

# Comprehensive Annual Financial Report

For The

Fiscal Year Ended June 30, 2005

City of El Paso de Robles

California

Frank Mecham, Mayor  
Jim Heggarty, Mayor Pro Tempore  
Gary Nemeth, Councilmember  
Duane Picanco, Councilmember  
Fred Strong, Councilmember

James L. App, City Manager

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

# CITY OF EL PASO DE ROBLES



## INTRODUCTORY SECTION

**CITY OF EL PASO DE ROBLES  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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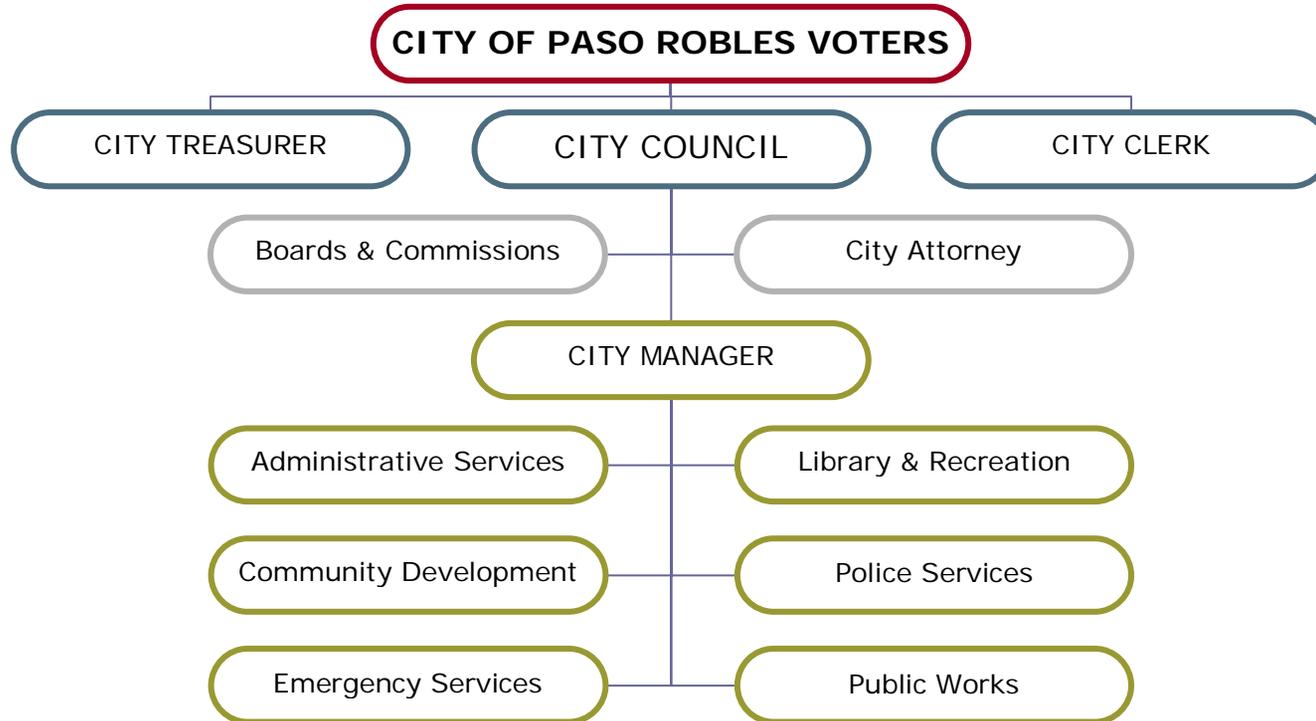
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# CITY OF EL PASO DE ROBLES ORGANIZATION OF CITY GOVERNMENT



# California Society of Municipal Finance Officers

Certificate of Award

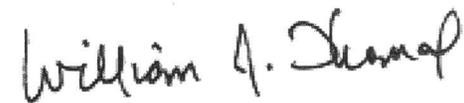
*Outstanding Financial Reporting 2003-04*

Presented to the

*City of El Paso de Robles*

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

*February 24, 2005*



Bill Thomas, Chair  
Professional & Technical Standards Committee

*Dedicated to Excellence in Municipal Financial Management*





December 1, 2005

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 2004-05

### INTRODUCTION

The City of El Paso de Robles' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2005 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 third 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. 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. Government-wide 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 independent auditors’ report.

GASB Statement Nos. 43 and 45 addresses the requirement for governmental financial statements to provide information relating to post employment benefits. The requirement becomes effective for Paso Robles for the fiscal period ending June 30, 2009.

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 Statement No. 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 and fiduciary 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 States, 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 and has become the second largest city with 27,964 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 12.6% over fiscal year 2004 collections. The Adelaide Inn completed construction on a 42 room expansion, the Paso Robles Inn completed 18 new upscale rooms, the

Holiday Inn Express added 32 additional rooms and the Wine Country RV Park completed construction of 84 additional spaces including a clubhouse. The owners of the Hampton Inn have begun construction for a new 61 room upscale hotel called "La Bella Sera" and grading has begun on a 101 room La Quinta Inn. Currently in plan check are the "Palazzo Paso Robles", a 130 room hotel and "The Inn at the Stables", a 16 room hotel with retail space. There are a number of other hotel/resort projects in the pending and development stage including 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, and another 80 room resort hotel as well as a yet unnamed project with another 80 rooms and the Black Ranch development which proposes 280 rooms and cottages with golf course.

Continued new residential home construction in conjunction with population growth and tourism success, provided for a 10.5% increase in sales tax revenue collections. Opening their doors for business this last year were Kohl's Department Store, Jamba Juice, Panda Express, and a coffee/tea shop at Woodland Plaza II. The Target Center saw the completion of Petco, Starbucks and Quizno's Sandwich Shop. At the East Village Shopping Center, the discount food store Food 4 Less is open and all the surrounding retail space is occupied plus the current construction of another Starbucks Coffee Shop. In the downtown core, there were 10 new restaurant/specialty shops that opened in 2005. Other completed projects scattered throughout the City include a Mobil Service Station with convenience store and a Jiffy Lube. While most new retail developments were not major retailers, the large number of small retail and dining establishments 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.

Pending retail/commercial projects include a 41,000 fitness center with 6,100 square feet of retail space; relocation of Idler's Appliance from the downtown core to a 27,500 square foot facility on Theatre Drive new the Target Center; a McDonald's and Chevron Service Station with car wash on Ramada across from Target Center; the Eagle Energy project on Hwy 46E which will rebuild the existing gas and convenience store and add a fast food restaurant and car wash; a car wash at the intersection of Golden Hill and Union Roads; Firestone Winery has been approved for a 10,000 square foot winery and visitor center on Hwy 46E; and Big Brand Tires is constructing a new facility on South River Road near the Albertson's Center.

Office space development is also on the rise. The Gateway Business Park will add 35,500 square feet including 8,500 square feet for restaurant use. Heritage Oaks Bank is constructing a 6,800 square foot administrative office building. The old "moving and storage" business on Pine Street is now being converted to office space; a small office project is being constructed on 21<sup>st</sup> Street; and, grading for 26,600 square feet of office space and bank building at 4<sup>th</sup> and Spring Streets is underway. One of the two Mastagni buildings, both demolished to the San Simeon Quake, is nearly complete and ready for occupancy. The other replacement building is under construction. Both will be three stories in height.

The top employers included Paso Robles Public Schools at 776, California Youth Authority at 279, Wal Mart at 286, and Sunbank Electronics at 240. The City of Paso Robles contributes 184 authorized 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 2004, Paso Robles issued 436 residential building permits representing 512 new units with a record setting total valuation of \$107,443,800. The demand for housing remains high. The median home price of a home in the County in 2005 was \$538,700 up 18.5% 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 20% in 2005, \$440,800 versus \$354,279 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 16% last year, \$4,076,000 versus \$3,513,400 after adjusting out for ERAF backfill for sales tax and motor vehicle license revenue reductions.

While the passage of Proposition 1A generally eliminates State raids on local government revenues, the State continues to experience chronic budget deficits. In spite of record levels of tax collections and phenomenal statewide prosperity, the State legislature has failed to address its' chronic budget deficit of \$4 to \$6 billion and attempts by the Governor to address the structural budget imbalance by legislation and voter initiative have also failed.

### 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. With the exception of fiscal year 2004 due to the San Simeon Quake and continued development of the City's General Plan, 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. In 2004, the City did dip into its General Fund reserves by \$87,326. However, results for fiscal year 2005 indicated positive results for the General Fund in the amount of \$254,700 *after the post year-end adjustment to transfer out \$950,000 to deal with State early repayment of the motor vehicle loan and other fiscal year 2006 budget issues.*

The City's AB 1600 development impact fees are currently under formal review in order to reflect changes in the General Plan. The newly updated General Plan also calls for "fiscal neutrality" relating to new development. A fiscal impact model has been developed to measure the fiscal impact upon City services of new development. It is no surprise that the model clearly illustrates that new residential development does not generate sufficient revenues to offset the cost of services provided. Thus, new development is required to annex to a community services district. The community services district

will assess an annual levy equal to the difference between the revenues generated on the cost to provide City services. This amount has been determined to be \$657 per unit.

The citywide “cost of services” study has been completed and adopted by the Council. Fees associated with the cost to provide City services have been adopted. However, the effective date of organized sport fees has been re-scheduled to July 1, 2006. 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.

Specific plans are underway on three major developable properties. As these three areas develop, in addition to specific plan fees, these properties will pay normal City development fees and will be required to participate in the community services district noted previously.

#### 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 fiscal year’s budget. Budgetary control is maintained at the department level. Line item variances within 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 Statement No. 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. Additionally, included herein is the revised cash and investment note as recommended by GASB Statement No. 40. Disclosures required by this Statement are intended to provide users of governmental financial statements with information to assess common risks inherent in deposit and investment transactions. These risks include credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

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 and employer liability, the City is a member of the California Joint Powers Insurance Authority. Under this program, participants risk share losses to \$2 million. From \$2 million to \$5 million, excess coverage is provided by the California Public Entity Insurance Authority and from \$5 million to \$150 million excess insurance is purchased. General liability risks are also covered through 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 2004 CAFR. This was the sixth 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, 2005, 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, 2005, and the respective changes in financial position and the cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 13 through 17 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 23, 2005, 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*

September 23, 2005

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fiscal Year Ended June 30, 2005

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, 2005. 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 2005 fiscal year by \$206.7 million. Of this amount, \$60 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$21.8 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 \$38.5 million, compared to \$39 million in the prior fiscal year.
- Approximately 78% of the combined fund balances, \$30 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 \$6.4 million, or 30% of total general fund expenditures.
- The City's total governmental funds debt decreased by \$2.2 million during the current fiscal year. The decrease is the result of normal amortization.
- The City's total business-type funds debt decreased by \$640,000 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, 2005

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 funds statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental funds 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 funds

## ***CITY OF EL PASO DE ROBLES***

Management's Discussion and Analysis, continued  
Fiscal Year Ended June 30, 2005

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, and Customer Deposits. 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 \$185 million at June 30, 2004 to \$206.7 million at June 30, 2005. 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, 2005

**CITY OF EL PASO DE ROBLES' NET ASSETS**

	Governmental activities		Business-type activities		Total	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
Current and other assets	\$ 41,230,962	\$ 41,159,208	\$ 33,815,604	\$ 30,531,906	\$ 75,046,566	\$ 71,691,114
Capital assets	138,429,837	125,755,000	55,001,265	51,339,788	193,431,102	177,094,788
Total assets	179,660,799	166,914,208	88,816,869	81,871,694	268,477,668	248,785,902
Long-term liabilities outstanding	45,952,387	48,286,826	8,991,415	9,594,620	54,943,802	57,881,446
Other liabilities	5,717,384	4,842,773	1,139,906	1,159,076	6,857,290	6,001,849
Total liabilities	51,669,771	53,129,599	10,131,321	10,753,696	61,801,092	63,883,295
Net assets:						
Invested in capital assets, net of related debt	92,243,219	75,824,763	45,491,265	43,913,708	137,734,484	119,738,471
Restricted	8,452,803	11,596,638	375,697	1,566,395	8,828,500	13,163,033
Unrestricted	27,295,006	26,363,208	32,818,586	25,637,895	60,113,592	52,001,103
Total Net Assets	\$ 127,991,028	\$ 113,784,609	\$ 78,685,548	\$ 71,117,998	\$ 206,676,576	\$ 184,902,607

The City's net assets increased \$21.8 million over the prior fiscal year. Current and other assets increased \$3.4 million while capital assets increased \$16 million. Long-term liabilities decreased \$2.9 million due to normal amortization while other liabilities increased by \$855,000.

**GOVERNMENTAL ACTIVITIES**

The City's net assets from governmental activities increased \$14 million, accounting for 64% 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 \$28 million. As shown in the statement of activities, the amount that the taxpayers ultimately financed for these activities was only \$19.5 million because some of the cost was paid by those who directly benefited from the programs (\$7.9 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$570,600). Capital grants and contributions (\$4.9 million) provided for \$4.1 million capital asset infrastructure provided by building development. The City paid for the remaining "public benefit" portion of governmental activities with \$22.9 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, 2005

operations, and transit services.

Total resources available during the year to finance governmental activities consisted of net assets at July 1, 2004 of \$113.8 million, program revenues of \$13 million and general revenues of \$29 million. Total governmental activities during the fiscal year were \$28 million.

**BUSINESS TYPE ACTIVITIES**

The City's net assets from business-type activities increased \$7.6 million which accounts for 36% of the total increase in the City of El Paso Robles' net assets.

The cost of all Proprietary (business-type) activities this year was \$8.1 million. As shown in the statement of activities, the amounts paid by users of the systems were \$7.1 million, and capital grants and contributions were \$6.9 million. Revenues from other agencies accounted for \$2 million and earnings from uses of money and property were \$1.1 million.

