CITY OF EL PASO DE ROBLES California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2006

Cover
Recently completed
13th Street Bridge Widening Project
last of the Measure D-98 bond funded projects
(partial funding – Total Cost $20 million)

Comprehensive Annual Financial Report

For The

Fiscal Year Ended June 30, 2006

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
Jody Dauth, Administrative Coordinator

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, 2006

TABLE OF CONTENTS

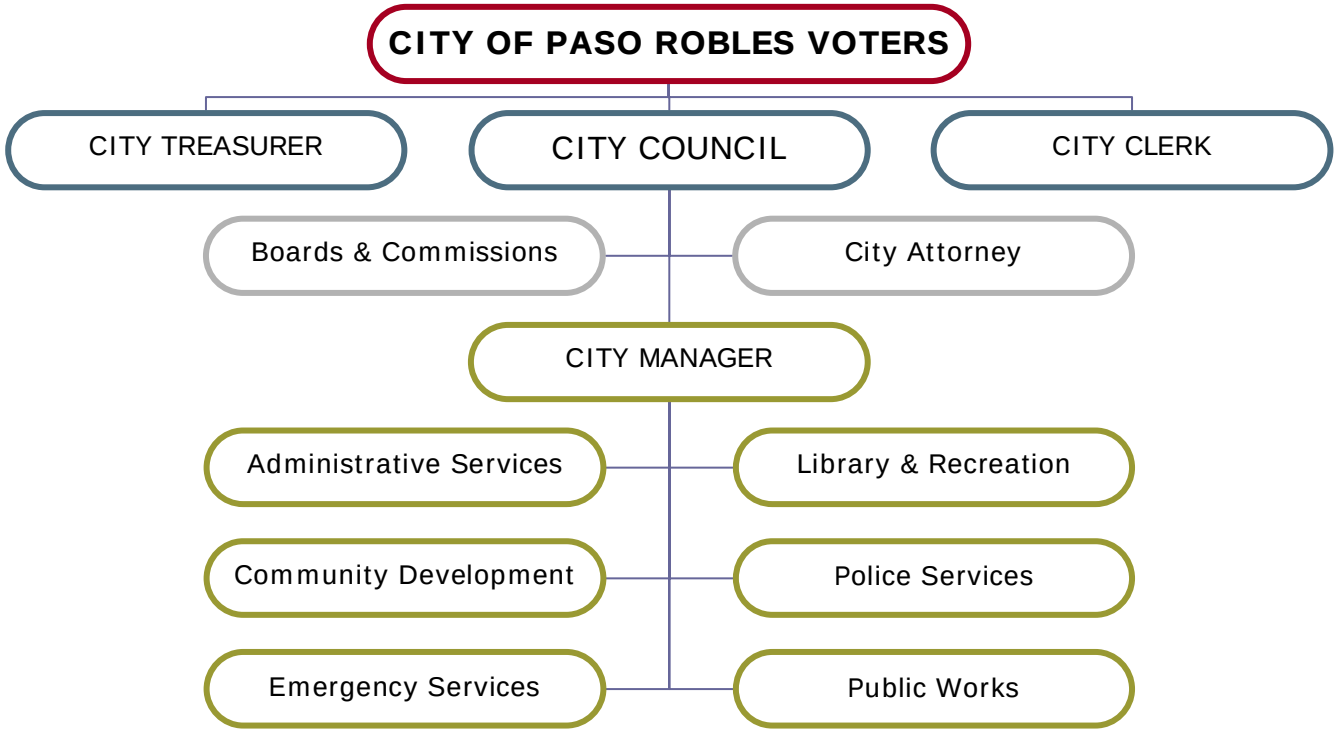
	Page
INTRODUCTORY SECTION	
Title Page	i
Table of Contents	ii
Organization Chart	1
CSMFO Certificate of Outstanding Financial Reporting	2
Letter of Transmittal	3
FINANCIAL SECTION	
Independent Auditors' Report	11
Management's Discussion and Analysis	13
Basic Financial Statements	
Government-wide Financial Statements	24
Statement of Net Assets	25
Statement of Activities	26
Fund Financial Statements	
Governmental Funds Financial Statements	27
Balance Sheet	28
Reconciliation of the Governmental Funds – Balance Sheet with the Statement of Net Assets	29
Statement of Revenues, Expenditures, and Changes in Fund Balances	30
Reconciliation of the Net Change in Fund Balances with the Statement of Activities	31
General Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	32
Proprietary Funds Financial Statements	33
Proprietary Funds Statement of Net Assets	34
Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets	36
Proprietary Funds Combining Statement of Cash Flows	37
Fiduciary Funds Statement of Net Assets	38
Notes to Basic Financial Statements	40

