,047,435	\$ 30,476,768	\$ 12,759,995	\$ 175,953,140

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)
June 30, 2004

For the fiscal year ended June 30, 2004, depreciation expense on capital assets was charged to the governmental functions as follows:

General Government	\$	39,620
Public Safety		291,329
Public Works		2,742,551
Library and Recreation Services		578,262
Community Development		<u>13,414</u>
Total Depreciation Expense	\$	<u>3,665,176</u>

Construction Commitments

As of June 30, 2004, the City had a number of construction projects in progress. The major governmental activity projects included 13th Street Bridge expansion \$15,480,200; Centennial Park rehabilitation \$636,900; and Union Road rehabilitation \$950,000. The governmental activity projects had a total work in progress amount of \$13,707,557. The business-type activity projects included various water, sewer, and airport infrastructure improvements totaling \$7,073,946.

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, 2004:

	<u>Due From</u>	<u>Due To</u>
Major Fund:		
General Fund	\$529,965	
Non-major Funds:		
Park Development Fund	449,400	

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

	<u>Due From</u>	<u>Due To</u>
Non-major Funds:		
Specific Plans Fund		\$946,222
Community Development Block Grant Fund		33,143

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. The principal balance at June 30, 2004 was \$202,650.

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:

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)
June 30, 2004

D. Transfers In/Transfers Out

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 659,864	\$ 512,166
Measure D GO Bonds Capital Projects Fund		186,642
1993 Public Facilities Debt Service Fund	519,861	
RDA Debt Service Fund	18,617	503,116
Non-major Funds:		
General Emergency and Reserves Fund		565,000
Citizens Option Public Safety Fund		93,444
City Facility Repair Fund	199,996	
Gas Tax Fund		231,420
Community Development Block Grant Fund	122,480	
Solid Waste Operations Fund	73,200	
Traffic Mitigation Development Fund	340,737	18,617
Redevelopment Agency Fund	162,379	122,480
Capital Projects Reserve Fund	230,000	
Public Facilities Development Fund		280,891
Enterprise Fund:		
Airport Operations Fund	186,642	
Totals	<u>\$ 2,513,776</u>	<u>\$ 2,513,776</u>

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

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 became a member of the California Joint Powers Insurance Authority as of July 1, 2003. This is a risk sharing pool program that provides coverage for the first \$15 million through the pool. Excess insurance is purchased through the Lexington Insurance Company and Insurance Company of PA for an additional \$35 million excess of \$15 million. Automobile physical damage coverage is not provided as the City is fully self-insured for physical damage.

Additionally, the City purchases a number of insurance policies for various special needs. A listing of these coverages may be found in the Statistical Section, page 119, "Schedule of Insurance".

A. Workers' Compensation Insurance

The estimated liability for pending and incurred but not reported claims at June 30, 2004 has been included in the Deposits Due to Others amount as of June 30, 2004. 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)
2004	(33,100)	1,754,500	254,400	1,141,600	325,400

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, 2004

B. Liability Insurance

The estimated liability for pending and incurred but not reported claims at June 30, 2004, has been incorporated in the financial statements as Deposits Due to Others 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
2004	135,400	62,600	70,000	249,100	(121,100)

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, 2004

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, 2024. 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, 2004

B. Changes in Long-Term Debt

As of June 30, 2004, the City had the following long-term obligations outstanding including the current portion:

	Governmental Activities				
	Balance July 1, 2003	Incurred or Issued	Satisfied or Matured	Balance June 30, 2004	Current Portion
Governmental Activities:					
Capital Leases Payable	\$ 800,283		\$ (266,373)	\$ 533,910	\$ 198,483
Certificates of Participation	5,735,000	5,460,000	(5,735,000)	5,460,000	450,000
General Obligation Bonds	37,999,201		(2,009,520)	35,989,681	2,017,132
Redevelopment Tax Allocation Bonds	6,955,000		(150,000)	6,805,000	160,000
Compensated Absences	1,228,655	156,504		1,385,159	50,000
Closure/Postclosure Liability	628,688	155,703		784,391	
Total Governmental Activities	\$ 53,346,827	\$ 5,772,207	\$ (8,160,893)	\$ 50,958,141	\$ 2,875,615

The 1993 Capital Facilities Certificates of Participation were refunded in fiscal year 2004. Total outstanding debt service, principal and interest, at June 30, 2004 was \$7,433,695. Had the refunding not been undertaken the outstanding debt service, principal and interest, would have been \$7,978,657 at June 30, 2004. The refunding resulted in a net savings of \$544,962.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)
June 30, 2004

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, 2004 are as follows:

Governmental Activities		
Year End June 30	Principal	Interest
2005	\$ 2,825,615	\$ 1,364,333
2006	2,715,213	1,505,064
2007	2,736,334	1,575,285
2008	2,673,005	1,650,852
2009	2,203,417	1,713,629
2010-2014	10,600,681	9,464,427
2015-2019	9,506,890	10,524,927
2020-2024	9,155,296	10,736,232
2025-2028	6,372,140	8,347,172
	<u>\$ 48,788,591</u>	<u>\$ 46,881,921</u>

D. Bond Requirements

At June 30, 2004, 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, 2004.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)
June 30, 2004

NOTE 7 - BUSINESS-TYPE 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, 2004, the City had the following long-term obligations outstanding including the current portion:

	Business Activities				
	Balance July 1, 2003	Incurred or Issued	Satisfied or Matured	Balance June 30, 2004	Current Portion
Business-type Activities:					
Compensated Absences	\$ 136,013	\$ 11,174		\$ 147,187	\$ -
Revenue Bonds	10,770,000		(620,000)	10,150,000	640,000
Total Business-type Activities	\$ 10,906,013	\$ 11,174	\$ (620,000)	\$ 10,297,187	\$ 640,000

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

C. Annual Repayment Requirements of Long-Term Debt

The annual requirements to amortize all debts outstanding (excluding compensated absences) as of June 30, 2004 are as follows:

Year End June 30	Business Activities	
	Principal	Interest
2005	\$ 640,000	\$ 392,289
2006	655,000	279,489
2007	675,000	366,389
2008	695,000	351,201
2009	190,000	333,826
2010-2014	1,050,000	1,274,441
2015-2019	1,260,000	1,362,042
2020-2024	1,565,000	1,066,327
2025-2029	1,990,000	750,263
2030-2034	1,430,000	145,250
	<u>\$ 10,150,000</u>	<u>\$ 6,321,516</u>

D. Bond Requirements

At June 30, 2004, 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, 2004.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

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 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, 2004 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%	6.958%	7.933%
Total current covered payroll	\$ 5,170,265	\$ 2,324,036	\$ 1,175,293
Required employee contributions made	\$ 361,070	\$ 209,163	\$ 105,777
Required employer contributions rate made	\$ -	\$ 161,706	\$ 93,236

Total current payroll for covered employees for the year ended June 30, 2004 was \$8,669,594 and the total payroll for all employees was \$9,541,625.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

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.