**CITY OF EL PASO DE ROBLES**  
**Management's Discussion and Analysis, continued**  
**Fiscal Year Ended June 30, 2005**

CITY OF EL PASO DE ROBLES CHANGES IN NET ASSETS

	Governmental activities		Business-type activities		Total	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
Revenues:						
Program revenues:						
Charges for services	\$ 7,895,786	\$ 4,819,315	\$ 7,068,562	\$ 5,880,002	\$ 14,964,348	\$ 10,699,317
Operating grants and contributions	570,620	1,387,347			570,620	1,387,347
Capital grants and contributions	4,877,944	10,128,972	6,912,363	5,901,199	11,790,307	16,030,171
General revenues:						
Taxes:						
Property taxes	13,203,987	9,951,429			13,203,987	9,951,429
Sales tax	5,414,505	6,229,299			5,414,505	6,229,299
Other taxes	4,249,273	3,889,911	99,991	65,101	4,349,264	3,955,012
Licenses and permits	330,120	306,688			330,120	306,688
From other agencies	2,975,864	2,078,797	1,983,427	1,156,807	4,959,291	3,235,604
Investment earnings	488,853	729,466	739,332	618,684	1,228,185	1,348,150
Miscellaneous	944,947	846,476	208,980	533,181	1,153,927	1,379,657
Total revenues	40,951,899	40,367,700	17,012,655	14,154,974	57,964,554	54,522,674
Expenses:						
General government	2,504,389	1,043,354			2,504,389	1,043,354
Public safety	9,691,844	9,152,876			9,691,844	9,152,876
Public works	7,014,786	6,584,703			7,014,786	6,584,703
Library and recreation services	4,345,380	4,749,506			4,345,380	4,749,506
Community development	3,664,177	3,861,638			3,664,177	3,861,638
Interest on long term debt	828,825	1,300,508			828,825	1,300,508
Water operations			3,142,802	3,426,900	3,142,802	3,426,900
Sewer operations			3,400,779	2,861,808	3,400,779	2,861,808
Airport operations			703,939	719,358	703,939	719,358
Transit operations			893,664	866,215	893,664	866,215
Total expenses	28,049,401	26,692,585	8,141,184	7,874,281	36,190,585	34,566,866
Increase in net assets before transfers	12,902,498	13,675,115	8,871,471	6,280,693	21,773,969	19,955,808
Transfers	1,303,921	(186,642)	(1,303,921)	186,642	-	-
Asset impairment losses		(649,875)			-	(649,875)
Increase (decrease) in net assets	14,206,419	12,838,598	7,567,550	6,467,335	21,773,969	19,305,933
Net assets July 1	113,784,609	100,946,011	71,117,998	64,706,855	184,902,607	165,652,866
Prior period adjustments				(56,192)	-	(56,192)
Net assets June 30	\$ 127,991,028	\$ 113,784,609	\$ 78,685,548	\$ 71,117,998	\$ 206,676,576	\$ 184,902,607

***CITY OF EL PASO DE ROBLES***

Management's Discussion and Analysis, continued  
Fiscal Year Ended June 30, 2005

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The fund balance at fiscal year-end for the City's general fund of \$7.6 million is an overall increase of \$254,700 over last year.

The Measure D GO bonds capital projects fund shows a decrease in fund balance of \$540,600 from the prior fiscal year, which is the result of the construction on the 13<sup>th</sup> Street Bridge.

The 1993 Public Facilities fund shows an increase in fund balance of \$9,300 which is the result of interest earnings during the fiscal year.

The Measure D GO bonds debt service fund shows an increase of \$1.75 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 \$7.5 million in fund balance from the prior fiscal year resulting from the accounting for the reimbursement agreement between the City and the Redevelopment Agency. The reimbursement agreement requires the Agency to reimburse the City for lease payments made for the construction of the Library/City Hall facility. The amount represents "life to date" lease payments (debt service) owed the City for lease payments already made less prior payments from the Agency. This amount does not include future lease payments. Future lease payments will be recorded when paid by the City.

**DEBT ADMINISTRATION**

Debt considered a liability of governmental activities decreased in FY 2004-05 by \$2.9 million due to normal amortization, compensated absences increased \$276,400, and closure/postclosure liability increased \$135,500. Per capita debt outstanding decreased to \$1,743 for FY 2004-05 down from \$1,872 for FY 2003-04. 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 2004-05 by \$640,000 due to normal amortization. Per capita debt outstanding decreased to \$345 for FY 2004-05 down from \$373 for FY 2003-04.

**CITY OF EL PASO DE ROBLES**

Management's Discussion and Analysis, continued  
Fiscal Year Ended June 30, 2005

A schedule of outstanding debt is presented below.

	<b>Balance July 1, 2004</b>	<b>Incurred or Issued</b>	<b>Satisfied or Matured</b>	<b>Balance June 30, 2005</b>
<b>Governmental Activities:</b>				
Leases payable	\$ 5,993,910	\$ 263,254	\$ 688,093	\$ 5,569,071
Compensated absences	1,385,159	276,387		1,661,546
Closure/postclosure liability	784,391	135,544		919,935
General obligation bonds payable	35,989,681		2,017,132	33,972,549
Redevelopment bonds payable	6,805,000		160,000	6,645,000
Total governmental activities	<u>\$ 50,958,141</u>	<u>\$ 675,185</u>	<u>\$ 2,865,225</u>	<u>\$ 48,768,101</u>
<b>Business-type Activities:</b>				
Compensated absences	\$ 147,187	\$ -	\$ 3,217	\$ 143,970
Revenue bonds payable	10,150,000		640,000	9,510,000
Total business-type activities	<u>\$ 10,297,187</u>	<u>\$ -</u>	<u>\$ 643,217</u>	<u>\$ 9,653,970</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, 2005

**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, 2005, net capital assets of the governmental activities totaled \$137 million and the net capital assets of the business-type activities totaled \$54.7 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	\$ 173,383,873	\$ 36,057,164	\$ 137,326,709
Capital Assets - Business-type Activities:			
Land, Buildings, Equipment, CIP, and Infrastructure	\$ 90,006,496	\$ 35,271,250	\$ 54,735,246

**CITY OF EL PASO DE ROBLES**

Management's Discussion and Analysis, continued  
Fiscal Year Ended June 30, 2005

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Comparing the FY 05 original budget (or adopted) general fund budget amount of \$18.8 million to the final budget amount of \$20.7 million shows a net increase of \$1.8 million. Included in this figure is \$755,700 in prior year carry forward, \$160,000 in funds for a police grant, \$100,000 in FEMA consulting services, \$110,500 in Tribune news rack settlement, \$162,800 for a geo thermo study, \$134,100 for landfill line monitoring, \$153,700 for PWS incentive payment, and \$255,900 in a variety of operating budget augmentations. City Council approved all budget supplemental changes to the original budget.

Original Budget	+	Supplemental Changes	=	Final Budget
\$ 18,842,300	+	\$ 1,832,700	=	\$ 20,675,000

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The key assumptions in the general fund revenue forecast for fiscal year 2005-06 were:

- An increase in property tax revenues of 8% 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 8% annually for growth in Transient Occupancy Tax.

The City continues to benefit from a sound financial base and local economy. Positive results of the last five fiscal years (2000 through 2004) have increased the general fund's fund balance by nearly \$4.9 million. The City's FY 06 budget includes the following new/expanded budget requests:

1. 20 new full time positions
2. Funding of Youth Commission at \$2,500 annually
3. ERAF Shift III Property Tax Payment to State
4. Engineering ADA Compliance Assessment
5. Additional Funds for Fleet Maintenance
6. Increase Contributions to City Facility Repair Fund and General Reserve and Contingency Fund

***CITY OF EL PASO DE ROBLES***

Management's Discussion and Analysis, continued  
Fiscal Year Ended June 30, 2005

**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](mailto: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 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, 2005

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 37,071,564	\$ 31,827,865	\$ 68,899,429
Accounts receivable	2,623,808	1,914,760	4,538,568
Interest receivable	483,650		483,650
Inventory		72,979	72,979
Loan contracts receivable	692,689		692,689
Prepaid expenses	359,251		359,251
Land	4,412,045	8,389,465	12,801,510
Buildings and improvements	42,966,178	67,045,907	110,012,085
Equipment	6,129,679	3,470,407	9,600,086
Construction in progress	922,705	11,100,717	12,023,422
Infrastructure	118,953,264		118,953,264
Accumulated depreciation	(36,057,164)	(35,271,250)	(71,328,414)
Bond issuance deferred charges	1,103,130	266,019	1,369,149
<b>Total Assets</b>	<b>179,660,799</b>	<b>88,816,869</b>	<b>268,477,668</b>
<b>LIABILITIES</b>			
Accounts payable	1,082,290	338,383	1,420,673
Accrued payroll expenses	515,842	53,596	569,438
Interest payable	588,600	31,657	620,257
Customer deposits	216,473	61,268	277,741
Deferred revenue	363,302		363,302
Prepaid revenues	135,163		135,163
Long term debt			
Due within one year	2,815,714	655,000	3,470,714
Due in more than one year	45,952,387	8,991,417	54,943,804
<b>Total Liabilities</b>	<b>51,669,771</b>	<b>10,131,321</b>	<b>61,801,092</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	92,243,219	45,491,265	137,734,484
Restricted	8,452,803	375,697	8,828,500
Unrestricted	27,295,006	32,818,586	60,113,592
<b>Total net assets</b>	<b>\$ 127,991,028</b>	<b>\$ 78,685,548</b>	<b>\$ 206,676,576</b>

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

CITY OF EL PASO DE ROBLES  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenditures	Operating			Primary Government		
		Charges for Services	Contributions and Grants	Capital Contributions and Grants	Net Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 2,504,389	\$ 42,525	\$ -	\$ -	\$ (2,461,864)	\$ -	\$ (2,461,864)
Public safety	9,691,844	496,314	249,713	17,632	(8,928,185)		(8,928,185)
Public works	7,014,786	67,541		4,860,312	(2,086,933)		(2,086,933)
Library and recreation services	4,345,380	802,756	124,227		(3,418,397)		(3,418,397)
Community development	3,664,177	6,486,650	196,680		3,019,153		3,019,153
Interest on long-term debt	828,825				(828,825)		(828,825)
<b>Total Governmental Activities</b>	<b>28,049,401</b>	<b>7,895,786</b>	<b>570,620</b>	<b>4,877,944</b>	<b>(14,705,051)</b>		<b>(14,705,051)</b>
<b>Business-Type Activities:</b>							
Water operations	3,142,803	3,378,686		4,065,948		4,301,831	4,301,831
Sewer operations	3,400,779	3,554,971		2,846,415		3,000,607	3,000,607
Airport operations	703,939	18,932				(685,007)	(685,007)
Transit operations	893,664	115,973				(777,691)	(777,691)
<b>Total Business-Type Activities</b>	<b>8,141,185</b>	<b>7,068,562</b>		<b>6,912,363</b>		<b>5,839,740</b>	<b>5,839,740</b>
<b>Total primary government</b>	<b>\$ 36,190,586</b>	<b>\$ 14,964,348</b>	<b>\$ 570,620</b>	<b>\$ 11,790,307</b>	<b>(14,705,051)</b>	<b>5,839,740</b>	<b>(8,865,311)</b>

**General Revenues and Transfers:**

<b>Taxes:</b>		
Property taxes	13,203,987	99,991
Sales taxes	5,414,505	
Other taxes	4,249,273	
From other agencies	2,975,864	1,983,427
Licenses and permits	330,120	
Other	944,947	(113,931)
Uses of money and property	488,853	1,062,244
Transfers in/(out)	1,303,921	(1,303,921)
<b>Total general revenues and transfers</b>	<b>28,911,470</b>	<b>1,727,810</b>
<b>Change in net assets</b>	<b>14,206,419</b>	<b>7,567,550</b>
<b>Net assets beginning of fiscal year</b>	<b>113,784,609</b>	<b>71,117,998</b>
<b>Net assets end of fiscal year</b>	<b>\$ 127,991,028</b>	<b>\$ 78,685,548</b>

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

# CITY OF EL PASO DE ROBLES



# FUNDS FINANCIAL STATEMENTS

## ***GOVERNMENTAL FUNDS 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 in 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.