CITY OF EL PASO DE ROBLES
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

TABLE OF CONTENTS

	Page
Supplemental Information	
Non-Major Governmental Funds	75
Combining Balance Sheet	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	79
Combining Schedule of Revenues, Expenditures, and Changes In Fund Balances - Budget and Actual	81
Major Funds	111
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	112
Fiduciary Funds	116
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	117
STATISTICAL SECTION - UNAUDITED	
Net Assets by Component	119
Changes in Net Assets	120
Fund Balances of Governmental Funds	122
Changes in Fund Balances of Governmental Funds	123
Tax Revenue by Source, Governmental Funds	124
Assessed Value and Estimated Actual Value of Taxable Property	125
Assessed Value of Taxable Property	126
Taxable Sales by Category	127
Direct and Overlapping Property Tax Rates	128
Direct and Overlapping Sales Tax Rates	129
Principal Property Tax Payers	130
Principal Sales Tax Remitters	131
Property Tax Levies and Collections	132
Ratios of Outstanding Debt by Type	133
Ratios of General Bonded Debt Outstanding and Legal Debt Margin	134
Direct and Overlapping Governmental Activities Debt	135
Pledged Revenue Coverage	136
Demographic and Economic Statistics	137
Principal Employers	138
Full-Time Equivalent City Government Employees by Function/Program	139
Operating Indicators by Function/Program	140
Capital Asset Statistics by Function/Program	141

CITY OF EL PASO DE ROBLES
ORGANIZATION OF CITY GOVERNMENT



California Society of Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting 2004-05

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, 2006

Bill Thomas, Chair
Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management

December 1, 2006

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 2005-06

INTRODUCTION

The City of El Paso de Robles' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006 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 report is prepared using the reporting requirements as prescribed by GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. 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 other post employment benefits. The requirement becomes effective for Paso Robles for the fiscal period ending June 30, 2009 but it is the City's intention to implement early. The actuarial study necessary to determine the value of other post employment benefits is currently underway.

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 28,969 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. The Paso Robles Event Center (formally known as the Mid State Fair) recently announced they will be sponsoring the 2007-09 Pacific Coast Cutting Horse Association Futurity – a 12 day cutting horse event that attracts top competitors from across the country, the 2nd largest show in the nation.

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 11.6% over the prior fiscal year. The owners of the Hampton Inn have begun construction for a new 61 room upscale hotel called "La Bella Sera" and 70 room La Quinta Inn will open Fall 2006. Currently under construction are the Marriott Hotel, 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 14% increase in sales tax revenue collections. Opening their doors for business this last year at Woodland Plaza II were The Dollar Store, Subway, Baskin Robbins and a music store. The Target Center will see the completion of El Pollo Loco, Chili's Restaurant, Applebee's Bar and Grill, Taco Express and various retail stores. In the downtown core, there were new restaurant/specialty shops that opened in 2006. 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.