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, 2016
Fire Safety	June 30, 2024
Miscellaneous	June 30, 2024

A three-year smoothing technique is used for Asset Valuation. For 2003-04 the annual rate components were as follows:

	<u>Miscellaneous</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Normal Cost	\$ 333,275	\$ 320,809	\$ 161,991	\$ 816,075
Unfunded Liability (Surplus)	(333,275)	-159,103	-68,755	(561,133)
Total City Portion Paid	\$ -	\$ 161,706	\$ 93,236	\$ 254,942
Normal Cost Rate	6.446%	13.804%	13.783%	34.033%
Unfunded Liability (Surplus) Rate	-6.446%	-6.846%	-5.850%	-19.142%
Total	0.000%	6.958%	7.933%	14.891%

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

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	6/30/2001	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%
	6/30/2003*	18,718,357	20,686,401	1,968,044	90.5%	4,754,706	41.4%
Police Safety Plan	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%
	6/30/2003*	10,748,021	11,070,893	322,872	97.1%	2,315,286	13.9%
Fire Safety Plan	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%
	6/30/2003*	1,685,113	1,919,594	234,481	87.8%	1,104,400	21.2%

*Latest year available

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)
June 30, 2004

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, 2003, the most recent available:

	<u>Miscellaneous</u>	<u>Police</u>	<u>Fire</u>
Beginning Balance 6/30/02	\$ 16,770,423	\$ 9,464,400	\$ 1,434,747
Contributions Received	372,673	279,217	97,745
Benefits and Refunds Paid	(404,913)	(315,460)	(50,998)
Investment Return	580,607	342,141	50,377
Transfers In/Out and Miscellaneous Adjustments	(302,102)	630	50
Expected Actuarial Value of Assets 6/30/03	<u>\$ 17,016,688</u>	<u>\$ 9,770,928</u>	<u>\$ 1,531,921</u>
Fair Value of Assets 6/30/03	<u>\$ 17,016,688</u>	<u>\$ 9,770,928</u>	<u>\$ 1,531,921</u>
Actuarial Value of Assets 6/30/03	<u>\$ 18,718,357</u>	<u>\$ 10,748,021</u>	<u>\$ 1,685,113</u>

Audited annual financial statements and ten-year trend information for the fiscal year ended June 30, 2003, 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 \$450 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, 2004, these costs totaled \$45,094. For fiscal year 2003 the total amount was \$29,800 and fiscal year 2002 the amount was \$21,400. 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, 2004, 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, 2004

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 \$2,500 in additional contributions for executive managers. For the fiscal year ended June 30, 2004, the total City contribution on behalf of eligible employees was \$133,599.

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 (only items 1 or 2 above), 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 \$1,335,159 for governmental activities and \$147,187 for business-type activities at June 30, 2004, 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

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

proprietary funds. The total amount outstanding at June 30, 2004 was \$1,385,159 for governmental activities and \$147,187 for business-type activities.

NOTE 9 - NET ASSETS AND FUND BALANCES

A. Net Assets

GASB Statement No. 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 \$11.6 million consists of \$6.2 million for Measure D GO Bonds capital projects, \$4.2 million for Measure D GO Bonds debt service, and \$1.1 million for Redevelopment Agency debt service,...

B. Fund Balances

In the Funds 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 (see pages 27, 74, and 75). As of June 30, 2004, 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.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

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.

The City has designated fund balances in the Funds Financial Statements for specific purposes.

The Landscape and Lighting District Fund had a deficit fund balance of (\$32,148) at June 30, 2004.

NOTE 10 - FUNDS WITH EXPENDITURES EXCEEDING APPROPRIATIONS

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

Major Funds:

General Fund	\$1,086,414
1993 Public Facilities Debt Service Fund	5,522,810

Non-major Funds:

Building Education Special Revenue Fund	4,572
Youth Scholarship Special Revenue Fund - Library & Recreation Svcs	693
Landscape & Lighting Special Revenue Fund - Public Works	82,579
Landfill Closure/Postclosure Special Revenue Fund - Public Works	155,703
Economic Incentive Special Revenue Fund - Community Development	600

NOTE 11 - 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.

NOTE 12 - ASSET IMPAIRMENT LOSSES

The December 22, 2003 San Simeon 6.5 magnitude earthquake had a lasting effect on the City of Paso Robles. Many City facilities suffered moderate to major structural damage. The facilities that suffered major damage were the historic Carnegie Library, the Golden Hill water tanks, and the City Hall Library parking lot. The city accounted for these asset impairment losses as follows:

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements (continued)

June 30, 2004

- Historic Carnegie Library \$265,875
- Golden Hill water tanks \$585,600
- City Hall Library parking lot \$265,875

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

The prior period adjustments are related to the change in accounting policy for fixed assets. This accounting change removed proprietary fund fixed assets from inventory that do not meet the established \$5,000 fixed asset threshold. This amount of adjustment is \$56,192.

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.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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.

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, 2004

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	\$ 771,852	\$ 87,871	\$ 36,485	\$	\$ 157,363	\$ 1,073,471	\$ 471,278	49,466	\$ 18,003	\$ 54,413	\$ 1,028,429	\$ 345,586	\$ 2,276,110
Accounts receivable	50					53,253	12,848	346,537		14,644			
Loan contracts receivable								433,035				384,340	
Due from other funds													
Total Assets	\$ 771,902	\$ 87,871	\$ 36,485	\$	\$ 157,363	\$ 1,126,724	\$ 484,126	\$ 829,038	\$ 18,003	\$ 69,057	\$ 1,028,429	\$ 729,926	\$ 2,276,110
LIABILITIES AND FUND BALANCES													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,498	\$ 197	\$ 30,878	\$ -	\$ 100,528	\$ -	\$ -	\$ -
Accrued payroll expenses								4,035		677			
Deferred revenues								433,035					
Due to other funds								33,143					
Total Liabilities						1,498	197	501,091		101,205			
Fund balances:													
Reserved						150,000						687,836	
Unreserved	771,902	87,871	36,485	157,363	975,226	483,929	327,947	18,003	(32,148)	1,028,429	42,090	2,276,110	
Total Fund Balances	771,902	87,871	36,485	157,363	1,125,226	483,929	327,947	18,003	(32,148)	1,028,429	729,926	2,276,110	
Total Liabilities and Fund Balances	\$ 771,902	\$ 87,871	\$ 36,485	\$ 157,363	\$ 1,126,724	\$ 484,126	\$ 829,038	\$ 18,003	\$ 69,057	\$ 1,028,429	\$ 729,926	\$ 2,276,110	

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

CITY OF EL PASO DE ROBLES
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2004

CAPITAL PROJECTS FUNDS

	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
ASSETS									
Cash and investments	\$ 558,405	\$ 1,131,266	\$ 520,807	\$ 413,507	\$ 497,918	\$ 96,717	\$ 3,222,840	\$ 3,813,725	\$ 16,625,512
Accounts receivable									427,332
Loan contracts receivable									817,375
Due from other funds				449,400					449,400
Total Assets	\$ 558,405	\$ 1,131,266	\$ 520,807	\$ 862,907	\$ 497,918	\$ 96,717	\$ 3,222,840	\$ 3,813,725	\$ 18,319,619
LIABILITIES AND FUND BALANCES									
Accounts payable	\$ -	\$ -	\$ 83	\$ -	\$ 4,965	\$ 30,106	\$ -	\$ 210	\$ 168,465
Accrued payroll expenses									4,712
Deferred revenues								200,508	633,543
Due to other funds								946,222	979,365
Total Liabilities			83		4,965	30,106		1,146,940	1,786,085
Fund balances:									
Reserved									837,836
Unreserved	558,405	1,131,266	520,724	862,907	492,953	66,611	3,222,840	2,666,785	15,695,698
Total Fund Balances	558,405	1,131,266	520,724	862,907	492,953	66,611	3,222,840	2,666,785	16,533,534
Total Liabilities and Fund Balances	\$ 558,405	\$ 1,131,266	\$ 520,807	\$ 862,907	\$ 497,918	\$ 96,717	\$ 3,222,840	\$ 3,813,725	\$ 18,319,619