### **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  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2005

	General Fund	Measure D GO Bonds 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
<b>ASSETS</b>							
Cash and cash equivalents	\$ 5,336,634	\$ 6,051,081	\$ -	\$ 5,785,833	\$ 196,318	\$ 18,367,278	\$ 35,737,144
Cash and investments with fiscal agent			480,423		853,997		1,334,420
Accounts receivable	2,177,545			135,084	186,644	124,535	2,623,808
Interest receivable	483,650						483,650
Loan contracts receivable	1,245,438					8,674,045	9,919,483
Prepaid items	24,716				334,535		359,251
Due from other funds	38,826						38,826
<b>Total Assets</b>	<b>\$ 9,306,809</b>	<b>\$ 6,051,081</b>	<b>\$ 480,423</b>	<b>\$ 5,920,917</b>	<b>\$ 1,571,494</b>	<b>\$ 27,165,858</b>	<b>\$ 50,496,582</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 464,689	\$ 374,888	\$ -	\$ -	\$ 40,106	\$ 202,607	\$ 1,082,290
Accrued payroll expenses	509,991					5,851	515,842
Compensated absences	50,000						50,000
Deposits due to others	204,300						204,300
Loan contracts payable					7,981,356	1,245,438	9,226,794
Customer deposits	12,173						12,173
Deferred revenues	314,832					432,419	747,251
Due to other funds						38,826	38,826
Prepaid revenues	135,163						135,163
<b>Total Liabilities</b>	<b>1,691,148</b>	<b>374,888</b>	<b>-</b>	<b>-</b>	<b>8,021,462</b>	<b>1,925,141</b>	<b>12,012,639</b>
<b>Fund Balances:</b>							
Reserved	1,270,154					7,981,356	9,251,510
Unreserved/Designated		5,676,193			(6,449,968)		(773,775)
Unreserved/Undesignated	6,345,507		480,423	5,920,917		17,259,361	30,006,208
<b>Total Fund Balances</b>	<b>7,615,661</b>	<b>5,676,193</b>	<b>480,423</b>	<b>5,920,917</b>	<b>(6,449,968)</b>	<b>25,240,717</b>	<b>38,483,943</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,306,809</b>	<b>\$ 6,051,081</b>	<b>\$ 480,423</b>	<b>\$ 5,920,917</b>	<b>\$ 1,571,494</b>	<b>\$ 27,165,858</b>	<b>\$ 50,496,582</b>

The notes to the financial statements 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, 2005

Fund balances of governmental funds	\$ 38,483,943
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	137,326,709
Deferred revenue	383,947
Accrued closure and postclosure costs added to long term debt	(919,935)
Bond issuance deferred charges	1,103,130
Bond interest payable	(588,600)
Lease contracts payable	(559,071)
Bonds and certificates of participation payable	(45,627,549)
Compensated absences	<u>(1,611,546)</u>
Net assets of governmental activities	<u>\$ 127,991,028</u>

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

CITY OF EL PASO DE ROBLES  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	General Fund	Measure D GO Bonds 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
<b>Revenues:</b>							
Taxes	\$ 15,209,073	\$ -	\$ -	\$ 4,544,581	\$ 1,959,643	\$ 1,154,468	\$ 22,867,765
Licenses and permits	1,505,948						1,505,948
Fines and forfeitures	271,611						271,611
Uses of money and property	450,082	49,695	22,864	102,862	14,688	567,802	1,207,993
From other agencies	2,508,435					1,106,211	3,614,646
Charges for current services	1,862,517					5,119,262	6,981,779
Other	87,384	384			58,010	535,913	681,691
<b>Total Revenues</b>	<b>21,895,050</b>	<b>50,079</b>	<b>22,864</b>	<b>4,647,443</b>	<b>2,032,341</b>	<b>8,483,656</b>	<b>37,131,433</b>
<b>Expenditures:</b>							
General government	1,610,350			2,500	102,643	73,441	1,788,934
Public safety	9,215,472					101,019	9,316,491
Public works	2,933,501					977,625	3,911,126
Library and recreation services	3,940,208					22,672	3,962,880
Community development	2,371,025					664,249	3,035,274
Interest	72,572		201,570	874,693	352,940		1,501,775
Principal	238,093		450,000	2,017,132	160,000		2,865,225
Paying agent fees			2,531	1,130	3,140		6,801
Arbitrage fees			3,000				3,000
Capital outlay	985,247	7,881,726				3,427,799	12,294,772
Fiscal agreements payments					522,797		522,797
<b>Total Expenditures</b>	<b>21,366,468</b>	<b>7,881,726</b>	<b>657,101</b>	<b>2,895,455</b>	<b>1,141,520</b>	<b>5,266,805</b>	<b>39,209,075</b>
Excess revenues over (under) expenditures	528,582	(7,831,647)	(634,237)	1,751,988	890,821	3,216,851	(2,077,642)
<b>Other financing sources (uses):</b>							
Operating transfers in	707,906	7,291,000	643,560			10,255,903	18,898,369
Operating transfers out	(1,245,031)				(8,401,658)	(7,947,759)	(17,594,448)
Capital leases	263,254						263,254
Proceeds from postclosure liability						135,544	135,544
<b>Total Other Financing Sources (Uses)</b>	<b>(273,871)</b>	<b>7,291,000</b>	<b>643,560</b>		<b>(8,401,658)</b>	<b>2,443,688</b>	<b>1,702,719</b>
<b>Net Change in Fund Balances</b>	<b>254,711</b>	<b>(540,647)</b>	<b>9,323</b>	<b>1,751,988</b>	<b>(7,510,837)</b>	<b>5,660,539</b>	<b>(374,923)</b>
<b>Fund Balances - July 1</b>	<b>7,360,950</b>	<b>6,216,840</b>	<b>471,100</b>	<b>4,168,929</b>	<b>1,060,869</b>	<b>19,580,178</b>	<b>38,858,866</b>
<b>Fund Balances - June 30</b>	<b>\$ 7,615,661</b>	<b>\$ 5,676,193</b>	<b>\$ 480,423</b>	<b>\$ 5,920,917</b>	<b>\$ (6,449,968)</b>	<b>\$ 25,240,717</b>	<b>\$ 38,483,943</b>

The notes to the financial statements 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, 2005

Net change in fund balances - total governmental funds	\$ (374,923)
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	16,364,829
Governmental funds do not report depreciation as an expense. However, in the Statement of Activities, depreciation is recorded as an expense	(3,651,474)
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	2,865,225
Proceeds from debt financing	(263,254)
CDBG reduction in loans receivables	(249,595)
Interest payable one year increase	(33,942)
Postclosure change in long term liability	(135,544)
Current year bond issuance amortization	(38,516)
To record as an expense the net changes in compensated absences in the Statement of Activities	<u>(276,387)</u>
Change in net assets of governmental activities	<u><u>\$ 14,206,419</u></u>

The notes to the financial statements 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, 2005**

	Budgeted Amounts			Variance with Budget Positive/(Negative)	Final
	Original	Final	Actual		
<b>Revenues:</b>					
Taxes	\$ 13,620,000	\$ 13,620,000	\$ 15,209,073	\$ 1,589,073	
Licenses and permits	860,000	860,000	1,505,948	645,948	
Fines and forfeitures	293,500	289,500	271,611	(17,889)	
Uses of money and property	418,500	674,000	450,082	(223,918)	
From other agencies	803,200	1,012,100	2,508,435	1,496,335	
Charges for current services	1,347,500	1,303,100	1,862,517	559,417	
Other	100,000	100,000	87,384	(12,616)	
<b>Total Revenues</b>	<b>17,442,700</b>	<b>17,858,700</b>	<b>21,895,050</b>	<b>4,036,350</b>	
<b>Expenditures:</b>					
<b>Current:</b>					
General government	606,000	1,510,800	1,610,350	(99,550)	
Public safety	9,388,800	9,342,200	9,215,472	126,728	
Public works	2,586,900	3,013,300	2,933,501	79,799	
Library & recreation services	3,946,800	3,857,100	3,940,208	(83,108)	
Community development	2,100,100	2,295,700	2,371,025	(75,325)	
Debt service	213,700	268,000	310,665	(42,665)	
Capital outlay		387,900	985,247	(597,347)	
<b>Total Expenditures</b>	<b>18,842,300</b>	<b>20,675,000</b>	<b>21,366,468</b>	<b>(691,468)</b>	
<b>Excess revenues over (under) expenditures</b>	<b>(1,399,600)</b>	<b>(2,816,300)</b>	<b>528,582</b>	<b>3,344,882</b>	
<b>Other financing sources (uses):</b>					
Operating transfers in	572,200	591,200	707,906	116,706	
Operating transfers out	(408,500)	(408,500)	(1,245,031)	(836,531)	
Capital leases			263,254	263,254	
<b>Total other financing sources (uses)</b>	<b>163,700</b>	<b>182,700</b>	<b>(273,871)</b>	<b>(456,571)</b>	
<b>Excess revenues and other sources over (under) expenditures and other uses</b>	<b>(1,235,900)</b>	<b>(2,633,600)</b>	<b>254,711</b>	<b>2,888,311</b>	
<b>Fund Balance - July 1</b>	<b>7,360,950</b>	<b>7,360,950</b>	<b>7,360,950</b>		
<b>Fund Balance - June 30</b>	<b>\$ 6,125,050</b>	<b>\$ 4,727,350</b>	<b>\$ 7,615,661</b>	<b>\$ 2,888,311</b>	

The notes to the financial statements 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 2005.

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, 2005**

	Business-type Activities - Enterprise Funds				Totals
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	\$ 194,851	\$ 73,160	\$ 11,723	\$ 58,649	\$ 338,383
Accrued payroll expenses	22,848	17,900	5,043	252	46,043
Accrued interest expense		31,657			31,657
Compensated absences	39,542	96,875	7,553		143,970
Customer deposits	58,375	2,893			61,268
Bond principal payable - current portion		655,000			655,000
Total Current Liabilities	<u>315,616</u>	<u>877,485</u>	<u>24,319</u>	<u>58,901</u>	<u>1,276,321</u>
Long-term Liabilities:					
Bond principal payable, net - less current portion		8,855,000			8,855,000
Total Long-term Liabilities		<u>8,855,000</u>	<u>-</u>		<u>8,855,000</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	18,405,576	13,730,839	13,072,553	282,297	45,491,265
Restricted for capital projects		375,697			375,697
Unrestricted	16,892,098	14,444,642	715,710	766,136	32,818,586
Total Net Assets	<u>\$ 35,297,674</u>	<u>\$ 28,551,178</u>	<u>\$ 13,788,263</u>	<u>\$ 1,048,433</u>	<u>\$ 78,685,548</u>

The notes to the financial statements 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, 2005**

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
Operating Revenues:					
Charges for current services	\$ 3,378,686	\$ 3,554,971	\$ 18,932	\$ 115,973	\$ 7,068,562
Rents and leases			322,912		322,912
Other	(11,898)	(142,008)	23,513	282	(130,111)
<b>Total operating revenues</b>	<b>3,366,788</b>	<b>3,412,963</b>	<b>365,357</b>	<b>116,255</b>	<b>7,261,363</b>
Operating expenses:					
Maintenance, operations, and administration	2,690,697	1,911,324	359,759	695,966	5,657,746
Depreciation and amortization	452,106	1,095,250	333,931	70,886	1,952,173
<b>Total operating expenses</b>	<b>3,142,803</b>	<b>3,006,574</b>	<b>693,690</b>	<b>766,852</b>	<b>7,609,919</b>
Operating income (loss)	223,985	406,389	(328,333)	(650,597)	(348,556)
Non-operating revenues (expenses):					
Taxes			99,991		99,991
Revenues from other agencies	914,645		123,751	945,031	1,983,427
Interest revenue	386,548	323,686	18,138	10,960	739,332
Sale of surplus property	16,180				16,180
Contributions to other agencies				(126,812)	(126,812)
Interest expense		(394,205)	(10,249)		(404,454)
<b>Total non-operating revenues (expenses)</b>	<b>1,317,373</b>	<b>(70,519)</b>	<b>231,631</b>	<b>829,179</b>	<b>2,307,664</b>
Income before other financing sources (uses) and capital contributions	1,541,358	335,870	(96,702)	178,582	1,959,108
Other financing sources (uses):					
Transfers in	12,889				12,889
Transfers out	(903,921)	(412,889)			(1,316,810)
Capital contributions	2,813,927	2,846,415			5,660,342
Capital contribution - Nacimiento project	1,043,479				1,043,479
Capital contribution - Nacimiento water treatment	208,542				208,542
<b>Change in net assets</b>	<b>4,716,274</b>	<b>2,769,396</b>	<b>(96,702)</b>	<b>178,582</b>	<b>7,567,550</b>
Total net assets - July 1	30,581,400	25,781,782	13,884,965	869,851	71,117,998
Total net assets - June 30	<b>\$ 35,297,674</b>	<b>\$ 28,551,178</b>	<b>\$ 13,788,263</b>	<b>\$ 1,048,433</b>	<b>\$ 78,685,548</b>

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, 2005**

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
<b>Cash Flows from Operating Activities:</b>					
Receipts from customers and users	\$ 3,071,879	\$ 3,556,653	\$ 441,332	\$ 88,071	\$ 7,157,935
Payments to suppliers	(1,981,433)	(1,265,077)	(271,947)	(704,747)	(4,223,204)
Payments to employees	(645,958)	(615,934)	(140,503)	(9,846)	(1,412,241)
Net cash provided (used) by operating activities	444,488	1,675,642	28,882	(626,522)	1,522,490
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Proceeds from federal and state grants	914,645		123,751	945,031	1,983,427
Acquisitions of capital assets	(2,930,691)	(984,771)	(86,657)	(75,719)	(4,077,838)
Loan/lease principal paid		(640,000)	(202,650)		(842,650)
Interest paid on long term debt		(395,238)	(10,249)		(405,487)
Operating transfers in/(out)	(891,032)	(412,889)			(1,303,921)
Contributed capital received	3,281,484	2,370,935			5,652,419
Sale of surplus equipment	16,180				16,180
Net cash provided (used) by capital and related financing activities	390,586	(61,963)	(175,805)	869,312	1,022,130
<b>Cash Flows from Non-capital and Related Financing Activities:</b>					
Taxes			99,991		99,991
Contributions to others				(126,812)	(126,812)
Net cash provided (used) by non-capital financing sources			99,991	(126,812)	(26,821)
<b>Cash Flows from Investing Activities:</b>					
Interest on investments	386,548	323,686	18,138	10,960	739,332
Net cash provided by investing financing activities	386,548	323,686	18,138	10,960	739,332
Net increase (decrease) in cash and cash equivalents	1,221,622	1,937,365	(28,794)	126,938	3,257,131
Cash and cash equivalents at beginning of year	15,108,839	12,228,931	761,865	471,099	28,570,734
Cash and cash equivalents at end of year	\$ 16,330,461	\$ 14,166,296	\$ 733,071	\$ 598,037	\$ 31,827,865
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:</b>					
Operating income (loss)	\$ 223,985	\$ 406,389	\$ (328,333)	\$ (650,597)	\$ (348,556)
Adjustments to reconcile net operating income (loss)					
Add depreciation and amortization	452,106	1,095,250	333,931	70,886	1,952,173
Change in operating assets and liabilities:					
(Increase) decrease in accounts receivable	(300,059)	140,798	75,975	(28,183)	(111,469)
(Increase) decrease in inventory	11,683				11,683
Increase (decrease) in accounts payable	53,917	30,430	(56,084)	(18,626)	9,637
Increase in accrued payroll expenses	3,998	(585)	785	(2)	4,196
Increase (decrease) in compensated absences	(6,292)	467	2,608		(3,217)
Increase (decrease) in customer deposits	5,150	2,893			8,043
Net cash provided (used) by operating activities	\$ 444,488	\$ 1,675,642	\$ 28,882	\$ (626,522)	\$ 1,522,490

The notes to the financial statements 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, 2005

	Agency Funds
<b>Assets</b>	
Cash and investments	\$ 1,257,371
Total Assets	1,257,371
<b>Liabilities</b>	
Accounts payable	13,530
Accrued salaries and benefits payable	1,428
Customer deposits	789,725
Due to others	441,868
Special assessment bond principal payable	5,000
Special assessment bond interest payable	5,820
Total Liabilities	1,257,371
<b>Net Assets</b>	
Unrestricted	-
<b>Total Net Assets</b>	<b>\$ -</b>

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

**CITY OF EL PASO DE ROBLES**

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June 30, 2005

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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, 2005

### **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, 2005

### **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, 2005

### **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.

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, 2005

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, 2005

### **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, 2005

**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 <sup>st</sup> installment, March 1, 2 <sup>nd</sup> installment
Collection Date - Secured Taxes	December 10, 1 <sup>st</sup> installment, April 10, 2 <sup>nd</sup> 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, 2005

### **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, 2005

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 2004/05 was 2.97%. For the month ended June 30, 2005, the City recognized a weighted average daily rate of return of 3.21%. At no time during the fiscal year did the City borrow funds through the use of reverse purchase agreements.