Kennedy Nautilus Heath Center is currently under construction and includes a 41,000 square foot 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 near the Target Center; a McDonald's and Chevron Service Station with car wash on Ramada across from the Target Center; the Eagle Energy project on Hwy 46E has rebuilt the existing gas and convenience store and added a fast food restaurant and car wash; a car wash at the intersection of Golden Hill and Union Roads; Firestone Winery is under construction for a 10,000 square foot winery and visitor center on Hwy 46E; Big Brand Tires constructed a new facility on South River Road near the Albertson's Center; and Paso Robles Ford will be relocating to a new 36,000 square foot facility on Hwy 46E.

Office space development is also on the rise. The Gateway Business Park added 35,500 square feet including 8,500 square feet for restaurant use. Heritage Oaks Bank constructed a 6,800 square foot administrative office building. The old "moving and storage" business on Pine Street has been converted to office space; a small office project was constructed on 21st Street; Mee Memorial Hospital 26,600 square foot oncology center is under construction at 4th and Spring Streets; and the 10,000 square foot custom meat processing plant is under construction on north Riverside Avenue. One of the two Mastagni buildings, both demolished to the San Simeon Quake, is complete and ready for occupancy. The other replacement building is under construction. Both will be three stories in height.

Given the recent and continuing successes in both the retail and manufacturing areas, the economic outlook for Paso Robles continues to look optimistic. The local housing construction market has slowed with this last year. During calendar year 2005, Paso Robles issued 287 residential building permits representing 371 new units with a total valuation of $66.9 million. The demand for housing remains strong. The median home price of a home in the County in 2006 was $538,700 up 18.5% from a year ago. Existing home sales and new residential home construction has resulted in significant increases in property tax collections. Property tax collections for all categories rose 21% last year, $4,952,400 versus $4,076,000 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). Fiscal year 2006 results also reflect positive year end results. In fact, the positive year end result is the second highest achieved since 1998 (1998 being the highest). However, the Comprehensive Annual Financial Report will indicate that positive results for the General Fund were $806,422 due to the post year-end adjustments to transfer out $1,400,000 to other special funds to be used during subsequent fiscal years.

The Council just adopted newly revised AB 1600 development impact fees 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.

Water and sewer development impact fees (connection fees) are currently under study and expected to increase due to ongoing new development needs.

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 $180 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 2005 CAFR. This was the seventh 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 L.L.P.
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 (City), as of and for the fiscal year ended June 30, 2006, 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 respective financial position 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 June 30, 2006, and the respective changes in financial position and cash flows, where applicable thereof, and the respective comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 of the notes to basic financial statements, the City of El Paso de Robles adopted Governmental Accounting Standards Board Statement No. 46, *Net Assets Restricted by Enabling Legislation – an Amendment of No.34 and* GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, effective July 1, 2005.

The Management's Discussion and Analysis on pages 13 through 23, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of 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 financial statements that collectively comprise the City of El Paso de Robles' basic financial statements. The combining fund statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

OFFICES: BEVERLY HILLS • SANTA MARIA

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In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2006, 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 or on 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 statistical section listed in the table of contents were not audited by us, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion thereon.

MOSS, LEVY & HARTZHEIM L.L.P.

Moss, Levy & Hartzheim

December 13, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2006

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, 2006. 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 2006 fiscal year by $227.3 million. Of this amount, $65.7 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by $20.6 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 $34.5 million, compared to $38.5 million in the prior fiscal year.
- Approximately 92% of the combined fund balances, $31.7 million, is considered unreserved and is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was $6.3 million, or 30% of total general fund expenditures.
- The City's total governmental activities debt decreased by $775,660 during the current fiscal year. This minimal decrease is the result of capital lease proceeds.
- The City's total business-type funds debt decreased by $622,200 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.