CITY OF EL PASO DE ROBLES
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 496,690	\$ -	\$ 350,202	\$ -
Uses of money and property	37,604	707	5,328		11,039	2,371	127,377	157	512	870	6,911	28,407
From other agencies				100,000	528,056	251,395	812,937					
Charges for current services	15,758	10,648										16,681
Other	420,604						100	518			405	300,000
Total Revenues	473,966	11,355	5,328	100,000	539,095	253,766	940,414	675	497,202	870	357,518	345,088
Expenditures:												
General government	83,824											95,600
Public safety	175,040											
Public works	133,823		8,358		55,839	333			571,279	155,703		3,671
Library & recreation services	35,669							692				
Community development	8,474	4,572					248,339				557,742	
Debt service												
Capital outlay					438,586	28,836	512,628					289
Total Expenditures	436,830	4,572	8,358		494,425	29,169	760,967	692	571,279	155,703	557,742	99,560
Excess revenues over (under) expenditures	37,136	6,783	(3,030)	100,000	44,670	224,597	179,447	(17)	(74,077)	(154,833)	(200,224)	245,528
Other financing sources (uses):												
Operating transfers in					18,487		122,480			73,200	162,379	199,996
Operating transfers out				(93,444)	(249,908)						(122,480)	(565,000)
Proceeds from postclosure liability										155,703		
Total other financing sources (uses)				(93,444)	(231,421)		122,480			228,903	39,899	(365,004)
Excess revenues and other sources over (under) expenditures and other uses	37,136	6,783	(3,030)	6,556	(186,751)	224,597	301,927	(17)	(74,077)	74,070	(160,325)	(119,476)
Fund Balances - July 1	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
Fund Balances - June 30	\$ 771,902	\$ 87,871	\$ 36,485	\$ 157,363	\$ 1,125,226	\$ 483,929	\$ 327,947	\$ 18,003	\$ (32,148)	\$ 1,028,429	\$ 729,926	\$ 2,276,110

*Other Funds includes General Emergency and Reserve Fund, Economic Incentive 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 FISCAL YEAR ENDED JUNE 30, 2004

	CAPITAL PROJECTS FUNDS								Total Non-major Governmental Funds
	Capital Projects Reserve	Traffic Mitigation Development	Signalization Development	Park Development	Storm Drain Development	Parkway and Median Development	Public Facilities Development	Specific Plans	
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	846,892
Uses of money and property	4,492	(3,887)	6,322	4,063	4,163	917	23,113	31,723	292,189
From other agencies	39,518			80,679					1,812,585
Charges for current services		803,276	19,974	123,303	6,428	2,000	1,172,106	644,293	2,814,467
Other								27,148	748,775
Total Revenues	44,010	799,389	26,296	208,045	10,591	2,917	1,195,219	703,164	6,514,908
Expenditures:									
General government									179,424
Public safety									175,040
Public works					12,634	35,827			977,467
Library & recreation services									36,361
Community development								283,041	1,102,168
Debt service									-
Capital outlay	66,130		285,690	67,571	12,096			1,112,110	2,523,936
Total Expenditures	66,130		285,690	67,571	24,730	35,827		1,395,151	4,994,396
Excess revenues over (under) expenditures	(22,120)	799,389	(259,394)	140,474	(14,139)	(32,910)	1,195,219	(691,987)	1,520,512
Other financing sources (uses):									
Operating transfers in	230,000	340,737							1,147,279
Operating transfers out		(18,617)					(280,891)		(1,330,340)
Proceeds from postclosure liability									155,703
Total other financing sources (uses)	230,000	322,120					(280,891)		(27,358)
Excess revenues and other sources over (under) expenditures and other uses	207,880	1,121,509	(259,394)	140,474	(14,139)	(32,910)	914,328	(691,987)	1,493,154
Fund Balances - July 1	350,525	9,757	780,118	722,433	507,092	99,521	2,308,512	3,358,772	15,040,380
Fund Balances - June 30	\$ 558,405	\$ 1,131,266	\$ 520,724	\$ 862,907	\$ 492,953	\$ 66,611	\$ 3,222,840	\$ 2,666,785	\$ 16,533,534

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, 2004

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 496,690	\$ -	\$ 350,203	\$ -
Uses of money and property	37,604	707	5,328		11,039	2,371	127,377	157	512	870	6,911	28,407
From other agencies				100,000	528,056	251,395	812,937					
Charges for current services	15,758	10,648										16,681
Other	420,604						100	518			404	300,000
Total Revenues	473,966	11,355	5,328	100,000	539,095	253,766	940,414	675	497,202	870	357,518	345,088
Expenditures:												
General government	83,824											95,600
Public safety	175,040											
Public works	133,823		8,358		55,839	333			571,279	155,703		3,671
Library & recreation services	35,669							692				
Community development	8,474	4,572					248,338				557,742	
Debt service												
Capital outlay					438,586	28,836	512,629				-	289
Total Expenditures	436,830	4,572	8,358		494,425	29,169	760,967	692	571,279	155,703	557,742	99,560
Excess revenues over (under) expenditures	37,136	6,783	(3,030)	100,000	44,670	224,597	179,447	(17)	(74,077)	(154,833)	(200,224)	245,528
Other financing sources (uses):												
Operating transfers in					18,487		122,480			73,200	162,379	199,996
Operating transfers out				(93,444)	(249,908)						(122,480)	(565,000)
Proceeds from postclosure liability										155,703		
Total other financing sources (uses)				(93,444)	(231,421)		122,480			228,903	39,899	(365,004)
Excess revenues and other sources over (under) expenditures and other uses	37,136	6,783	(3,030)	6,556	(186,751)	224,597	301,927	(17)	(74,077)	74,070	(160,325)	(119,476)
Fund Balances - July 1	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
Fund Balances - June 30	\$ 771,902	\$ 87,871	\$ 36,485	\$ 157,363	\$ 1,125,226	\$ 483,929	\$ 327,947	\$ 18,003	\$ (32,148)	\$ 1,028,429	\$ 729,926	\$ 2,276,110

*Other Funds includes General Emergency and Reserve Fund, Economic Incentive 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, 2004

	CAPITAL PROJECTS FUNDS								Total Non-major Governmental Funds
	Capital Projects Reserve	Traffic Mitigation Development	Signalization Development	Park Development	Storm Drain Development	Parkway and Median Development	Public Facilities Development	Specific Plans	
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	846,893
Uses of money and property	4,492	(3,887)	6,322	4,063	4,163	917	23,113	31,723	292,189
From other agencies	39,518			80,679					1,812,585
Charges for current services		803,276	19,974	123,303	6,428	2,000	1,172,106	644,293	2,814,467
Other								27,148	748,774
Total Revenues	44,010	799,389	26,296	208,045	10,591	2,917	1,195,219	703,164	6,514,908
Expenditures:									
General government									179,424
Public safety									175,040
Public works					12,634	35,827			977,467
Library & recreation services									36,361
Community development								283,041	1,102,167
Debt service									-
Capital outlay	66,130		285,690	67,571	12,096			1,112,110	2,523,937
Total Expenditures	66,130		285,690	67,571	24,730	35,827		1,395,151	4,994,396
Excess revenues over (under) expenditures	(22,120)	799,389	(259,394)	140,474	(14,139)	(32,910)	1,195,219	(691,987)	1,520,512
Other financing sources (uses):									
Operating transfers in	230,000	340,737							1,147,279
Operating transfers out		(18,617)					(280,891)		(1,330,340)
Proceeds from postclosure liability									155,703
Total other financing sources (uses)	230,000	322,120					(280,891)		(27,358)
Excess revenues and other sources over (under) expenditures and other uses	207,880	1,121,509	(259,394)	140,474	(14,139)	(32,910)	914,328	(691,987)	1,493,154
Fund Balances - July 1	350,525	9,757	780,118	722,433	507,092	99,521	2,308,512	3,358,772	15,040,380
Fund Balances - June 30	\$ 558,405	\$ 1,131,266	\$ 520,724	\$ 862,907	\$ 492,953	\$ 66,611	\$ 3,222,840	\$ 2,666,785	\$ 16,533,534