The table below identifies the investment types that are specifically authorized by the City's investment policy and also identifies certain provisions of the City's investment policy that addresses interest rate risk and concentration of credit risk per GASB Statement No. 40. It does not address investments of debt proceeds held by bond trustee that are governed by the provisions of the debt agreement between the City and trustee. Any investment type not listed is either prohibited by California Government Code, prohibited by the City's investment policy, or not specifically addressed by the City's investment policy.

<u>Investment Types Authorized by Law</u>	<u>Maximum Maturity</u>	<u>Maximum % of Portfolio</u>	<u>Maximum in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Notes	7 years**	30%	None
U.S. Agency Mortgaged Backed Securities	7 years**	30%	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	180 days	None	None
Corporate Notes	5 years	20%	\$1 Million
Certificates of Deposit	5 years	None	None
Collateralized Certificates of Deposit	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	90 days	None	None
Local Agency Investment Fund (LAIF)	None	None	None

\*\*Only 15% of the aggregate total of 60% may be invested between 5 and 7 years.

### **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-

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements (continued)

June 30, 2005

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, 2005.

**C. Disclosures Relating to Interest Risk**

Per GASB Statement No. 40, interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity. For purposes of the table show below, any callable securities are assumed to be held to maturity.

		<u>Remaining Maturity (in months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
U.S. Agency Notes	\$ 7,170,180	\$ -	\$ 4,708,845	\$ 2,461,335	\$ -
U.S. Agency Mortgaged Backed Securities	10,245,044	201,567	474,416	8,656,048	913,013
Corporate Notes	10,386,120	-	5,959,900	4,426,220	-
Certificates of Deposit	7,030,000	2,282,000	4,360,000	388,000	-
Local Agency Investment Fund (LAIF)	32,937,674	32,937,674	-	-	-
Held by Bond Trustee:					
LAIF	375,697	375,697			
Money Market Funds	1,334,415	1,334,415	-	-	-
	<u>\$ 69,479,130</u>	<u>\$ 37,131,353</u>	<u>\$ 15,503,161</u>	<u>\$ 15,931,603</u>	<u>\$ 913,013</u>

**D. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

The City’s investments did not include any investments that are highly sensitive to interest rate fluctuations (to a degree than already indicated in the information provided above).

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements (continued)  
June 30, 2005

**E. Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City’s investment policy, or debt agreements, and the actual rating as of year end for the each investment type.

		Minimum Legal Rating	Exempt From Disclosure	Ratings as of Year End		Not Rated
				AAA	AA	
U.S. Agency Notes	\$ 7,170,180	N/A	\$ -	\$ 7,170,180	\$ -	\$ -
U.S. Agency Mortgaged Backed Securities	10,245,044	N/A	-	10,245,044	-	-
Corporate Notes	10,386,120	A	-	3,423,510	6,926,610	-
Certificates of Deposit	7,030,000	N/A	7,030,000	-	-	-
Local Agency Investment Fund (LAIF)	32,937,674	N/A	-	-	-	32,937,674
Held by Bond Trustee:						
LAIF	375,697					375,697
Money Market Funds	1,334,415		-	-	-	1,334,415
	<u>\$ 69,479,130</u>		<u>\$ 7,030,000</u>	<u>\$ 20,838,734</u>	<u>\$ 6,926,610</u>	<u>\$ 34,647,786</u>

**F. Concentrations of Credit Risk**

The investment policy of the City contains limitations that are, in some cases, more restrictive than those stipulated by the California Government Code. In some cases, the investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities and external investment pools) that represent 5% or more of the total City investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal agency securities	\$ 8,016,217
Federal Home Loan Mortgage	Federal agency securities	8,352,139

## ***CITY OF EL PASO DE ROBLES***

Notes to the Basic Financial Statements (continued)

June 30, 2005

### **G. Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2005, three different financial institutions each held \$198,000 in City's deposits. For each institution, \$98,000 was in excess of federal depository insurance limits. Thus, each financial institution was required to collateralize all amounts in excess of \$100,000 in accordance with California law.

### **H. Cash and investments**

The carrying amount of the City's cash and deposits was \$6,73,570 at June 30, 2005. Cash on hand was \$4,100 and bank balances, before reconciling items, were \$540,798 at June 30, 2005. At June 30, 2005, the difference between the City's bank accounts and the carrying amount is due to the normal deposits in transit and outstanding checks.

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

Governmental activities	\$37,071,564
Business activities	31,827,865
Fiduciary funds	<u>1,257,371</u>
Total Cash and Investments	<u>\$70,156,800</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	\$67,189,317
With fiscal agent	1,710,112
Fiduciary funds	<u>1,257,371</u>
Total Cash and Investments	<u>\$70,156,800</u>

## ***CITY OF EL PASO DE ROBLES***

Notes to the Basic Financial Statements (continued)

June 30, 2005

### **I. Marking Investments to Fair Value (GASB 31)**

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

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

### **J. 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, 2005, the account in the name of the City held \$33,010,000 on deposit while the Redevelopment Agency had no funds on deposit. Due to GASB 31, the City recorded a total fair value of \$32,937,674 that included \$72,326 in recognized ("unrealized") losses on investments in LAIF. The unrealized loss was based on a fair value adjustment factor of .997747553 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, 2005 of \$375,697 is included in amounts reported as "cash with fiscal agent".

## ***CITY OF EL PASO DE ROBLES***

Notes to the Basic Financial Statements (continued)

June 30, 2005

### **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, 2005. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. When actual cost information was not available, current replacement cost was estimated and trended back to the date of acquisition by using either the Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers, Los Angeles-Riverside-Orange County, not seasonally adjusted for all items, or the Construction Cost Index compiled by Engineering News Record (ENR), revised in June 2002. The Consumer Price Index was used for traffic signals and streetlights. The Construction Cost Index was used for all other infrastructure assets. The book value was then computed by deducting the accumulated depreciation from the original cost.

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

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements (continued)

June 30, 2005

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, 2005, consisted of the following:

	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
<b>Governmental Activities:</b>				
Land	\$ 4,412,045	\$ -	\$ -	\$ 4,412,045
Buildings and improvements	29,705,132	13,261,046		42,966,178
Equipment	5,755,103	374,576		6,129,679
Infrastructure and CIP Infrastructure	103,439,207	18,073,489	2,559,430	118,953,266
Construction in progress	13,707,557		12,784,852	922,705
Less accumulated depreciation	(32,405,690)	(3,651,474)		(36,057,164)
<b>Governmental activity capital assets, net</b>	<b>\$ 124,613,354</b>	<b>\$ 28,057,637</b>	<b>\$ 15,344,282</b>	<b>\$ 137,326,709</b>

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements (continued)

June 30, 2005

	Balance July 1, 2004	Increases	Decreases	Balance June 30, 2005
<b>Business-type Activities:</b>				
<b>Water</b>				
Buildings	\$ 732,488	\$ -	\$ -	\$ 732,488
Improvements other than buildings	24,417,446	630,542		25,047,988
Equipment	1,809,495		181,278	1,628,217
Construction in progress	1,518,427	3,084,613		4,603,040
Less accumulated depreciation	(13,335,329)	(452,106)	(181,278)	(13,606,157)
<b>Water activities capital assets, net</b>	<b>\$ 15,142,527</b>	<b>\$ 3,263,049</b>	<b>\$ -</b>	<b>\$ 18,405,576</b>
<b>Sewer</b>				
Land	\$ 559,050	\$ -	\$ -	\$ 559,050
Buildings	688,338			688,338
Improvements other than buildings	29,239,357	556,636		29,795,993
Equipment	1,377,728	10,914	237,707	1,150,935
Construction in progress	5,533,481	894,342	1,600	6,426,223
Less accumulated depreciation	(14,797,985)	(1,085,397)	(237,663)	(15,645,719)
<b>Sewer activities capital assets, net</b>	<b>\$ 22,599,969</b>	<b>\$ 376,495</b>	<b>\$ 1,644</b>	<b>\$ 22,974,820</b>
<b>Airport</b>				
Land	\$ 7,830,415	\$ -	\$ -	\$ 7,830,415
Buildings	1,956,948			1,956,948
Improvements other than buildings	8,824,151			8,824,151
Equipment	114,511	39,344		153,855
Construction in progress	22,038	47,314		69,352
Less accumulated depreciation	(5,428,237)	(333,931)		(5,762,168)
<b>Airport activities capital assets, net</b>	<b>\$ 13,319,826</b>	<b>\$ (247,273)</b>	<b>\$ -</b>	<b>\$ 13,072,553</b>
<b>Transit</b>				
Equipment	\$ 521,304	\$ 73,617	\$ 57,520	\$ 537,401
Construction in progress		\$ 2,102		2,102
Less accumulated depreciation	(243,840)	(70,886)	(57,520)	(257,206)
<b>Transit activities capital assets, net</b>	<b>\$ 277,464</b>	<b>\$ 4,833</b>	<b>\$ -</b>	<b>\$ 282,297</b>
<b>Net capital assets, total government</b>	<b>\$ 175,953,140</b>	<b>\$ 31,454,741</b>	<b>\$ 15,345,926</b>	<b>\$ 192,061,955</b>

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements (continued)  
June 30, 2005

For the fiscal year ended June 30, 2005, depreciation expense on capital assets was charged to the governmental functions as follows:

General Government	\$	167,926
Public Safety		217,218
Public Works		2,893,937
Library and Recreation Services		358,979
Community Development		<u>13,414</u>
Total Depreciation Expense	\$	<u><u>3,651,474</u></u>

**Construction Commitments**

As of June 30, 2005, the City had a number of construction projects in progress. The governmental activity projects had a total work in progress amount of \$922,705. The business-type activity projects included various water, sewer, and airport infrastructure improvements totaling \$11,100,717.

**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, 2005:

	<u>Due From</u>	<u>Due To</u>
Major Fund: General Fund		\$ 38,826
Non-major Funds: Airport Road PSR Fund	\$ 38,826	

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements (continued)

June 30, 2005

**B. Advances From/To**

With Council approval resources were advanced to the Chandler Ranch and Olsen Beechwood Specific Plan Funds. The City Council adopted Resolution No. 93-173 on November 2, 1993 which approved a reimbursement agreement between the City and Redevelopment Agency. The reimbursement agreement requires the Agency to reimburse the City for lease payments made for the construction of the Library/City Hall facility. The amount noted below represents "life to date" lease payments (debt service) owed the City for lease payments already made less prior payments from the Agency. This amount does not include future lease payments. Future lease payments will be recorded when paid by the City.

	<u>Advances From</u>	<u>Advances To</u>
Major Funds:		
General Fund	\$1,245,438	
Redevelopment Agency Debt Service Fund		\$7,981,356
Non-major Funds:		
Specific Plans Fund		\$1,245,438
City Hall Development Fund	\$7,981,356	

**C. 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 and this loan was paid in full by June 30, 2005.

**D. 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, 2005

**E. Transfers In/Transfers Out**

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Funds:</b>		
General Fund	\$ 707,906	\$ 1,245,031
Measure D GO Bonds Capital Projects Fund	7,291,000	
1993 Public Facilities Debt Service Fund	643,560	
RDA Debt Service Fund		8,401,658
<b>Non-major Funds:</b>		
General Emergency and Reserves Fund	950,000	300,000
City Facility Repair Fund	99,996	19,000
Gas Tax Fund		234,985
Solid Waste Operations Fund	73,200	
Traffic Mitigation Development Fund	100,860	705,851
Redevelopment Agency Fund	144,442	
Public Facilities Development Fund	8,156,356	2,830,725
Storm Drain Development Fund		200,000
Bridge Development Fund		3,032,000
Signalization Fund	105,851	
<b>Enterprise Funds:</b>		
Sewer Fund		412,889
Water Fund	12,889	903,921
	<u>12,889</u>	<u>903,921</u>
<b>Totals</b>	<u>\$ 18,286,060</u>	<u>\$ 18,286,060</u>

## ***CITY OF EL PASO DE ROBLES***

Notes to the Basic Financial Statements (continued)

June 30, 2005

### **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 and general and auto liability, the City is a member of the California Joint Powers Insurance Authority, a risk sharing, self-funded joint powers authority whose membership at last count included 110 public agencies. The Joint Powers Authority provides program administration, claim servicing, investigation services, legal counsel, and excess coverage to its members. A schedule of coverage is provided in the statistical section, page 119, "Schedule of Insurance". Copies of the financial audit are available upon request from the City or the Joint Powers Authority, 8081 Moody Street, La Palma, Ca. 90623, or phone 800-229-2343.