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

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 10% from $206.7 million at June 30, 2005 to $227.3 million at June 30, 2006. 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 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' NET ASSETS

	Governmental activities		Business-type activites		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Current and other assets	$ 39,494,759	$ 41,230,962	$ 34,813,098	$ 33,815,604	$ 74,307,857	$ 75,046,566
Capital assets	151,759,113	138,429,837	62,972,411	55,001,265	214,731,524	193,431,102
Total assets	191,253,872	179,660,799	97,785,509	88,816,869	289,039,381	268,477,668
Long-term liabilities outstanding	45,025,050	45,952,387	8,356,769	8,991,415	53,381,819	54,943,802
Other liabilities	6,922,491	5,717,384	1,433,766	1,139,906	8,356,257	6,857,290
Total liabilities	51,947,541	51,669,771	9,790,535	10,131,321	61,738,076	61,801,092
Net assets:						
Invested in capital assets, net of related debt	107,693,936	92,243,219	54,373,577	45,491,265	162,067,513	137,734,484
Restricted	829,674	8,452,803	479	375,697	830,153	8,828,500
Unrestricted	30,782,721	27,295,006	33,620,918	32,818,586	64,403,639	60,113,592
Total Net Assets	$ 139,306,331	$ 127,991,028	$ 87,994,974	$ 78,685,548	$ 227,301,305	$ 206,676,576

The City's net assets increased $20.6 million over the prior fiscal year. Current and other assets decreased $738,709 while capital assets increased $21.3 million. Long-term liabilities decreased $1.6 million due to normal amortization while other liabilities increased by $1.5 million.

GOVERNMENTAL ACTIVITIES

The City's net assets from governmental activities increased $11.3 million, accounting for 55% 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 $34 million. As shown in the statement of activities, the amount that the taxpayers ultimately financed for these activities was only $19.6 million because some of the cost was paid by those who directly benefited from the programs ($7.2 million). Capital grants and contributions ($7.1 million) provided for $5.7 million capital asset infrastructure provided by building development. The City paid for the remaining "public benefit" portion of governmental activities with $24.8 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and revenues from other agencies.

The City's programs for governmental activities include general government, public safety, public works, library and recreation services, and community development. The programs for the business type activities include the water and sewer utilities, the airport

operations, and transit services.

Total resources available during the year to finance governmental activities consisted of net assets at July 1, 2005 of $128 million, program revenues of $14.4 million and general revenues of $30.9 million. Total expenses for governmental activities during the fiscal year were $34 million.

BUSINESS TYPE ACTIVITIES

The City's net assets from business-type activities increased $9.3 million which accounts for 45% of the total increase in the City of El Paso Robles' net assets.

The cost of all Proprietary (business-type) activities this year was $9.1 million. As shown in the statement of activities, the amounts paid by users of the systems were $7.6 million, and capital grants and contributions were $7.3 million. Revenues from other agencies accounted for $2 million and earnings from uses of money and property were $1.4 million.

CITY OF EL PASO DE ROBLES CHANGES IN NET ASSETS

	Governmental activities		Business-type activites		Total	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Revenues:						
Program revenues:						
Charges for services	$ 7,254,099	$ 7,895,786	$ 7,605,629	$ 7,068,562	$ 14,859,728	$ 14,964,348
Operating grants and contributions	-	570,620	-		-	570,620
Capital grants and contributions	7,129,023	4,877,944	7,313,475	6,912,363	14,442,498	11,790,307
General revenues:						
Taxes:						
Property taxes	13,966,390	13,203,987	72,152		14,038,542	13,203,987
Sales tax	6,183,527	5,414,505			6,183,527	5,414,505
Other taxes	4,640,054	4,249,273		99,991	4,640,054	4,349,264
Licenses and permits	341,034	330,120	-		341,034	330,120
From other agencies	3,953,811	2,975,864	2,038,011	1,983,427	5,991,822	4,959,291
Investment earnings	875,397	488,853	1,369,416	739,332	2,244,813	1,228,185
Miscellaneous	911,550	944,947	54,746	208,980	966,296	1,153,927
Total revenues	45,254,885	40,951,899	18,453,429	17,012,655	63,708,314	57,964,554
Expenses:						
General government	499,902	2,504,389			499,902	2,504,389
Public safety	11,715,883	9,691,844			11,715,883	9,691,844
Public works	8,347,720	7,014,786			8,347,720	7,014,786
Library and recreation services	4,560,785	4,345,380			4,560,785	4,345,380
Community development	7,124,605	3,664,177			7,124,605	3,664,177
Interest on long term debt	1,709,387	828,825			1,709,387	828,825
Water operations			3,734,082	3,142,802	3,734,082	3,142,802
Sewer operations			3,621,438	3,400,779	3,621,438	3,400,779
Airport operations			681,207	703,939	681,207	703,939
Transit operations			1,088,576	893,664	1,088,576	893,664
Total expenses	33,958,282	28,049,401	9,125,303	8,141,184	43,083,585	36,190,585
Increase in net assets before transfers	11,296,603	12,902,498	9,328,126	8,871,471	20,624,729	21,773,969
Transfers	18,700	1,303,921	(18,700)	(1,303,921)	-	-
Increase (decrease) in net assets	11,315,303	14,206,419	9,309,426	7,567,550	20,624,729	21,773,969
Net assets July 1	127,991,028	113,784,609	78,685,548	71,117,998	206,676,576	184,902,607
Net assets June 30	$ 139,306,331	$ 127,991,028	$ 87,994,974	$ 78,685,548	$ 227,301,305	$ 206,676,576