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Capital Replacement Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 50,000	\$ 37,604	\$ (12,396)
Charges for current services	6,000	15,758	9,758
Other	400,000	420,604	20,604
Total Revenues	<u>456,000</u>	<u>473,966</u>	<u>17,966</u>
Expenditures:			
General government	95,100	83,824	11,276
Public safety	197,100	175,040	22,060
Public works	211,700	133,823	77,877
Library & recreation services	57,900	35,669	22,231
Community development	22,000	8,474	13,526
Total Expenditures	<u>583,800</u>	<u>436,830</u>	<u>146,970</u>
Excess revenues over (under) expenditures	(127,800)	37,136	164,936
Fund Balance - July 1	<u>734,766</u>	<u>734,766</u>	
Fund Balance - June 30	<u>\$ 734,766</u>	<u>\$ 734,766</u>	<u>\$ -</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Building Education Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 1,000	\$ 707	\$ (293)
Charges for current services	3,000	10,648	7,648
Total Revenues	4,000	11,355	7,355
Expenditures:			
Community development		4,572	(4,572)
Total Expenditures		4,572	(4,572)
Excess revenues over (under) expenditures	4,000	6,783	2,783
Fund Balance - July 1	81,088	81,088	
Fund Balance - June 30	\$ 85,088	\$ 87,871	\$ 2,783

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	City/School Facility Improvement Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 6,000	\$ 5,328	\$ (672)
Total Revenues	6,000	5,328	(672)
Expenditures:			
Public works	40,000	8,358	31,642
Total Expenditures	40,000	8,358	31,642
Excess revenues over (under) expenditures	(34,000)	(3,030)	30,970
Excess revenues and other sources over (under) expenditures and other uses	(34,000)	(3,030)	30,970
Fund Balance - July 1	39,515	39,515	
Fund Balance - June 30	\$ 5,515	\$ 36,485	\$ 30,970

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Citizens Option Public Safety Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
From other agencies	\$ 5,000	\$ 100,000	\$ 95,000
Total Revenues	5,000	100,000	95,000
Excess revenues over (under) expenditures	5,000	100,000	95,000
Other financing sources (uses):			
Operating transfers out	(43,444)	(93,444)	(50,000)
Total other financing sources (uses)	(43,444)	(93,444)	(50,000)
Excess revenues and other sources over (under) expenditures and other uses	(38,444)	6,556	45,000
Fund Balance - July 1	150,807	150,807	
Fund Balance - June 30	\$ 112,363	\$ 157,363	\$ 45,000

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	State Gas Tax Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 29,200	\$ 11,039	\$ (18,161)
From other agencies	637,000	528,056	(108,944)
Total Revenues	<u>666,200</u>	<u>539,095</u>	<u>(127,105)</u>
Expenditures:			
Public works	126,500	55,839	70,661
Capital outlay	3,323,000	438,586	2,884,414
Total Expenditures	<u>3,449,500</u>	<u>494,425</u>	<u>2,955,075</u>
Excess revenues over (under) expenditures	<u>(2,783,300)</u>	<u>44,670</u>	<u>2,827,970</u>
Other financing sources (uses):			
Operating transfers in		18,487	18,487
Operating transfers out	(237,200)	(249,908)	(12,708)
Total other financing sources (uses)	<u>(237,200)</u>	<u>(231,421)</u>	<u>5,779</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(3,020,500)</u>	<u>(186,751)</u>	<u>2,833,749</u>
Fund Balance - July 1	<u>1,311,977</u>	<u>1,311,977</u>	
Fund Balance - June 30	<u>\$ (1,708,523)</u>	<u>\$ 1,125,226</u>	<u>\$ 2,833,749</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Transportation Development Act Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ -	\$ 2,371	\$ 2,371
From other agencies	50,000	251,395	201,395
Total Revenues	<u>50,000</u>	<u>253,766</u>	<u>203,766</u>
Expenditures:			
Public works		333	(333)
Capital outlay	35,000	28,836	6,164
Total Expenditures	<u>35,000</u>	<u>29,169</u>	<u>5,831</u>
Excess revenues over (under) expenditures	15,000	224,597	209,597
Fund Balance - July 1	<u>259,332</u>	<u>259,332</u>	
Fund Balance - June 30	<u>\$ 274,332</u>	<u>\$ 483,929</u>	<u>\$ 209,597</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Community Development Block Grant		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ -	\$ 127,377	\$ 127,377
From other agencies	784,500	812,937	28,437
Other		100	
Total Revenues	<u>784,500</u>	<u>940,414</u>	<u>155,814</u>
Expenditures:			
Community development	272,400	248,339	24,061
Capital outlay	845,300	512,628	332,672
Total Expenditures	<u>1,117,700</u>	<u>760,967</u>	<u>356,733</u>
Excess revenues over (under) expenditures	<u>(333,200)</u>	<u>179,447</u>	<u>512,647</u>
Other financing sources (uses):			
Operating transfers in	85,400	122,480	37,080
Total other financing sources (uses)	<u>85,400</u>	<u>122,480</u>	<u>37,080</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(247,800)</u>	<u>301,927</u>	<u>549,727</u>
Fund Balance - July 1	<u>26,020</u>	<u>26,020</u>	
Fund Balance - June 30	<u>\$ (221,780)</u>	<u>\$ 327,947</u>	<u>\$ 549,727</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Youth Scholarship Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ -	\$ 157	\$ 157
Other	7,500	518	(6,982)
Total Revenues	<u>7,500</u>	<u>675</u>	<u>(6,825)</u>
Expenditures:			
Library & recreation services		692	(692)
Total Expenditures		<u>692</u>	<u>(692)</u>
Excess revenues over (under) expenditures	7,500	(17)	(7,517)
Fund Balance - July 1	<u>18,020</u>	<u>18,020</u>	
Fund Balance - June 30	<u>\$ 25,520</u>	<u>\$ 18,003</u>	<u>\$ (7,517)</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Landscape and Lighting District Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Taxes	\$ 375,000	\$ 496,690	\$ 121,690
Uses of money and property		512	512
Total Revenues	375,000	497,202	122,202
Expenditures:			
Public works	488,700	571,279	(82,579)
Total Expenditures	488,700	571,279	(82,579)
Excess revenues over (under) expenditures	(113,700)	(74,077)	39,623
Fund Balance - July 1	41,929	41,929	
Fund Balance - June 30	\$ (71,771)	\$ (32,148)	\$ 39,623

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Landfill Closure/Postclosure Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 27,000	\$ 870	\$ (26,130)
Total Revenues	27,000	870	(26,130)
Expenditures:			
Public works		155,703	(155,703)
Total Expenditures		155,703	(155,703)
Excess revenues over (under) expenditures	27,000	(154,833)	(181,833)
Other financing sources (uses):			
Operating transfers in	73,200	73,200	-
Proceeds from postclosure liability		155,703	155,703
Total other financing sources (uses)		228,903	155,703
Excess revenues and other sources over (under) expenditures and other uses	100,200	74,070	(26,130)
Fund Balance - July 1	954,359	954,359	
Fund Balance - June 30	\$ 1,054,559	\$ 1,028,429	\$ (26,130)