With the dissolution of the Central Coast Cities Self Insurance Fund, the Joint Powers Authority agreed to manage the "tail" claims for general liability and workers' compensation for the Self Insurance Fund participants on a voluntarily participation basis. The Joint Powers Authority manages these "tail" claims separately from its regular programs. Paso Robles has agreed to allow the Joint Powers Authority to manage said "tail" claims for general liability and workers' compensation.

As of June 30, 2005, for tail claims, the City had general liability fund balance of \$181,484 not including \$70,000 for "Incurred but not yet reported" claims per the actuary.

In the case of workers' compensation, the City had a fund balance of \$1,051,970 which does not include \$925,000 present value of liability for outstanding claims per the "Actuarial Review of the Workers' Compensation Program" date October 20, 2005 as prepared by Richard Sherman & Associates, Inc.

### **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).

## ***CITY OF EL PASO DE ROBLES***

Notes to the Basic Financial Statements (continued)

June 30, 2005

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).

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.

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, 2005. 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, 2005. 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, 2005. 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, 2005

The City entered into a \$263,254 lease purchase contract dated September 7, 2004, for the acquisition of two street sweepers for the Public Works Department. Principal and interest payments are due monthly beginning December 3, 2004, with the last payment due November 3, 2009. Total annual payments are \$57,299.

**B. Changes in Long-Term Debt**

As of June 30, 2005, the City had the following long-term obligations outstanding including the current portion:

	<b>Governmental Activities</b>				
	<b>Balance July 1, 2004</b>	<b>Incurred or Issued</b>	<b>Satisfied or Matured</b>	<b>Balance June 30, 2005</b>	<b>Current Portion</b>
<b>Governmental Activities:</b>					
Capital Leases Payable	\$ 533,910	\$ 263,254	\$ (238,093)	\$ 559,071	\$ 186,134
Certificates of Participation	5,460,000		(450,000)	5,010,000	415,000
General Obligation Bonds	35,989,681		(2,017,132)	33,972,549	1,999,580
Redevelopment Tax Allocation Bonds	6,805,000		(160,000)	6,645,000	165,000
Compensated Absences	1,385,159	276,387		1,661,546	50,000
Closure/Postclosure Liability	784,391	135,544		919,935	
<b>Total Governmental Activities</b>	<b>\$ 50,958,141</b>	<b>\$ 675,185</b>	<b>\$ (2,865,225)</b>	<b>\$ 48,768,101</b>	<b>\$ 2,815,714</b>

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements (continued)

June 30, 2005

**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, 2005 are as follows:

<b>Governmental Activities</b>			
<b>Year End</b>			
<b>June 30</b>	<b>Principal</b>		<b>Interest</b>
2006	\$ 2,765,714	\$	1,511,863
2007	2,788,568		1,580,350
2008	2,714,763		1,654,353
2009	2,258,895		1,715,450
2010	2,263,472		1,776,057
2011-2015	10,324,845		9,738,530
2016-2020	9,399,579		10,626,995
2021-2025	8,866,264		10,693,426
2026-2028	4,804,520		6,237,952
	<u>\$ 46,186,620</u>	<u>\$</u>	<u>45,534,976</u>

**D. Bond Requirements**

At June 30, 2005, 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, 2005.

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements (continued)  
June 30, 2005

**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 provided \$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 \$522,438 to \$1,046,201 through January 1, 2032. These bonds are payable from sewer user fees.

**B. Changes in Long-Term Obligations**

As of June 30, 2005, the City had the following long-term obligations outstanding including the current portion:

	<b>Business Activities</b>				
	<b>Balance July 1, 2004</b>	<b>Incurred or Issued</b>	<b>Satisfied or Matured</b>	<b>Balance June 30, 2005</b>	<b>Current Portion</b>
<b>Business-type Activities:</b>					
Compensated Absences	\$ 147,187	\$ -	\$ (3,217)	\$ 143,970	\$ -
Revenue Bonds	10,150,000		(640,000)	9,510,000	655,000
<b>Total Business-type Activities</b>	<b>\$ 10,297,187</b>	<b>\$ -</b>	<b>\$ (643,217)</b>	<b>\$ 9,653,970</b>	<b>\$ 655,000</b>

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements (continued)  
June 30, 2005

**C. Annual Repayment Requirements of Long-Term Debt**

The annual requirements to amortize all debts outstanding (excluding compensated absences) as of June 30, 2005 are as follows:

<b>Business Activities</b>			
<b>Year End</b>			
<b>June 30</b>	<b>Principal</b>		<b>Interest</b>
2006	\$ 655,000	\$	279,489
2007	675,000		366,389
2008	695,000		351,201
2009	190,000		333,826
2010	195,000		328,364
2011-2015	1,090,000		1,538,460
2016-2020	1,310,000		1,310,047
2021-2025	1,645,000		994,500
2026-2030	2,080,000		562,325
2031-2032	975,000		73,750
	<u>\$ 9,510,000</u>	<u>\$</u>	<u>6,138,351</u>

**D. Bond Requirements**

At June 30, 2005, 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, 2005.

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements (continued)

June 30, 2005

**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, 2005 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	2.5%	3.0%	2.0%
Required employee contribution rate	8%	9%	9%
Required employer contribution rate	6.687%	24.140%	15.769%
Total current covered payroll	\$ 5,557,831	\$ 2,369,249	\$ 1,268,955
Required employee contributions made	\$ 401,586	\$ 213,233	\$ 114,207
Required employer contributions rate made	\$ 265,852	\$ 391,732	\$ 200,102

Total current payroll for covered employees for the year ended June 30, 2005 was \$9,196,035 and the total payroll for all employees was \$10,003,219.

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements (continued)

June 30, 2005

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 7.75% is assumed, including inflation at 3.00%. 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 2004-05 the annual rate components were as follows:

	<u>Miscellaneous</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Normal Cost	\$ 315,983	\$ 314,413	\$ 105,298	\$ 735,694
Unfunded Liability (Surplus)	(122,070)	7,207	17,098	(97,765)
<b>Total City Portion Paid</b>	<b>\$ 193,913</b>	<b>\$ 321,620</b>	<b>\$ 122,396</b>	<b>\$ 637,929</b>
Normal Cost Rate	6.783%	13.873%	13.566%	
Unfunded Liability (Surplus) Rate	-2.620%	0.318%	2.203%	
<b>Total</b>	<b>4.163%</b>	<b>14.191%</b>	<b>15.769%</b>	

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements (continued)

June 30, 2005

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	6/30/2002	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%
	6/30/2004	20,085,080	24,657,599	4,572,519	81.5%	5,414,685	84.4%
Police Safety Plan	6/30/2002	10,410,840	10,085,035	(325,805)	103.2%	2,029,391	-16.1%
	6/30/2003*	1,083,690,137	1,218,082,935	134,392,798	89.0%	184,098,257	73.0%
	6/30/2004*	4,424,586,846	5,383,921,942	959,335,096	82.2%	575,296,434	166.8%
Fire Safety Plan	6/30/2002	1,578,222	1,639,834	61,612	96.2%	695,032	8.9%
	6/30/2003*	1,083,690,137	1,218,082,935	134,392,798	89.0%	184,098,257	73.0%
	6/30/2004*	885,549,650	996,203,370	110,653,720	88.9%	149,407,703	74.1%

\*Since the plan had less than 100 active members in at least one valuation since June 30, 2003, it is required to participate in a risk pool.

June 30, 2004 reports are the latest year available.

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements (continued)  
June 30, 2005

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, 2004, the most recent available:

	<u>Miscellaneous</u>	<u>Police</u>	<u>Fire</u>
Beginning Balance 6/30/03	\$ 17,016,688	\$3,252,492,864	\$985,172,839
Contributions Received	434,765	117,810,075	37,114,249
Benefits and Refunds Paid	(463,778)	(174,951,190)	(49,437,747)
Investment Return	2,778,987	539,592,872	163,264,576
Transfers In/Out and Miscellaneous Adjustments	(28,022)	632,820,506	(268,394,675)
Expected Actuarial Value of Assets 6/30/04	<u>\$ 19,738,640</u>	<u>\$4,367,765,127</u>	<u>\$867,719,242</u>
Market Value of Assets 6/30/04	<u>\$ 19,738,640</u>	<u>\$4,367,765,127</u>	<u>\$867,719,242</u>
Actuarial Value of Assets 6/30/04	<u>\$ 20,085,080</u>	<u>\$4,424,586,846</u>	<u>\$885,549,650</u>

Since the Police and Fire plans had less than 100 active members in at least one valuation since June 30, 2003, it is required to participate in a risk pool.

Audited annual financial statements and ten-year trend information for the fiscal year ended June 30, 2004, 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 \$500 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, 2005, these costs totaled \$50,209. For fiscal year 2004 these costs totaled \$45,094, 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, 2005, 16 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, 2005

**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, 2005, the total City contribution on behalf of eligible employees was \$127,216.

**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 \$1,611,546 for governmental activities and \$143,970 for business-type activities at June 30, 2005, is expected to be paid in future

years from future resources. In prior years, compensated absences have been liquidated primarily by the general fund and the proprietary funds.

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements (continued)

June 30, 2005

**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 \$8.5 million consists of \$5.9 million for Measure D GO Bonds capital projects, \$5.6 million for Measure D GO Bonds debt service, \$8 million for City Hall Development Fund, and (\$6.4) 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 28, 75, and 76). As of June 30, 2005, 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, 2005

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.

As of June 30, 2005 the Redevelopment Agency Debt Service Fund had a deficit fund balance of (\$6,449,968), the Transportation Development Act Fund had a deficit fund balance of (\$14,224), the Signalization Development Fund of (\$143,753), and the Airport Road PSR Fund of (\$38,826).

**NOTE 10 - FUNDS WITH EXPENDITURES EXCEEDING APPROPRIATIONS**

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

Major Fund:	
Redevelopment Agency Debt Service Fund	\$783,520
Non-major Funds:	
State Gas Tax Fund	\$ 20,485
Transportation Development Act Fund	46,343
Landscape & Lighting Special Revenue Fund - Public Works	255,560
Landfill Closure/Postclosure Special Revenue Fund - Public Works	135,544
Economic Incentive Special Revenue Fund - General Government	4,374
City Facility Repair Fund	14,600
Airport Road PSR Fund	38,826

**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.

# 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.

Bridge Development Fund - to account 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.

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.

Airport Road PSR Fund - to account for expenditures associated with the Project Study Report (PSR) for the intersection of Highway 46 East and Airport Road.

CITY OF EL PASO DE ROBLES  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2005

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*
<b>ASSETS</b>													
Cash and investments	\$ 1,176,563	\$ 96,815	\$ 42,471	\$	\$ 109,149	\$ 145,879	\$ 576	\$ 283,980	\$ 18,888	\$ 32,010	\$ 1,128,283	\$ 794,293	\$ 2,843,336
Accounts receivable						52,989		9,153	46	62,348			
Loan contracts receivable								383,949				308,740	
<b>Total Assets</b>	<b>\$ 1,176,563</b>	<b>\$ 96,815</b>	<b>\$ 42,471</b>	<b>\$</b>	<b>\$ 109,149</b>	<b>\$ 198,868</b>	<b>\$ 576</b>	<b>\$ 677,082</b>	<b>\$ 18,934</b>	<b>\$ 94,358</b>	<b>\$ 1,128,283</b>	<b>\$ 1,103,033</b>	<b>\$ 2,843,336</b>
<b>LIABILITIES AND FUND BALANCES</b>													
Accounts payable	\$ 2,278	\$ -	\$ -	\$	\$ 2,349	\$ -	\$ 14,800	\$ 756	\$ -	\$ 14,862	\$ -	\$ -	\$ -
Accrued payroll expenses								5,298		513			
Deferred revenues								383,949					
Loan contracts payable													
Due to other funds													
<b>Total Liabilities</b>	<b>2,278</b>				<b>2,349</b>		<b>14,800</b>	<b>390,003</b>		<b>15,375</b>			
Fund balances:													
Reserved						150,000						1,060,943	
Unreserved	1,174,285	96,815	42,471		106,800	48,868	(14,224)	287,079	18,934	78,983	1,128,283	42,090	2,843,336
<b>Total Fund Balances</b>	<b>1,174,285</b>	<b>96,815</b>	<b>42,471</b>		<b>106,800</b>	<b>198,868</b>	<b>(14,224)</b>	<b>287,079</b>	<b>18,934</b>	<b>78,983</b>	<b>1,128,283</b>	<b>1,103,033</b>	<b>2,843,336</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,176,563</b>	<b>\$ 96,815</b>	<b>\$ 42,471</b>	<b>\$</b>	<b>\$ 109,149</b>	<b>\$ 198,868</b>	<b>\$ 576</b>	<b>\$ 677,082</b>	<b>\$ 18,934</b>	<b>\$ 94,358</b>	<b>\$ 1,128,283</b>	<b>\$ 1,103,033</b>	<b>\$ 2,843,336</b>