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The fund balance at fiscal year-end for the City's general fund of $8.4 million is an overall increase of $806,422 over last year.

The Measure D GO bonds capital projects fund shows a decrease in fund balance of $6.3 million from the prior fiscal year, which is the result of the construction on the 13th Street Bridge.

The Highway 101/46 West Community Facilities District has a negative fund balance as a result of property acquisitions for the interchange and road re-alignments.

The Measure D GO bonds debt service fund shows an increase of $750,267 in fund balance, directly attributable to funding of the bond measure by property tax assessments.

The Redevelopment Agency debt service fund shows an increase of $773,288 in fund balance from the prior fiscal year resulting from the increase in property taxes and reduced expenditures.

DEBT ADMINISTRATION

Debt considered a liability of governmental activities decreased in FY 2005-06 by only $775,660 due to new capital lease proceeds, compensated absences increased $127,043, and closure/postclosure liability increased $154,126. Per capita debt outstanding decreased to $1,656 for FY 2005-06 down from $1,743 for FY 2004-05. 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 2005-06 by $622,201 due to normal amortization. Per capita debt outstanding decreased to $312 for FY 2005-06 down from $345 for FY 2004-05.

A schedule of outstanding debt is presented below.

	Balance July 1, 2005	Incurred or Issued	Satisfied or Matured	Balance June 30, 2006
Governmental Activities:				
Leases payable	$ 5,569,070	$ 1,789,000	$ 681,249	$ 6,676,821
Compensated absences	1,661,546	127,043		1,788,589
Closure/postclosure liability	919,935	154,126		1,074,061
General obligation bonds payable	33,972,550		1,999,580	31,972,970
Redevelopment bonds payable	6,645,000		165,000	6,480,000
Total governmental activities	$ 48,768,101	$ 2,070,169	$ 2,845,829	$ 47,992,441
Business-type Activities:				
Compensated absences	$ 143,970	$ 32,799	$ -	$ 176,769
Revenue bonds payable	9,510,000		655,000	8,855,000
Total business-type activities	$ 9,653,970	$ 32,799	$ 655,000	$ 9,031,769

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.

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, 2006, net capital assets of the governmental activities totaled $152 million and the net capital assets of the business-type activities totaled $63 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 capita assets.