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Redevelopment Agency Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Taxes	\$ 319,000	\$ 350,202	\$ 31,202
Uses of money and property		6,911	6,911
Other		405	405
Total Revenues	<u>319,000</u>	<u>357,518</u>	<u>38,518</u>
Expenditures:			
Community development	<u>1,086,100</u>	<u>557,742</u>	<u>528,358</u>
Total Expenditures	<u>1,086,100</u>	<u>557,742</u>	<u>528,358</u>
Excess revenues over (under) expenditures	<u>(767,100)</u>	<u>(200,224)</u>	<u>566,876</u>
Other financing sources (uses):			
Operating transfers in	45,500	162,379	116,879
Operating transfers out	<u>(85,400)</u>	<u>(122,480)</u>	<u>(37,080)</u>
Total other financing sources (uses)	<u>(39,900)</u>	<u>39,899</u>	<u>79,799</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(807,000)</u>	<u>(160,325)</u>	<u>646,675</u>
Fund Balance - July 1	<u>890,251</u>	<u>890,251</u>	
Fund Balance - June 30	<u>\$ 83,251</u>	<u>\$ 729,926</u>	<u>\$ 646,675</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	General Emergency and Reserve		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 5,000	\$ 8,126	\$ 3,126
Other		300,000	300,000
Total Revenues	5,000	308,126	303,126
Excess revenues over (under) expenditures	5,000	308,126	303,126
Other financing sources (uses):			
Operating transfers out		(565,000)	(565,000)
Total other financing sources (uses)		(565,000)	(565,000)
Excess revenues and other sources over (under) expenditures and other uses	5,000	(256,874)	(261,874)
Fund Balance - July 1	612,878	612,878	
Fund Balance - June 30	\$ 617,878	\$ 356,004	\$ (261,874)

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Economic Incentive Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 15,000	\$ 6,087	\$ (8,913)
Total Revenues	15,000	6,087	(8,913)
Expenditures:			
General government	95,000	95,600	(600)
Total Expenditures	95,000	95,600	(600)
Excess revenues over (under) expenditures	(80,000)	(89,513)	(9,513)
Fund Balance - July 1	665,368	665,368	
Fund Balance - June 30	\$ 585,368	\$ 575,855	\$ (9,513)

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	City Facility Repair Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 10,000	\$ 2,822	\$ (7,178)
Charges for current services	29,000	16,681	(12,319)
Total Revenues	<u>39,000</u>	<u>19,503</u>	<u>(19,497)</u>
Expenditures:			
Public works	8,000	3,671	4,329
Capital outlay	120,200	289	119,911
Total Expenditures	<u>128,200</u>	<u>3,960</u>	<u>124,240</u>
Excess revenues over (under) expenditures	<u>(89,200)</u>	<u>15,543</u>	<u>104,743</u>
Other financing sources (uses):			
Operating transfers in	<u>100,000</u>	<u>199,996</u>	<u>99,996</u>
Total other financing sources (uses)	<u>100,000</u>	<u>199,996</u>	<u>99,996</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>10,800</u>	<u>215,539</u>	<u>204,739</u>
Fund Balance - July 1	<u>336,461</u>	<u>336,461</u>	
Fund Balance - June 30	<u>\$ 347,261</u>	<u>\$ 552,000</u>	<u>\$ 204,739</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Landfill Contingency Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ -	\$ 11,372	\$ 11,372
Total Revenues		11,372	11,372
Excess revenues over (under) expenditures		11,372	11,372
Fund Balance - July 1	780,879	780,879	
Fund Balance - June 30	\$ 780,879	\$ 792,251	\$ 11,372

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Capital Projects Reserve Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 5,000	\$ 4,492	\$ (508)
From other agencies		39,518	39,518
Total Revenues	5,000	44,010	39,010
Expenditures:			
Capital outlay	1,540,400	66,130	1,474,270
Total Expenditures	1,540,400	66,130	1,474,270
Excess revenues over (under) expenditures	(1,535,400)	(22,120)	1,513,280
Other financing sources (uses):			
Operating transfers in		230,000	230,000
Total other financing sources (uses)		230,000	230,000
Excess revenues and other sources over (under) expenditures and other uses	(1,535,400)	207,880	1,743,280
Fund Balance - July 1	350,525	350,525	
Fund Balance - June 30	\$ (1,184,875)	\$ 558,405	\$ 1,743,280

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Traffic Mitigation Development Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ -	\$ (3,887)	\$ (3,887)
Charges for current services	1,746,100	803,276	(942,824)
Total Revenues	1,746,100	799,389	(946,711)
Excess revenues over (under) expenditures	1,746,100	799,389	(946,711)
Other financing sources (uses):			
Operating transfers in		340,737	340,737
Operating transfers out		(18,617)	(18,617)
Total other financing sources (uses)		322,120	322,120
Excess revenues and other sources over (under) expenditures and other uses	1,746,100	1,121,509	(624,591)
Fund Balance - July 1	9,757	9,757	
Fund Balance - June 30	\$ 1,755,857	\$ 1,131,266	\$ (624,591)

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Signalization Development Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ -	\$ 6,322	\$ 6,322
Charges for current services		19,974	19,974
Total Revenues		26,296	26,296
Expenditures:			
Capital outlay	1,363,900	285,690	1,078,210
Total Expenditures	1,363,900	285,690	1,078,210
Excess revenues over (under) expenditures	(1,363,900)	(259,394)	1,104,506
Fund Balance - July 1	780,118	780,118	
Fund Balance - June 30	\$ (583,782)	\$ 520,724	\$ 1,104,506

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Park Development Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ -	\$ 4,063	\$ 4,063
From other agencies		80,679	80,679
Charges for current services	822,900	123,303	(699,597)
Total Revenues	822,900	208,045	(614,855)
Expenditures:			
Capital outlay	892,400	67,571	824,829
Total Expenditures	892,400	67,571	824,829
Excess revenues over (under) expenditures	(69,500)	140,474	209,974
Fund Balance - July 1	722,433	722,433	
Fund Balance - June 30	\$ 652,933	\$ 862,907	\$ 209,974

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Storm Drain Development		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ -	\$ 4,163	\$ 4,163
Charges for current services	197,300	6,428	(190,872)
Total Revenues	<u>197,300</u>	<u>10,591</u>	<u>(186,709)</u>
Expenditures:			
Public works	422,500	12,634	409,866
Capital outlay	125,000	12,096	112,904
Total Expenditures	<u>547,500</u>	<u>24,730</u>	<u>522,770</u>
Excess revenues over (under) expenditures	(350,200)	(14,139)	336,061
Fund Balance - July 1	<u>507,092</u>	<u>507,092</u>	
Fund Balance - June 30	<u>\$ 156,892</u>	<u>\$ 492,953</u>	<u>\$ 336,061</u>

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Parkway and Median Development Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ -	\$ 917	\$ 917
Charges for current services		2,000	2,000
Total Revenues	-	2,917	2,917
Expenditures:			
Public works	70,000	35,827	34,173
Total Expenditures	70,000	35,827	34,173
Excess revenues over (under) expenditures	(70,000)	(32,910)	37,090
Fund Balance - July 1	99,521	99,521	
Fund Balance - June 30	\$ 29,521	\$ 66,611	\$ 37,090