\*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, 2005

CAPITAL PROJECTS FUNDS

	Capital Projects Reserve	Mitigation Fees	Signalization Development	Bridge Development	Park Development	Storm Drain Development	Parkway and Median Development	Public Facilities Development	Specific Plans	Airport Road PSR	Total Non-major Governmental Funds
<b>ASSETS</b>											
Cash and investments	\$ 315,795	\$ 3,327,967	\$ -	\$ 70,527	\$ 1,493,726	\$ 403,350	\$ 70,678	\$ 1,330,793	\$ 4,682,198	\$ -	\$ 18,367,277
Accounts receivable											124,536
Loan contracts receivable								7,981,356			8,674,045
<b>Total Assets</b>	<b>\$ 315,795</b>	<b>\$ 3,327,967</b>	<b>\$ -</b>	<b>\$ 70,527</b>	<b>\$ 1,493,726</b>	<b>\$ 403,350</b>	<b>\$ 70,678</b>	<b>\$ 9,312,149</b>	<b>\$ 4,682,198</b>	<b>\$ -</b>	<b>\$ 27,165,858</b>
<b>LIABILITIES AND FUND BALANCES</b>											
Accounts payable	\$ -	\$ -	\$ 143,753	\$ -	\$ 3,334	\$ -	\$ -	\$ -	\$ 20,475	\$ -	\$ 202,607
Accrued payroll expenses											5,811
Deferred revenues					37,980				10,530		432,459
Loan contracts payable									1,245,438		1,245,438
Due to other funds										38,826	38,826
<b>Total Liabilities</b>			<b>143,753</b>		<b>41,314</b>				<b>1,276,443</b>	<b>38,826</b>	<b>1,925,141</b>
Fund balances:											
Reserved								7,981,356			9,192,299
Unreserved	315,795	3,327,967	(143,753)	70,527	1,452,412	403,350	70,678	1,330,793	3,405,755	(38,826)	16,048,418
<b>Total Fund Balances</b>	<b>315,795</b>	<b>3,327,967</b>	<b>(143,753)</b>	<b>70,527</b>	<b>1,452,412</b>	<b>403,350</b>	<b>70,678</b>	<b>9,312,149</b>	<b>3,405,755</b>	<b>(38,826)</b>	<b>25,240,717</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 315,795</b>	<b>\$ 3,327,967</b>	<b>\$ -</b>	<b>\$ 70,527</b>	<b>\$ 1,493,726</b>	<b>\$ 403,350</b>	<b>\$ 70,678</b>	<b>\$ 9,312,149</b>	<b>\$ 4,682,198</b>	<b>\$ -</b>	<b>\$ 27,165,858</b>

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, 2005

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 860,522	\$ -	\$ 365,771	\$ -
Uses of money and property	44,351	2,282	5,986		11,162	4,944	61,763	451	969	26,654	9,976	45,514
From other agencies				100,000	537,550	203,445	196,680					
Charges for current services	19,558	16,518										16,090
Other	487,412						89	480				
<b>Total Revenues</b>	<b>551,321</b>	<b>18,800</b>	<b>5,986</b>	<b>100,000</b>	<b>548,712</b>	<b>208,389</b>	<b>258,532</b>	<b>931</b>	<b>861,491</b>	<b>26,654</b>	<b>375,747</b>	<b>61,604</b>
Expenditures:												
General government	4,309											171,774
Public safety	83,050											
Public works	33,189				10,400	26,385			750,360	135,544		
Library & recreation services	22,672											
Community development	5,718	9,856					266,483				147,081	
Capital outlay				150,563	1,854,885	54,958	32,917					53,600
<b>Total Expenditures</b>	<b>148,938</b>	<b>9,856</b>		<b>150,563</b>	<b>1,865,285</b>	<b>81,343</b>	<b>299,400</b>		<b>750,360</b>	<b>135,544</b>	<b>147,081</b>	<b>225,374</b>
Excess revenues over (under) expenditures	402,383	8,944	5,986	(50,563)	(1,316,573)	127,046	(40,868)	931	111,131	(108,890)	228,666	(163,770)
Other financing sources (uses):												
Operating transfers in					625,199					73,200	144,441	1,049,996
Operating transfers out					(234,984)	(625,199)						(319,000)
Proceeds from postclosure liability										135,544		
<b>Total other financing sources (uses)</b>					<b>390,215</b>	<b>(625,199)</b>				<b>208,744</b>	<b>144,441</b>	<b>730,996</b>
Excess revenues and other sources over (under) expenditures and other uses	402,383	8,944	5,986	(50,563)	(926,358)	(498,153)	(40,868)	931	111,131	99,854	373,107	567,226
Fund Balances - July 1	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
Fund Balances - June 30	\$ 1,174,285	\$ 96,815	\$ 42,471	\$ 106,800	\$ 198,868	\$ (14,224)	\$ 287,079	\$ 18,934	\$ 78,983	\$ 1,128,283	\$ 1,103,033	\$ 2,843,336

\*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, 2005

CAPITAL PROJECTS FUNDS											Total
	Capital Projects Reserve	Mitigation Fees	Signalization Development	Bridge Development	Park Development	Storm Drain Development	Parkway and Median Development	Public Facilities Development	Specific Plans	Airport Road PSR	Non-major Governmental Funds
Revenues:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,226,293
Uses of money and property	8,037	69,568	1,006	55,883	20,908	12,438	1,667	74,436	106,515		564,510
From other agencies											1,037,675
Charges for current services		2,732,124			650,433	149,254	2,400	689,242	843,647		5,119,266
Other									47,931		535,912
<b>Total Revenues</b>	<b>8,037</b>	<b>2,801,692</b>	<b>1,006</b>	<b>55,883</b>	<b>671,341</b>	<b>161,692</b>	<b>4,067</b>	<b>763,678</b>	<b>998,093</b>		<b>8,483,656</b>
Expenditures:											
General government						21,749					197,832
Public safety											83,050
Public works											955,878
Library & recreation services											22,672
Community development									132,467		561,605
Capital outlay	250,647		771,334		81,836	29,546			126,656	38,826	3,445,768
<b>Total Expenditures</b>	<b>250,647</b>		<b>771,334</b>		<b>81,836</b>	<b>51,295</b>			<b>259,123</b>	<b>38,826</b>	<b>5,266,805</b>
Excess revenues over (under) expenditures	(242,610)	2,801,692	(770,328)	55,883	589,505	110,397	4,067	763,678	738,970	(38,826)	3,216,851
Other financing sources (uses):											
Operating transfers in		100,860	105,851					8,156,356			10,255,903
Operating transfers out		(705,851)		(3,032,000)		(200,000)		(2,830,725)			(7,947,759)
Proceeds from postclosure liability											135,544
<b>Total other financing sources (uses)</b>		<b>(604,991)</b>	<b>105,851</b>	<b>(3,032,000)</b>		<b>(200,000)</b>		<b>5,325,631</b>			<b>2,443,688</b>
Excess revenues and other sources over (under) expenditures and other uses	(242,610)	2,196,701	(664,477)	(2,976,117)	589,505	(89,603)	4,067	6,089,309	738,970	(38,826)	5,660,539
Fund Balances - July 1	558,405	1,131,266	520,724	3,046,644	862,907	492,953	66,611	3,222,840	2,666,785		19,580,178
Fund Balances - June 30	\$ 315,795	\$ 3,327,967	\$ (143,753)	\$ 70,527	\$ 1,452,412	\$ 403,350	\$ 70,678	\$ 9,312,149	\$ 3,405,755	\$ (38,826)	\$ 25,240,717

**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, 2005**

	Capital Replacement Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 69,300	\$ 44,351	\$ (24,949)
Charges for current services	6,000	19,558	13,558
Other	400,000	487,412	87,412
Total Revenues	<u>475,300</u>	<u>551,321</u>	<u>76,021</u>
Expenditures:			
General government	30,000	4,310	25,690
Public safety	94,000	83,050	10,950
Public works	123,000	33,189	89,811
Library & recreation services	35,700	22,672	13,028
Community development	14,700	5,718	8,982
Total Expenditures	<u>297,400</u>	<u>148,939</u>	<u>148,461</u>
Excess revenues over (under) expenditures	177,900	402,382	224,482
Fund Balance - July 1	<u>771,902</u>	<u>771,902</u>	
Fund Balance - June 30	<u>\$ 949,802</u>	<u>\$ 1,174,284</u>	<u>\$ 224,482</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, 2005**

	Building Education Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 1,000	\$ 2,282	\$ 1,282
Charges for current services	3,000	16,518	13,518
Total Revenues	4,000	18,800	14,800
Expenditures:			
Community development	15,000	9,856	5,144
Total Expenditures	15,000	9,856	5,144
Excess revenues over (under) expenditures	(11,000)	8,944	19,944
Fund Balance - July 1	87,871	87,871	
Fund Balance - June 30	\$ 76,871	\$ 96,815	\$ 19,944

**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, 2005**

	City/School Facility Improvement Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 6,000	\$ 5,986	\$ (14)
Total Revenues	6,000	5,986	(14)
Expenditures:			
Public works	29,900		29,900
Total Expenditures	29,900		29,900
Excess revenues over (under) expenditures	(23,900)	5,986	29,886
Fund Balance - July 1	36,485	36,485	
Fund Balance - June 30	\$ 12,585	\$ 42,471	\$ 29,886

**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, 2005**

	Citizens Option Public Safety Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
From other agencies	\$ -	\$ 100,000	\$ 100,000
Total Revenues		100,000	100,000
Expenditures:			
Capital outlay	150,700	150,563	137
Total Expenditures	150,700	150,563	137
Excess revenues over (under) expenditures	(150,700)	(50,563)	100,137
Fund Balance - July 1	157,363	157,363	
Fund Balance - June 30	\$ 6,663	\$ 106,800	\$ 100,137

**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, 2005**

	State Gas Tax Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 29,200	\$ 11,162	\$ (18,038)
From other agencies	562,000	537,550	(24,450)
Total Revenues	<u>591,200</u>	<u>548,712</u>	<u>(42,488)</u>
Expenditures:			
Public works	37,000	10,400	26,600
Capital outlay	1,807,800	1,854,885	(47,085)
Total Expenditures	<u>1,844,800</u>	<u>1,865,285</u>	<u>(20,485)</u>
Excess revenues over (under) expenditures	<u>(1,253,600)</u>	<u>(1,316,573)</u>	<u>(62,973)</u>
Other financing sources (uses):			
Operating transfers in		625,199	625,199
Operating transfers out	(237,200)	(234,984)	2,216
Total other financing sources (uses)	<u>(237,200)</u>	<u>390,215</u>	<u>627,415</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(1,490,800)</u>	<u>(926,358)</u>	<u>564,442</u>
Fund Balance - July 1	<u>1,125,226</u>	<u>1,125,226</u>	
Fund Balance - June 30	<u>\$ (365,574)</u>	<u>\$ 198,868</u>	<u>\$ 564,442</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, 2005**

	Transportation Development Act Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 4,944	\$ 4,944
From other agencies	201,000	203,445	2,445
Total Revenues	<u>201,000</u>	<u>208,389</u>	<u>7,389</u>
Expenditures:			
Public works		26,385	(26,385)
Capital outlay	35,000	54,958	(19,958)
Total Expenditures	<u>35,000</u>	<u>81,343</u>	<u>(46,343)</u>
Excess revenues over (under) expenditures	<u>166,000</u>	<u>127,046</u>	<u>(38,954)</u>
Other financing sources (uses):			
Operating transfers out		(625,199)	(625,199)
Total other financing sources (uses)		<u>(625,199)</u>	<u>(625,199)</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>166,000</u>	<u>(498,153)</u>	<u>(664,153)</u>
Fund Balance - July 1	<u>483,929</u>	<u>483,929</u>	
Fund Balance - June 30	<u>\$ 649,929</u>	<u>\$ (14,224)</u>	<u>\$ (664,153)</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, 2005**

	Community Development Block Grant		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 61,763	\$ 61,763
From other agencies	274,000	196,680	(77,320)
Other		89	89
Total Revenues	<u>274,000</u>	<u>258,532</u>	<u>(15,468)</u>
Expenditures:			
Community development	377,600	266,483	111,117
Capital outlay	185,900	32,917	152,983
Total Expenditures	<u>563,500</u>	<u>299,400</u>	<u>264,100</u>
Excess revenues over (under) expenditures	<u>(289,500)</u>	<u>(40,868)</u>	<u>248,632</u>
Other financing sources (uses):			
Operating transfers in	107,600		(107,600)
Total other financing sources (uses)	<u>107,600</u>		<u>(107,600)</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(181,900)</u>	<u>(40,868)</u>	<u>141,032</u>
Fund Balance - July 1	<u>327,947</u>	<u>327,947</u>	
Fund Balance - June 30	<u>\$ 146,047</u>	<u>\$ 287,079</u>	<u>\$ 141,032</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, 2005**

	Youth Scholarship Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 451	\$ 451
Other		480	480
Total Revenues		931	931
Expenditures:			
Library & recreation services			
Total Expenditures			
Excess revenues over (under) expenditures		931	931
Fund Balance - July 1	18,003	18,003	
Fund Balance - June 30	\$ 18,003	\$ 18,934	\$ 931

**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, 2005**

	Landscape and Lighting District Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Taxes	\$ 556,600	\$ 860,522	\$ 303,922
Uses of money and property		969	969
Total Revenues	556,600	861,491	304,891
Expenditures:			
Public works	494,800	750,360	(255,560)
Total Expenditures	494,800	750,360	(255,560)
Excess revenues over (under) expenditures	61,800	111,131	49,331
Fund Balance - July 1	(32,148)	(32,148)	
Fund Balance - June 30	\$ 29,652	\$ 78,983	\$ 49,331

**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, 2005**

	Landfill Closure/Postclosure Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 30,000	\$ 26,654	\$ (3,346)
Total Revenues	30,000	26,654	(3,346)
Expenditures:			
Public works		135,544	(135,544)
Total Expenditures		135,544	(135,544)
Excess revenues over (under) expenditures	30,000	(108,890)	(138,890)
Other financing sources (uses):			
Operating transfers in	73,200	73,200	
Proceeds from postclosure liability		135,544	135,544
Total other financing sources (uses)	73,200	208,744	135,544
Excess revenues and other sources over (under) expenditures and other uses	103,200	99,854	(3,346)
Fund Balance - July 1	1,028,429	1,028,429	
Fund Balance - June 30	\$ 1,131,629	\$ 1,128,283	\$ (3,346)