	Original Cost	Accumulated Depreciation	Book Value
Capital Assets - Governmental Activities:			
Land, Buildings, Equipment, CIP, and Infrastructure	$ 192,061,922	$ 40,302,809	$ 151,759,113
Capital Assets - Business-type Activities:			
Land, Buildings, Equipment, CIP, and Infrastructure	$ 100,363,211	$ 37,390,800	$ 62,972,411

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the FY 06 original budget (or adopted) general fund budget amount of $22.4 million to the final budget amount of $25.6 million shows a net increase of $3.2 million. Included in this figure is 274,800 in prior year carry forward, $125,000 in funds for engineering services at the landfill, $197,200 in Sherwood Park playground upgrades, $85,600 to reimburse the Paso Robles Public Schools for parking lot improvements, $2,000,000 property acquisition at the landfill, $40,000 for Pioneer Skate Park staffing, $80,000 for increased legal services, $47,500 for the development impact fee update, and $411,100 in a variety of operating budget augmentations. City Council approved all budget supplemental changes to the original budget.

Original Budget	+	Supplemental Changes	=	Final Budget
$ 22,377,900	+	$ 3,261,200	=	$ 25,639,100

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key assumptions in the general fund revenue forecast for fiscal year 2006-07 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 six fiscal years (2001 through 2006) have increased the general fund's fund balance by nearly $5.7 million. The City's FY 07 budget includes the following new/expanded budget requests:

- Economic development study
- One full time sworn officer

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF EL PASO DE ROBLES

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

The Statement of Net Assets and the Statement of Activities 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.

CITY OF EL PASO DE ROBLES
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 34,331,347	$ 32,948,722	$ 67,280,069
Accounts receivable	2,529,991	1,544,167	4,074,158
Interest receivable	617,643		617,643
Inventory		64,043	64,043
Loan contracts receivable	572,456		572,456
Prepaid expenses	378,708		378,708
Land	7,734,892	8,389,465	16,124,357
Buildings and improvements	43,590,887	72,908,400	116,499,287
Equipment	6,511,131	3,732,053	10,243,184
Construction in progress	2,288,177	15,333,293	17,621,470
Infrastructure	131,936,835		131,936,835
Accumulated depreciation	(40,302,809)	(37,390,800)	(77,693,609)
Bond issuance deferred charges	1,064,614	256,166	1,320,780
Total Assets	191,253,872	97,785,509	289,039,381
LIABILITIES			
Accounts payable	1,923,644	630,848	2,554,492
Accrued payroll expenses	671,593	24,658	696,251
Interest payable	644,923	30,624	675,547
Customer deposits	212,976	72,636	285,612
Deferred revenue	487,925		487,925
Prepaid revenues	14,039		14,039
Long term debt			
Due within one year	2,967,391	675,000	3,642,391
Due in more than one year	45,025,050	8,356,769	53,381,819
Total Liabilities	51,947,541	9,790,535	61,738,076
NET ASSETS			
Invested in capital assets, net of related debt	107,693,936	54,373,577	162,067,513
Restricted	829,674	479	830,153
Unrestricted	30,782,721	33,620,918	64,403,639
Total net assets	$ 139,306,331	$ 87,994,974	$ 227,301,305

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, 2006

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
	Expenditures	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Net Governmental Activities	Net Business-type Activities	Total
Governmental Activities:							
General government	$ 499,902	$ 43,872	$ -	$ -	$ (456,030)	$ -	$ (456,030)
Public safety	11,715,883	620,003		15,305	(11,080,575)		(11,080,575)
Public works	8,347,720	20,944		7,113,718	(1,213,058)		(1,213,058)
Library and recreation services	4,560,785	791,830			(3,768,955)		(3,768,955)
Community development	7,124,605	5,777,450			(1,347,155)		(1,347,155)
Interest on long-term debt	1,709,387				(1,709,387)		(1,709,387)
Total Governmental Activities	33,958,282	7,254,099		7,129,023	(19,575,160)		(19,575,160)
Business-type Activities:							
Water operations	3,734,082	3,590,654		4,775,165		4,631,737	4,631,737
Sewer operations	3,621,438	3,864,353		2,538,310		2,781,225	2,781,225
Airport operations	681,207	18,544				(662,663)	(662,663)
Transit operations	1,088,576	132,078				(956,498)	(956,498)
Total Business-type Activities	9,125,303	7,605,629		7,313,475		5,793,801	5,793,801
Total primary government	$ 43,083,585	$ 14,859,728	$ -	$ 14,442,498	(19,575,160)	5,793,801	(13,781,359)
General Revenues and Transfers:							
Taxes:							
Property taxes					13,966,390	72,152	14,038,542
Sales taxes					6,183,527		6,183,527
Other taxes					4,640,054		4,640,054
From other agencies					3,953,811	2,038,011	5,991,822
Licenses and permits					341,034		341,034
Other					911,550	54,746	966,296
Uses of money and property					875,397	1,369,416	2,244,813
Transfers in/(out)					18,700	(18,700)	
Total general revenues and transfers					30,890,463	3,515,625	34,406,088
Change in net assets					11,315,303	9,309,426	20,624,729
Net assets beginning of fiscal year					127,991,028	78,685,548	206,676,576
Net assets end of fiscal year					$ 139,306,331	$ 87,994,974	$ 227,301,305