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Public Facilities Development Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 91,700	\$ 23,113	\$ (68,587)
Charges for current services	326,000	1,172,106	846,106
Total Revenues	417,700	1,195,219	777,519
Excess revenues over (under) expenditures	417,700	1,195,219	777,519
Other financing sources (uses):			
Operating transfers in	285,000		(285,000)
Operating transfers out	(475,000)	(280,891)	194,109
Total other financing sources (uses)	(190,000)	(280,891)	(90,891)
Excess revenues and other sources over (under) expenditures and other uses	227,700	914,328	686,628
Fund Balance - July 1	2,308,512	2,308,512	
Fund Balance - June 30	\$ 2,536,212	\$ 3,222,840	\$ 686,628

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2004

	Specific Plans Fund		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Uses of money and property	\$ 106,800	\$ 31,723	\$ (75,077)
Charges for current services	443,300	644,293	200,993
Other	25,900	27,148	1,248
Total Revenues	<u>576,000</u>	<u>703,164</u>	<u>127,164</u>
Expenditures:			
Community development	286,100	283,041	3,059
Capital outlay	2,130,000	1,112,110	1,017,890
Total Expenditures	<u>2,416,100</u>	<u>1,395,151</u>	<u>1,020,949</u>
Excess revenues over (under) expenditures	<u>(1,840,100)</u>	<u>(691,987)</u>	<u>1,148,113</u>
Other financing sources (uses):			
Operating transfers in	30,000		(30,000)
Total other financing sources (uses)	<u>30,000</u>		<u>(30,000)</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(1,810,100)</u>	<u>(691,987)</u>	<u>1,118,113</u>
Fund Balance - July 1	<u>3,358,772</u>	<u>3,358,772</u>	
Fund Balance - June 30	<u>\$ 1,548,672</u>	<u>\$ 2,666,785</u>	<u>\$ 1,118,113</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, 2004

	TOTALS		
	Final Budget	Actual	Variance favorable (unfavorable)
Revenues:			
Taxes	\$ 694,000	\$ 846,892	152,892
Uses of money and property	346,700	292,189	(54,511)
Charges for current services	3,573,600	2,814,467	(759,133)
From other agencies	1,476,500	1,812,585	336,085
Other	433,400	748,775	315,375
Total Revenues	<u>6,524,200</u>	<u>6,514,908</u>	<u>(9,292)</u>
Expenditures:			
General government	190,100	179,424	10,676
Public safety	197,100	175,040	22,060
Public works	1,367,400	977,467	389,933
Library & recreation services	57,900	36,361	21,539
Community development	1,666,600	1,102,168	564,432
Capital outlay	10,375,200	2,523,936	7,851,264
Total Expenditures	<u>13,854,300</u>	<u>4,994,396</u>	<u>8,859,904</u>
Excess revenues over (under) expenditures	<u>(7,330,100)</u>	<u>1,520,512</u>	<u>8,850,612</u>
Other financing sources (uses):			
Operating transfers in	619,100	1,147,279	528,179
Operating transfers out	(841,044)	(1,330,340)	(489,296)
Proceeds from postclosure liability		155,703	155,703
Total other financing sources (uses)	<u>(221,944)</u>	<u>(27,358)</u>	<u>194,586</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(7,552,044)</u>	<u>1,493,154</u>	<u>9,045,198</u>
Fund Balance - July 1	<u>15,040,380</u>	<u>15,040,380</u>	
Fund Balance - June 30	<u>\$ 7,488,336</u>	<u>\$ 16,533,534</u>	<u>\$ 9,045,198</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.

1993 Public Facilities Debt Service Fund

This fund accounts for long-term debt service 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.

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, 2004

	Budgeted Amounts			Variance Final Bt Positive/(N)
	Original	Final	Actual	
Revenues:				
Uses of money and property	\$ 250,000	\$ 250,000	\$ 106,944	\$ (
From other agencies				
Miscellaneous			14,193	
Total Revenues	250,000	250,000	121,137	(
Expenditures:				
General government				
Public works				
Capital outlay	13,910,700	13,910,700	3,961,020	9,
Total Expenditures	13,910,700	13,910,700	3,961,020	9,
Excess revenues over (under) expenditures	(13,660,700)	(13,660,700)	(3,839,883)	9,
Other financing sources (uses):				
Transfers in				
Transfers out			(186,642)	(
Total other financing sources (uses)	-	-	(186,642)	(
Excess revenues and other sources over (under) expenditures and other uses	(13,660,700)	(13,660,700)	(4,026,525)	9,
Fund Balance - July 1	10,243,365	10,243,365	10,243,365	
Fund Balance - June 30	\$ (3,417,335)	\$ (3,417,335)	\$ 6,216,840	\$ 9,

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, 2004

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Uses of money and property	\$ -	\$ -	\$ 27,236	\$ 27,236
Charges for current services			(11,665)	(11,665)
Total Revenues			15,571	15,571
Excess revenues over (under) expenditures			15,571	15,571
Fund Balance - July 1	2,343,310	2,343,310	3,031,073	
Fund Balance - June 30	\$ 2,343,310	\$ 2,343,310	\$ 3,046,644	\$ 15,571

**CITY OF EL PASO DE ROBLES
1993 PUBLIC FACILITIES - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ending June 30, 2004**

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Uses of money and property	\$ -	\$ -	\$ 3,879	\$ 3,879
Total Revenues			3,879	3,879
Expenditures:				
Debt service:				
Principal	370,000	370,000	5,735,000	(5,365,000)
Interest	288,500	288,500	148,648	139,852
Paying agent fees	6,100	6,100	4,328	1,772
Bond issue costs			299,434	(299,434)
Total Expenditures	664,600	664,600	6,187,410	(5,522,810)
Excess revenues over (under) expenditures	(664,600)	(664,600)	(6,183,531)	5,526,689
Other financing sources (uses):				
Operating transfers in	664,600	664,600	519,861	(144,739)
Bond proceeds			5,460,000	5,460,000
Total other financing sources (uses)	664,600	664,600	5,979,861	5,315,261
Excess revenues and other sources over (under) expenditures and other uses			(203,670)	10,841,950
Fund Balance - July 1	674,770	674,770	674,770	
Fund Balance - June 30	\$ 674,770	\$ 674,770	\$ 471,100	\$ 10,841,950

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, 2004

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 2,892,000	\$ 2,892,000	\$ 4,050,433	\$ 1,158,433
Uses of money and property			8,998	8,998
Miscellaneous			2,222	2,222
Total Revenues	2,892,000	2,892,000	4,061,653	1,169,653
Expenditures:				
Professional services			5,769	(5,769)
Debt service:				
Principal	2,009,600	2,009,600	2,009,519	81
Interest	762,800	762,800	762,775	25
Paying agent fees	10,000	10,000	2,241	7,759
Total Expenditures	2,782,400	2,782,400	2,780,304	2,096
Excess revenues over (under) expenditures	109,600	109,600	1,281,349	1,167,557
Excess revenues and other sources over (under) expenditures and other uses	109,600	109,600	1,281,349	1,167,557
Fund Balance - July 1	2,887,580	2,887,580	2,887,580	
Fund Balance - June 30	\$ 2,997,180	\$ 2,997,180	\$ 4,168,929	\$ 1,167,557