**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, 2005**

	Redevelopment Agency Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Taxes	\$ 355,000	\$ 365,771	\$ 10,771
Uses of money and property		9,976	9,976
Total Revenues	<u>355,000</u>	<u>375,747</u>	<u>20,747</u>
Expenditures:			
Community development	613,200	147,081	466,119
Debt service	958,000		958,000
Total Expenditures	<u>1,571,200</u>	<u>147,081</u>	<u>1,424,119</u>
Excess revenues over (under) expenditures	<u>(1,216,200)</u>	<u>228,666</u>	<u>1,444,866</u>
Other financing sources (uses):			
Operating transfers in	50,000	144,441	94,441
Operating transfers out	(107,600)		107,600
Total other financing sources (uses)	<u>(57,600)</u>	<u>144,441</u>	<u>202,041</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(1,273,800)</u>	<u>373,107</u>	<u>1,646,907</u>
Fund Balance - July 1	<u>729,926</u>	<u>729,926</u>	
Fund Balance - June 30	<u>\$ (543,874)</u>	<u>\$ 1,103,033</u>	<u>\$ 1,646,907</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, 2005**

	General Emergency and Reserve		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 5,000	\$ 1,375	\$ (3,625)
Total Revenues	5,000	1,375	(3,625)
Excess revenues over (under) expenditures	5,000	1,375	(3,625)
Other financing sources (uses):			
Operating transfers in		950,000	950,000
Operating transfers out	(335,000)	(300,000)	35,000
Total other financing sources (uses)	(335,000)	650,000	985,000
Excess revenues and other sources over (under) expenditures and other uses	(330,000)	651,375	981,375
Fund Balance - July 1	356,004	356,004	
Fund Balance - June 30	\$ 26,004	\$ 1,007,379	\$ 981,375

**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, 2005**

	Economic Incentive Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 10,000	\$ 10,433	\$ 433
Total Revenues	10,000	10,433	433
Expenditures:			
General government	167,400	171,774	(4,374)
Total Expenditures	167,400	171,774	(4,374)
Excess revenues over (under) expenditures	(157,400)	(161,341)	(3,941)
Fund Balance - July 1	575,855	575,855	
Fund Balance - June 30	\$ 418,455	\$ 414,514	\$ (3,941)

**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, 2005**

	City Facility Repair Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 10,000	\$ 14,126	\$ 4,126
Charges for current services	17,000	16,090	(910)
Total Revenues	<u>27,000</u>	<u>30,216</u>	<u>3,216</u>
Expenditures:			
Capital outlay	<u>39,000</u>	<u>53,600</u>	<u>(14,600)</u>
Total Expenditures	<u>39,000</u>	<u>53,600</u>	<u>(14,600)</u>
Excess revenues over (under) expenditures	<u>(12,000)</u>	<u>(23,384)</u>	<u>(11,384)</u>
Other financing sources (uses):			
Operating transfers in	100,000	99,996	(4)
Operating transfers out	<u>(19,000)</u>	<u>(19,000)</u>	
Total other financing sources (uses)	<u>81,000</u>	<u>80,996</u>	<u>(4)</u>
Excess revenues and other sources over (under) expenditures and other uses	69,000	57,612	(11,388)
Fund Balance - July 1	<u>552,000</u>	<u>552,000</u>	
Fund Balance - June 30	<u>\$ 621,000</u>	<u>\$ 609,612</u>	<u>\$ (11,388)</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, 2005**

	Landfill Contingency Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 19,580	\$ 19,580
Total Revenues		19,580	19,580
Excess revenues over (under) expenditures		19,580	19,580
Fund Balance - July 1	792,251	792,251	
Fund Balance - June 30	\$ 792,251	\$ 811,831	\$ 19,580

**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, 2005**

	Capital Projects Reserve Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 5,000	\$ 8,037	\$ 3,037
Total Revenues	5,000	8,037	3,037
Expenditures:			
Capital outlay	1,569,600	250,647	1,318,953
Total Expenditures	1,569,600	250,647	1,318,953
Excess revenues over (under) expenditures	(1,564,600)	(242,610)	1,321,990
Fund Balance - July 1	558,405	558,405	
Fund Balance - June 30	\$ (1,006,195)	\$ 315,795	\$ 1,321,990

**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, 2005**

	Mitigation Fees Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 69,568	\$ 69,568
Charges for current services	1,611,700	2,732,124	1,120,424
Total Revenues	1,611,700	2,801,692	1,189,992
Excess revenues over (under) expenditures	1,611,700	2,801,692	1,189,992
Other financing sources (uses):			
Operating transfers in		100,860	100,860
Operating transfers out		(705,851)	(705,851)
Total other financing sources (uses)		(604,991)	(604,991)
Excess revenues and other sources over (under) expenditures and other uses	1,611,700	2,196,701	585,001
Fund Balance - July 1	1,131,266	1,131,266	
Fund Balance - June 30	\$ 2,742,966	\$ 3,327,967	\$ 585,001

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, 2005

	Signalization Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 1,006	\$ 1,006
Total Revenues		1,006	1,006
Expenditures:			
Capital outlay	792,800	771,334	21,466
Total Expenditures	792,800	771,334	21,466
Excess revenues over (under) expenditures	(792,800)	(770,328)	22,472
Other financing sources (uses):			
Operating transfers in		105,851	105,851
Total other financing sources (uses)		105,851	105,851
Excess revenues and other sources over (under) expenditures and other uses	(792,800)	(664,477)	128,323
Fund Balance - July 1	520,724	520,724	
Fund Balance - June 30	\$ (272,076)	\$ (143,753)	\$ 128,323

**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, 2005**

	Bridge Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 55,883	\$ 55,883
Total Revenues		55,883	55,883
Other financing sources (uses):			
Operating transfers out		(3,032,000)	(3,032,000)
Total other financing sources (uses)		(3,032,000)	(3,032,000)
Excess revenues and other sources over (under) expenditures and other uses		(2,976,117)	(2,976,117)
Fund Balance - July 1	3,046,644	3,046,644	
Fund Balance - June 30	\$ 3,046,644	\$ 70,527	\$ (2,976,117)

**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, 2005**

	Park Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 20,908	\$ 20,908
Charges for current services	759,600	650,433	(109,167)
Total Revenues	<u>759,600</u>	<u>671,341</u>	<u>(88,259)</u>
Expenditures:			
Capital outlay	894,700	81,836	812,864
Total Expenditures	<u>894,700</u>	<u>81,836</u>	<u>812,864</u>
Excess revenues over (under) expenditures	(135,100)	589,505	724,605
Fund Balance - July 1	<u>862,907</u>	<u>862,907</u>	
Fund Balance - June 30	<u><u>\$ 727,807</u></u>	<u><u>\$ 1,452,412</u></u>	<u><u>\$ 724,605</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, 2005**

	Storm Drain Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 12,438	\$ 12,438
Charges for current services	182,100	149,254	(32,846)
Total Revenues	<u>182,100</u>	<u>161,692</u>	<u>(20,408)</u>
Expenditures:			
Public works	387,900	21,749	366,151
Capital outlay	35,000	29,546	5,454
Total Expenditures	<u>422,900</u>	<u>51,295</u>	<u>371,605</u>
Excess revenues over (under) expenditures	<u>(240,800)</u>	<u>110,397</u>	<u>351,197</u>
Other financing sources (uses):			
Operating transfers out		(200,000)	(200,000)
Total other financing sources (uses)		<u>(200,000)</u>	<u>(200,000)</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(240,800)</u>	<u>(89,603)</u>	<u>151,197</u>
Fund Balance - July 1	<u>492,953</u>	<u>492,953</u>	
Fund Balance - June 30	<u>\$ 252,153</u>	<u>\$ 403,350</u>	<u>\$ 151,197</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, 2005**

	Parkway and Median Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 1,667	\$ 1,667
Charges for current services		2,400	2,400
Total Revenues		4,067	4,067
Expenditures:			
Public works	64,200		64,200
Total Expenditures	64,200		64,200
Excess revenues over (under) expenditures	(64,200)	4,067	68,267
Fund Balance - July 1	66,611	66,611	
Fund Balance - June 30	\$ 2,411	\$ 70,678	\$ 68,267

**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, 2005**

	Public Facilities Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 74,436	\$ 74,436
Charges for current services		689,242	689,242
Total Revenues		763,678	763,678
Excess revenues over (under) expenditures		763,678	763,678
Other financing sources (uses):			
Operating transfers in		8,156,356	8,156,356
Operating transfers out		(2,830,725)	(2,830,725)
Total other financing sources (uses)		5,325,631	5,325,631
Excess revenues and other sources over (under) expenditures and other uses		6,089,309	6,089,309
Fund Balance - July 1	3,222,840	3,222,840	
Fund Balance - June 30	\$ 3,222,840	\$ 9,312,149	\$ 6,089,309

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, 2005

	Specific Plans Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 97,200	\$ 106,515	\$ 9,315
Charges for current services	304,800	843,647	538,847
Other	19,400	47,931	28,531
Total Revenues	<u>421,400</u>	<u>998,093</u>	<u>576,693</u>
Expenditures:			
Community development		132,467	(132,467)
Capital outlay	950,000	126,656	823,344
Total Expenditures	<u>950,000</u>	<u>259,123</u>	<u>690,877</u>
Excess revenues over (under) expenditures	<u>(528,600)</u>	<u>738,970</u>	<u>1,267,570</u>
Fund Balance - July 1	<u>2,666,785</u>	<u>2,666,785</u>	
Fund Balance - June 30	<u>\$ 2,138,185</u>	<u>\$ 3,405,755</u>	<u>\$ 1,267,570</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, 2005**

	Airport Road PSR Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ -	\$ -
Total Revenues			
Expenditures:			
Capital outlay		38,826	(38,826)
Total Expenditures		38,826	(38,826)
Excess revenues over (under) expenditures		(38,826)	(38,826)
Fund Balance - July 1			
Fund Balance - June 30	\$ -	\$ (38,826)	\$ (38,826)

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, 2005

	TOTALS		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Taxes	\$ 911,600	\$ 1,226,293	\$ 314,693
Uses of money and property	262,700	564,510	301,810
Charges for current services	2,884,200	5,119,266	2,235,066
From other agencies	1,037,000	1,037,675	675
Other	419,400	535,912	116,512
Total Revenues	<u>5,514,900</u>	<u>8,483,656</u>	<u>2,968,756</u>
Expenditures:			
General government	197,400	197,832	(432)
Public safety	94,000	83,050	10,950
Public works	1,136,800	955,878	180,922
Library & recreation services	35,700	22,672	13,028
Community development	1,978,500	561,605	1,416,895
Capital outlay	6,460,500	3,445,768	3,014,732
Total Expenditures	<u>9,902,900</u>	<u>5,266,805</u>	<u>4,636,095</u>
Excess revenues over (under) expenditures	<u>(4,388,000)</u>	<u>3,216,851</u>	<u>7,604,851</u>
Other financing sources (uses):			
Operating transfers in	330,800	10,255,903	9,925,103
Operating transfers out	(698,800)	(7,947,759)	(7,248,959)
Proceeds from postclosure liability		135,544	135,544
Total other financing sources (uses)	<u>(368,000)</u>	<u>2,443,688</u>	<u>2,811,688</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(4,756,000)</u>	<u>5,660,539</u>	<u>10,416,539</u>
Fund Balance - July 1	<u>19,580,178</u>	<u>19,580,178</u>	
Fund Balance - June 30	<u>\$ 14,824,178</u>	<u>\$ 25,240,717</u>	<u>\$ 10,416,539</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.

### **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, 2005**

	Budgeted Amounts			Variance Final Bt Positive/(N)
	Original	Final	Actual	
Revenues:				
Uses of money and property	\$ -	\$ 200,000	\$ 49,695	\$ (
Miscellaneous			384	
Total Revenues		200,000	50,079	(
Expenditures:				
Capital outlay		15,684,900	7,881,726	7,
Total Expenditures		15,684,900	7,881,726	7,
Excess revenues over (under) expenditures		(15,484,900)	(7,831,647)	7,
Other financing sources (uses):				
Transfers in			7,291,000	7,
Total other financing sources (uses)			7,291,000	7,
Excess revenues and other sources over (under) expenditures and other uses		(15,484,900)	(540,647)	14,
Fund Balance - July 1	6,216,840	6,216,840	6,216,840	
Fund Balance - June 30	\$ 6,216,840	\$ (9,268,060)	\$ 5,676,193	\$ 14,

**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, 2005**

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Uses of money and property	\$ -	\$ -	\$ 22,864	\$ 22,864
Total Revenues			22,864	22,864
Expenditures:				
Debt service:				
Principal	385,000	385,000	450,000	(65,000)
Interest	270,300	270,300	201,570	68,730
Paying agent fees	6,100	6,100	2,531	3,569
Arbitrage fees			3,000	(3,000)
Total Expenditures	661,400	661,400	657,101	4,299
Excess revenues over (under) expenditures	(661,400)	(661,400)	(634,237)	27,163
Other financing sources (uses):				
Operating transfers in	658,600	658,600	643,560	(15,040)
Total other financing sources (uses)	658,600	658,600	643,560	(15,040)
Excess revenues and other sources over (under) expenditures and other uses	(2,800)	(2,800)	9,323	12,123
Fund Balance - July 1	471,100	471,100	471,100	
Fund Balance - June 30	\$ 468,300	\$ 468,300	\$ 480,423	\$ 12,123

**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, 2005**

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 4,130,600	\$ 4,130,600	\$ 4,544,581	\$ 413,981
Uses of money and property	35,000	\$ 35,000	102,862	67,862
Total Revenues	4,165,600	4,165,600	4,647,443	481,845
Expenditures:				
Professional services			2,500	(2,500)
Debt service:				
Principal	2,017,200	2,017,200	2,495,000	(477,800)
Interest	874,700	874,700	396,825	477,875
Paying agent fees	10,000	10,000	1,130	8,870
Total Expenditures	2,901,900	2,901,900	2,895,455	6,445
Excess revenues over (under) expenditures	1,263,700	1,263,700	1,751,988	488,243
Excess revenues and other sources over (under) expenditures and other uses	1,263,700	1,263,700	1,751,988	488,243
Fund Balance - July 1	4,168,929	4,168,929	4,168,929	
Fund Balance - June 30	\$ 5,432,629	\$ 5,432,629	\$ 5,920,917	\$ 488,288