**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, 2004**

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 1,747,000	\$ 1,747,000	\$ 1,540,660	\$ (206,340)
Uses of money and property			13,038	13,038
Miscellaneous			47,780	47,780
Total Revenues	1,747,000	1,747,000	1,601,478	(145,522)
Expenditures:				
General government			60,645	(60,645)
Debt service:				
Interest	359,800	359,800	359,720	80
Principal	150,000	150,000	150,000	
Paying agent fees	5,000	5,000	3,140	1,860
Fiscal agreement payments	891,000	891,000	681,614	209,386
Total Expenditures	1,405,800	1,405,800	1,255,119	150,681
Excess revenues over (under) expenditures	341,200	341,200	346,359	5,159
Other financing sources (uses):				
Operating transfers in			18,617	18,617
Operating transfers out	(330,500)	(330,500)	(503,116)	(172,616)
Total other financing sources (uses)	(330,500)	(330,500)	(484,499)	(153,999)
Excess revenues and other sources over (under) expenditures and other uses	10,700	10,700	(138,140)	(148,840)
Fund Balance - July 1	1,010,081	1,010,081	1,199,009	
Fund Balance - June 30	\$ 1,020,781	\$ 1,020,781	\$ 1,060,869	\$ (148,840)

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, 2004

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
<u>SPECIAL ASSESSMENTS</u>				
Assets:				
Cash and investments	\$ 15,820	\$ -	\$ -	\$ 15,820
Total Assets	\$ 15,820	\$ -	\$ -	\$ 15,820
Liabilities:				
Due to others	\$ -	\$ -	\$ -	-
Special assessment bond principal payable	10,000			10,000
Special assessment bond interest payable	5,820			5,820
Total Liabilities	\$ 15,820	\$ -	\$ -	\$ 15,820
<u>SENIOR CITIZEN</u>				
Assets:				
Cash and investments	\$ 359,483	\$ 10,801	\$ 23,633	\$ 346,651
Total Assets	\$ 359,483	\$ 10,801	\$ 23,633	\$ 346,651
Liabilities:				
Accounts payable	\$ 1,848	\$ 857	\$ 2,705	-
Accrued salary & benefits payable	2,345	630	1,543	1,432
Due to others	355,290	9,314	19,385	345,219
Total Liabilities	\$ 359,483	\$ 10,801	\$ 23,633	\$ 346,651
<u>HOSPITAL SCHOLARSHIP</u>				
Assets:				
Cash and investments	\$ 104,325	\$ 3,710	\$ 7,287	\$ 100,748
Total Assets	\$ 104,325	\$ 3,710	\$ 7,287	\$ 100,748
Liabilities:				
Accounts payable	\$ 2,500	\$ 2,000	\$ 4,500	-
Due to others	101,825	1,710	2,787	100,748
Total Liabilities	\$ 104,325	\$ 3,710	\$ 7,287	\$ 100,748

CITY OF EL PASO DE ROBLES
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
For The Fiscal Year Ended June 30, 2004

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
<u>CUSTOMER DEPOSITS</u>				
Assets:				
Cash and investments	\$ 683,950	\$ 2,619,914	\$ 2,651,189	\$ 652,675
Accounts Receivable		31,554		31,554
Total Assets	\$ 683,950	\$ 2,651,468	\$ 2,651,189	\$ 684,229
Liabilities:				
Accounts payable	\$ 3,000	\$ 1,085,861	\$ 1,085,477	3,384
Customer deposits	680,950	1,565,607	1,565,712	680,845
Total Liabilities	\$ 683,950	\$ 2,651,468	\$ 2,651,189	\$ 684,229
<u>NORTH COUNTY FIREFIGHTERS</u>				
Assets:				
Cash and investments	\$ 22,289	\$ 1,117	\$ 181	\$ 23,225
Total Assets	\$ 22,289	\$ 1,117	\$ 181	\$ 23,225
Liabilities:				
Due to others	\$ 22,289	\$ 1,117	\$ 181	\$ 23,225
Total Liabilities	\$ 22,289	\$ 1,117	\$ 181	\$ 23,225

CITY OF EL PASO DE ROBLES
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
For The Fiscal Year Ended June 30, 2004

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
<u>TOTAL - ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 1,185,867	\$ 2,635,542	\$ 2,682,290	\$ 1,139,119
Accounts receivable		31,554		31,554
Total Assets	\$ 1,185,867	\$ 2,667,096	\$ 2,682,290	\$ 1,170,673
Liabilities:				
Accounts payable	\$ 7,348	\$ 1,088,718	\$ 1,092,682	\$ 3,384
Accrued salary & benefits payable	2,345	630	1,543	1,432
Customer deposits	680,950	1,565,607	1,565,712	680,845
Due to others	479,404	12,141	22,353	469,192
Special assessment bond principal payable	10,000			10,000
Special assessment bond interest payable	5,820			5,820
Total Liabilities	\$ 1,185,867	\$ 2,667,096	\$ 2,682,290	\$ 1,170,673

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
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	1,159,220	7,533,029	3,176,504	4,120,558	2,829,817		11,776,767	30,595,895
2004	950,344	8,893,918	4,108,452	4,187,144	3,170,312		17,468,238	38,778,408

(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
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
2004	20,070,639	1,080,724	281,908	900,877	4,367,773	4,031,351	950,488	31,683,760

(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
1995	\$ -	\$ -	\$ -	\$ 16,949,889	N/A
1996	-	-	-	14,307,032	N/A
1997	-	-	-	13,087,854	N/A
1998	-	-	-	13,154,352	N/A
1999	-	-	-	19,064,276	N/A
2000	-	-	-	24,218,917	N/A
2001	-	-	-	32,745,181	N/A
2002	-	-	-	34,694,518	N/A
2003	-	297,970	297,970	30,595,895	0.97%
2004	2,009,520	762,774	2,772,294	38,778,407	7.15%

(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
1995	\$ 979,362,067	\$ -	N/A	20,900	N/A
1996	1,009,950,592	-	N/A	21,450	N/A
1997	1,040,727,599	-	N/A	21,650	N/A
1998	1,071,071,140	-	N/A	22,050	N/A
1999	1,146,269,846	-	N/A	22,500	N/A
2000	1,238,975,405	-	N/A	22,900	N/A
2001	1,382,189,314	-	N/A	25,190	N/A
2002	1,578,855,382	-	N/A	25,812	N/A
2003	1,784,403,983	297,970	0.02%	26,850	11
2004	2,041,417,106	2,772,294	0.14%	27,200	102

(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, 2004

Assessed Valuation	\$ 2,041,417,106
Legal Debt Margin 3.75%	76,553,141
Debt Subject to Limit	
Legal Debt Margin	<u>\$ 76,553,141</u>

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

Fiscal Year	Total Current Levy	Total Current Collections	% of Levy
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
2004	3,454,795	3,503,323	101.40

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
1994-95	\$ 927,133,591	\$ 52,228,476		\$ 979,362,067	0.92
1995-96	953,057,264	56,893,328		1,009,950,592	3.12
1996-97	979,814,959	60,912,640		1,040,727,599	3.05
1997-98	1,003,245,050	67,826,090		1,071,071,140	2.92
1998-99	1,072,473,209	73,796,637		1,146,269,846	7.02
1999-00	1,156,283,946	82,691,459		1,238,975,405	8.09
2000-01	1,280,017,282	102,172,032		1,382,189,314	11.56
2001-02	1,469,498,589	109,356,793		1,578,855,382	14.23
2002-03	1,676,286,480	108,117,503		1,784,403,983	13.02
2003-04	1,927,106,815	114,310,291		2,041,417,106	14.40

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

**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
1995	\$ 1,698,709	\$ 1,637,378	\$ (33,594)	\$ -	\$ 303,200	\$ 303,200
1996	1,768,008	1,801,602	(33,594)	290,000	302,093	592,093
1997	1,829,004	1,973,659	(144,655)	330,000	244,467	574,467
1998	1,762,242	1,918,593	(156,351)	345,000	227,720	572,720
1999	1,824,924	1,877,108	(52,184)	360,000	212,418	572,418
2000	1,976,803	2,028,768	(51,965)	380,000	194,705	574,705
2001	1,869,486	2,130,064	(260,578)	400,000	183,648	583,648
2002	2,073,640	2,077,892	(4,252)	420,000	162,508	582,508
2003	2,510,233	2,469,112	41,121	780,000	246,336	1,026,336
2004	3,565,011	2,452,231	1,112,780	620,000	404,689	1,024,689

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	-
2004	-

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
1994	10	\$ 5,557,537	117	\$ 12,725,666	327	\$ 4,467,016	\$ 22,750
1995	14	3,594,876	159	17,342,125	351	2,995,657	23,932
1996	15	7,058,531	107	12,547,595	227	2,677,879	22,284
1997	21	13,131,052	117	14,606,269	282	3,773,305	31,510
1998	13	6,105,245	269	34,207,167	291	3,090,438	43,402
1999	20	8,728,106	231	32,635,516	346	2,384,705	43,748
2000	17	17,347,070	372	55,162,656	413	6,090,220	78,599
2001	22	7,604,684	421	63,360,187	431	5,861,699	76,826
2002	25	12,520,398	307	48,310,962	476	7,804,021	68,635
2003	24	8,715,409	417	82,123,370	511	9,519,033	100,357

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)
1994	\$ 214,440	\$ 99,659	\$ 314,099	1
1995	218,803	105,447	324,250	
1996	217,624	107,250	324,874	
1997	222,874	114,411	337,285	
1998	253,315	114,487	367,802	
1999	264,989	118,320	383,309	
2000	311,564	129,529	441,093	1
2001	342,120	137,059	479,179	
2002	372,497	166,051	538,548	1
2003	415,093	174,908	590,001	

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, 2004**

Company	Policy #	Term	Limits	Coverage
California JPIA	Risk Sharing Pool	7/1/03-6/30/04	\$ 15,000,000	General & Automobile Per Occurrence
			\$ 15,000,000	General & Automobile Annual Aggregate
Lexington Insurance Company	164-4541		\$ 35,000,000	Excess of \$15,000,000 Jointly provides w/Ins
Insurance Company of PA	4201-1921		\$ 35,000,000	Excess of \$15,000,000 Jointly provides w/Le
LAWCX	LAW 005-2003	7/1/03-6/30/04	\$1,650,000	Workers Compensation excess of \$350,000
CPEIA	CPEIA-03-EWC-02		\$ 50,000,000	Workers Compensation excess of \$2,000,000
Lexington Insurance Company	RKM103900343	5/2003-7/1/04	\$ 10,000,000	All Property/\$5,000 Deductible per Occurrence
Various				\$740,000,000 excess of \$10,000,000
Lexington Insurance Company	RKM103900343	5/2003-7/1/04	\$ 10,000,000	Boiler & Machinery/\$5,000 Deductible per Occurrence
CNA	BM1098667553			50% \$90,000,000 excess of \$10,000,000
Lloyds of London	RKM103900343A			50% \$90,000,000 excess of \$10,000,000
Gulf Underwriters	GU2824219	7/1/03-6/30/04	\$ 1,000,000	Site Specific Third Party Pollution Liability \$1,000,000
Ace Property and Casualty	AAPN00056431	6/30/03-6/30/06	\$ 15,000,000	\$15,000,000 Products/Completed Operations
Insurance Company			\$ 15,000,000	\$15,000,000 Personal Injury/Agg Limit
			\$ 15,000,000	\$15,000,000 Each Occurrence Limit
			\$ 15,000,000	\$15,000,000 Malpractice Agg Limit/Each Occurrence
			\$ 100,000	\$100,000 Fire Damage Any One Fire
			\$ 5,000	\$5,000 Medical Payments Any One Person
			\$ 15,000,000	\$15,000,000 Hangarkeepers Limit/One Occurrence
			\$ 15,000,000	\$15,000,000 Hangarkeepers Limit Any One Aircraft
			\$ 15,000,000	\$15,000,000 Non-Owned Aircraft Liability
			\$ 15,000,000	\$15,000,000 Excess Automobile Liability (Off)
			\$ 1,000,000	\$1,000,000 Underlying Each Occurrence
			\$ 15,000,000	\$15,000,000 Excess Employers Liability
			\$ 10,000	\$10,000 Non-Owned Physical Damage Legal
				Any One Aircraft
Hartford Fire Insurance Company	57BPEAI5709	7/1/03-7/1/04	\$ 500,000	Employee Dishonesty
			\$ 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 % of Total C
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
2004	16.93	27,200	1.30	258,200	0.74	10.53

(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 1

** 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
Form of Government:	City Council - Manager	Miles of Streets:	116.41
Employees (full time):	160	Municipal Water System:	
Fire Protection:		Number of customers:	9,432
Number of stations:	3	Ave. daily consumption:	5.9 million
Number of firemen:		Miles of lines & mains:	165.0
Sworn	20	Number of reservoirs	4
Civilian	1	Number of wells:	14
Volunteers	0	Municipal Sewer System:	
Non-Emergency Volunteers	1	Miles of sanitary sewers:	115.3
Police Protection:		Average daily flow:	2.8 million
Number of stations:	1	Treatment capacity:	4.9 million
Number of personnel:		Miles of storm drains:	13.8
Sworn	37	Recreation and Culture:	
Civilian	11	Number of recreation facilities:	16 with 71.0
Reserves	6	Number of libraries:	1
Cadets/Guards	11.0	Number of Volumes:	60,001

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

**MAJOR EMPLOYERS
AT JUNE 30, 2004**

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, 2004**

Taxpayer	Business	2003-04 Assessed Value	2002-03 Estimated Tot: Tax
Dry Creek Apartments, California Lmt Ptp	Apartment	\$ 18,055,249	\$69,30
Wal Mart Stores, Inc.	Retail	9,961,399	67,57
Martin Resorts Inc.	Hospitality	10,497,858	64,75
Woodland Plaza LLC	Retail	9,222,544	53,52
Brunswick Corporation		6,287,070	41,45
Health Care Reit Inc		10,598,000	40,68
David & Mary Weyrich		10,173,528	40,22
Tri W Enterprises Inc		11,426,936	37,79
Albertsons, Inc.	Retail	5,353,072	36,31
Estrella Communities LLC		10,583,173	35,02
Woodland Plaza II	Retail	5,101,989	34,61
GL Remainder LLC		4,941,900	33,46
Central Coast Cinemas	Retail	4,866,242	32,95
Paso Robles Ventures LLC		17,875,630	31,72
All Other Taxpayers		1,906,472,516	
Total All Taxpayers		<u>\$ 2,041,417,106</u>	

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

**MAJOR SALES TAX PRODUCERS
FISCAL YEAR ENDED JUNE 30, 2004**

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
Mc Donald's	Fast Food
Michaels	Florist Shops
Office Max	Office Supplies/Furniture
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
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
Wal Mart 2099	Discount Department Stores
Woodland Chevron	Service Stations

Percent of City Total Paid By Top 25 Accounts = 58.77%

* Firms Listed Alphabetically

Period: April 2003 thru March 2004