**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, 2005**

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 1,588,000	\$ 1,588,000	\$ 1,959,643	\$ 371,643
Uses of money and property			14,688	14,688
Miscellaneous			58,010	58,010
Total Revenues	1,588,000	1,588,000	2,032,341	444,341
Expenditures:				
General government			102,643	(102,643)
Debt service:				
Interest	353,000	353,000	174,707	178,293
Principal	160,000	160,000		160,000
Paying agent fees	5,000	5,000	3,140	1,860
Fiscal agreement payments			861,030	(861,030)
Total Expenditures	518,000	518,000	1,141,520	(623,520)
Excess revenues over (under) expenditures	1,070,000	1,070,000	890,821	(179,179)
Other financing sources (uses):				
Operating transfers out	(407,000)	(407,000)	(8,401,658)	(7,994,658)
Total other financing sources (uses)	(407,000)	(407,000)	(8,401,658)	(7,994,658)
Excess revenues and other sources over (under) expenditures and other uses	663,000	663,000	(7,510,837)	(8,173,837)
Fund Balance - July 1	1,060,869	1,060,869	1,060,869	
Fund Balance - June 30	\$ 1,723,869	\$ 1,723,869	\$ (6,449,968)	\$ (8,173,837)

### *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, 2005**

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<b><u>SPECIAL ASSESSMENTS</u></b>				
Assets:				
Cash and investments	\$ 15,820	\$ -	\$ 5,000	\$ 10,8
Total Assets	\$ 15,820	\$ -	\$ 5,000	\$ 10,8
Liabilities:				
Special assessment bond principal payable	\$ 10,000	\$ -	\$ 5,000	\$ 5,0
Special assessment bond interest payable	5,820			5,8
Total Liabilities	\$ 15,820	\$ -	\$ 5,000	\$ 10,8
<b><u>SENIOR CITIZEN</u></b>				
Assets:				
Cash and investments	\$ 346,651	\$ 10,301	\$ 16,895	\$ 340,0
Total Assets	\$ 346,651	\$ 10,301	\$ 16,895	\$ 340,0
Liabilities:				
Accounts payable	\$ -	\$ 4,858	\$ 4,858	\$
Accrued salary & benefits payable	1,432	427	431	1,4
Due to others	345,219	5,016	11,606	338,6
Total Liabilities	\$ 346,651	\$ 10,301	\$ 16,895	\$ 340,0
<b><u>HOSPITAL SCHOLARSHIP</u></b>				
Assets:				
Cash and investments	\$ 100,748	\$ 2,532	\$ 41	\$ 103,2
Total Assets	\$ 100,748	\$ 2,532	\$ 41	\$ 103,2
Liabilities:				
Due to others	\$ 100,748	\$ 2,532	\$ 41	\$ 103,2
Total Liabilities	\$ 100,748	\$ 2,532	\$ 41	\$ 103,2

**CITY OF EL PASO DE ROBLES**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS**  
**For The Fiscal Year Ended June 30, 2005**

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<b><u>CUSTOMER DEPOSITS</u></b>				
Assets:				
Cash and investments	\$ 652,675	\$ 1,442,845	\$ 1,292,265	\$ 803,255
Accounts Receivable	\$ 31,554		\$ 31,554	
<b>Total Assets</b>	<b>\$ 684,229</b>	<b>\$ 1,442,845</b>	<b>\$ 1,323,819</b>	<b>\$ 803,255</b>
Liabilities:				
Accounts payable	\$ 3,384	\$ 614,250	\$ 604,104	\$ 13,530
Customer deposits	680,845	828,595	719,715	789,715
<b>Total Liabilities</b>	<b>\$ 684,229</b>	<b>\$ 1,442,845</b>	<b>\$ 1,323,819</b>	<b>\$ 803,255</b>
<b><u>NORTH COUNTY FIREFIGHTERS</u></b>				
Assets:				
Cash and investments	\$ 23,225	\$ 149	\$ 23,374	\$
<b>Total Assets</b>	<b>\$ 23,225</b>	<b>\$ 149</b>	<b>\$ 23,374</b>	<b>\$</b>
Liabilities:				
Due to others	\$ 23,225	\$ 149	\$ 23,374	\$
<b>Total Liabilities</b>	<b>\$ 23,225</b>	<b>\$ 149</b>	<b>\$ 23,374</b>	<b>\$</b>

**CITY OF EL PASO DE ROBLES**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS**  
**For The Fiscal Year Ended June 30, 2005**

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
Assets:				
Cash and investments	\$ 1,139,119	\$ 1,455,827	\$ 1,337,575	\$ 1,257,3
Accounts receivable	31,554		31,554	
<b>Total Assets</b>	<b>\$ 1,170,673</b>	<b>\$ 1,455,827</b>	<b>\$ 1,369,129</b>	<b>\$ 1,257,3</b>
Liabilities:				
Accounts payable	\$ 3,384	\$ 619,108	\$ 608,962	\$ 13,5
Accrued salary & benefits payable	1,432	427	431	1,4
Customer deposits	680,845	828,595	719,715	789,7
Due to others	469,192	7,697	35,021	441,8
Special assessment bond principal payable	10,000		5,000	5,0
Special assessment bond interest payable	5,820			5,8
<b>Total Liabilities</b>	<b>\$ 1,170,673</b>	<b>\$ 1,455,827</b>	<b>\$ 1,369,129</b>	<b>\$ 1,257,3</b>

# 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
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	4,187,143	3,170,312		17,468,238	38,778,407
2005	1,788,934	9,316,491	3,911,126	3,962,880	3,035,274		17,194,370	39,209,075

(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
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	4,135,363	846,476	31,683,760
2005	22,867,765	1,505,948	271,611	1,207,993	3,614,646	6,981,779	681,691	37,131,433

(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
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%
2005	2,017,132	874,693	2,891,825	39,209,075	7.38%

(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
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
2005	2,325,990,506	2,891,825	0.12%	27,950	103

(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, 2005**

Assessed Valuation	\$ 2,325,990,506
Legal Debt Margin 3.75%	87,224,644
Debt Subject to Limit	
Legal Debt Margin	<u>\$ 87,224,644</u>

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

Fiscal Year	Total Current Levy	Total Current Collections	% of Levy
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
2005	3,900,545	4,076,025	104.50

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
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
2004-05	2,209,220,841	116,769,665		2,325,990,506	13.94

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
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	403,655	1,023,655
2005	3,412,963	3,006,574	406,389	640,000	323,686	963,686

Source: City of El Paso de Robles - Finance Office

**SPECIAL ASSESSMENT COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year	Total Current Levy
1995	\$ 326,459
1996	267,674
1997	157,838
1998	113,833
1999	1,144
2000	-
2001	-
2002	-
2003	-
2004	-
2005	-

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
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
2004	27	12,659,746	436	107,443,800	644	11,637,308	131,740

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)
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	
2004	479,185	174,918	654,103	1

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, 2005**

Company	Policy #	Term	Limits	Cove
California JPIA	GL05	7/1/04-6/30/05	\$ 10,000,000	General & Automobile Per Occurrence &
Insurance Company of PA	4201-2886		\$ 25,000,000	Excess of \$10,000,000 General & Autom
Lexington Insurance Company	164-4355		\$ 20,000,000	Excess of \$35,000,000 General & Autom
Traders & Pacific Insurance Co	ELD100000175		\$ 50,000,000	Excess of \$45,000,000 General & Autom
California JPIA	WC 05	7/1/04-6/30/05	\$ 2,000,000	Workers Compensation losses are pooled
CSAC	WC 05		\$ 3,000,000	Excess of \$2,000,000 are pooled with CE
Montpelier Reinsurance LTD and AXIS	WC 05		\$ 145,000,000	Excess of \$5,000,000
California JPIA	P 05	1/2004-1/1/06	\$ 100,000,000	Boiler & Machinery/\$5,000 Deductible pe
California JPIA	P05	1/2004-1/1/06	\$ 500,000,000	All Risk Property/\$5,000 Deductible per C
California JPIA	P05	1/2004-1/1/06	Stated Value	Emergency Vehicle Physical Damage/\$5
California JPIA	SE05	1/2004-1/1/06	\$ 1,000,000	Special Event Tenant User Liability Insur:
California JPIA	PLL 05	7/1/04-6/30/08	\$ 10,000,000	Site Specific Third Party Pollution Liability
CALIP	PR0002309-02	06/30/05-06/30/08	\$ 15,000,000	Airport - Bodily Injury and Property Dama
			\$ 15,000,000	Airport - Products/Completed Operations
			\$ 15,000,000	Airport -Personal/Advertising Injury Aggre
			\$ 15,000,000	Airport-Malpractice Aggregate Limit
			\$ 250,000	Fire Damage Any One Fire
California JPIA	FB05	4/1/04-4/1/06	\$ 1,000,000	Employee Dishonesty
			\$ 2,500	2,500 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
1996	16.80	21,429	2.63	232,428	2.29	9.22
1997	16.80	21,639	0.98	234,148	0.74	9.24
1998	16.93	22,038	1.84	238,974	2.06	9.22
1999	16.93	22,494	2.07	241,598	1.10	9.31
2000	16.93	22,922	1.90	245,191	1.49	9.35
2001	16.93	25,190	9.89	252,067	2.80	9.99
2002	16.93	25,812	2.47	253,555	0.59	10.18
2003	16.93	26,856	4.04	256,254	1.06	10.48
2004	16.93	27,216	1.34	258,204	0.76	10.54
2005	16.93	27,964	2.75	260,727	0.98	10.73

(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, 2005**

<b>Date of Incorporation:</b>	March 11, 1889	<b>Area:</b>	19.90 Square
<b>Form of Government:</b>	City Council - Manager	<b>Miles of Streets:</b>	148.3
<b>Employees (full time):</b>	166	<b>Municipal Water System:</b>	
<b>Fire Protection:</b>		Number of customers:	9,923
Number of stations:	3	Ave. daily consumption:	6.5 million
Number of firemen:		Miles of lines & mains:	175.0
Sworn	21	Number of reservoirs	4
Civilian	0	Number of wells:	18
Volunteers	0	<b>Municipal Sewer System:</b>	
Non-Emergency Volunteers	1	Miles of sanitary sewers:	120.0
<b>Police Protection:</b>		Average daily flow:	2.9 million
Number of stations:	1	Treatment capacity:	4.9 million
Number of personnel:		Miles of storm drains:	15.0
Sworn	40	<b>Recreation and Culture:</b>	
Civilian	12	Number of recreation	
Reserves	6	facilities:	16 with 71.0
Cadets/Guards	11.0	Number of libraries:	1
		Number of Volumes:	60,000

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

**MAJOR EMPLOYERS  
AT JUNE 30, 2005**

Company Name	Employees	Principal Product/Service
Paso Robles Public School	776	Public School System
Twin Cities Hospital	457	Hospital
California Mid-State Fair	420	Fairgrounds
WalMart	286	Retail Department Store
California Youth Authority	279	Correctional Facility
Joslyn-Sunbank Corporation	240	Electrical Connectors/Flexible Conduit
J.I.T., Inc.	215	Electronics
Specialty Silicone Fabricators	187	Silicone Products for Healthcare Industry
Zurn Industries	180	Water Regulators
City of Paso Robles	166	City Government
Applied Technologies	165	High Tech Dilling
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, 2005**

Taxpayer	Business	2004-05 Assessed Value	2003-04 Estimated Tot: Tax
Martin Resorts Inc.	Hospitality	\$ 11,353,305	\$ 72,81
Wal Mart Stores, Inc.	Retail	10,234,590	71,72
Dry Creek Apartments, California Lmt Ptp	Apartment	18,390,472	\$70,73
Estrella Communities LLC		16,248,592	53,83
Albertsons, Inc.	Retail	6,843,984	47,96
Health Care Reit Inc		10,786,528	41,48
Tri W Enterprises Inc		11,640,270	38,56
Woodland Plaza LLC	Retail	5,315,020	37,23
Woodland Plaza II	Retail	5,256,102	36,83
GL Remainder LLC		5,034,164	35,22
Central Coast Cinemas	Retail	4,867,800	34,06
Brunswick Corporation		4,927,788	32,72
Paso Robles Ventures LLC		18,274,270	32,43
East Village Associates LLC		7,968,037	30,64
All Other Taxpayers		52,766,298	
Total All Taxpayers		<u>\$ 189,907,220</u>	

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

**MAJOR SALES TAX PRODUCERS  
FISCAL YEAR ENDED JUNE 30, 2005**

Business Name *	Business Category
AJ Contractors Supply Inc	Lumber/Building Materials
Albertson's	Grocery Stores Liquor
AM PM Mini Mart	Service Stations
Bay Area Diablo Petroleum	Petroleum Prod/Equipment
Beacon Oil	Service Stations
Big Creek Lumber	Lumber/Building Materials
Farm Supply	Garden Supplies
Hayward Lumber	Lumber/Building Materials
JB Dewar	Petroleum Prod/Equipment
J C Penney	Department Store
Jack in the Box	Fast Food
Jerry Reneau Chrysler Plymouth Dodge	New Motor Vehicle Dealers
Orchard Supply Hardware	Hardware Stores
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
Rite Aid	Drug Store
Ross Dress for Less	Family Apparel
San Luis Bay Suzuki Kia	New Motor Vehicle Dealers
Sky River RV	Trailers and Supplies
Staples The Super Store	Office Supplies/Furniture
Target Store T 1120	Discount Dept Stores
Vons	Grocery Stores Liquor
Wal Mart 2099	Discount Department Stores
Woodland Chevron	Service Stations

Percent of City Total Paid By Top 25 Accounts = 51.03%

\* Firms Listed Alphabetically

Period: April 2003 thru March 2004