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 this fiscal year. 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.

Highway 101/46 West Community Facilities District Fund

The fund acocunts for the improvements to the Highway 101/46 West interchange and road re-alignments.

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, 2006

	General Fund	Measure D GO Bonds Capital Projects Fund	Highway 101/46 West Community Facilities District	Measure D GO Bonds Debt Service Fund	Redevelopment Agency Debt Service Fund	Other Governmental Funds	Totals
ASSETS							
Cash and cash equivalents	$ 6,116,564	$ -	$ -	$ 6,465,576	$ 273,671	$ 20,470,583	$ 33,326,394
Cash and investments with fiscal agent					524,860	480,093	1,004,953
Accounts receivable	1,951,608			205,608	164,787	207,988	2,529,991
Interest receivable	617,643						617,643
Loan contracts receivable	1,766,267					9,021,819	10,788,086
Prepaid items	53,304				325,404		378,708
Total Assets	$ 10,505,386	$ -	$ -	$ 6,671,184	$ 1,288,722	$ 30,180,483	$ 48,645,775
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 695,663	$ 671,028	$ 19,924	$ -	$ -	$ 537,029	$ 1,923,644
Accrued payroll expenses	667,976					3,617	671,593
Compensated absences	50,000						50,000
Deposits due to others	204,300						204,300
Loan contracts payable			1,420,067		6,965,402	1,830,161	10,215,630
Customer deposits	8,676						8,676
Deferred revenues	442,649					617,732	1,060,381
Prepaid revenues	14,039						14,039
Total Liabilities	2,083,303	671,028	1,439,991	-	6,965,402	2,988,539	14,148,263
Fund Balances:							
Reserved	1,819,571					7,115,402	8,934,973
Unreserved/Designated	260,000	(671,028)			(5,676,680)		(6,087,708)
Unreserved/Undesignated	6,342,512		(1,439,991)	6,671,184		20,076,542	31,650,247
Total Fund Balances	8,422,083	(671,028)	(1,439,991)	6,671,184	(5,676,680)	27,191,944	34,497,512
Total Liabilities and Fund Balances	$ 10,505,386	$ -	$ -	$ 6,671,184	$ 1,288,722	$ 30,180,483	$ 48,645,775

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, 2006

Fund balances of governmental funds	$ 34,497,512
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	151,759,113
Deferred revenue	572,456
Accrued closure and postclosure costs added to long term debt	(1,074,061)
Bond issuance deferred charges	1,064,614
Interest payable	(644,923)
Lease contracts payable	(2,081,821)
Bonds and certificates of participation payable	(43,047,970)
Compensated absences	(1,738,589)
Net assets of governmental activities	$ 139,306,331

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, 2006

	General Fund	Measure D GO Bonds Capital Projects Fund	Highway 101/46 West Community Facilities District	Measure D GO Bonds Debt Service Fund	Redevelopment Agency Debt Service Fund	Other Governmental Funds	Totals
Revenues:							
Taxes	$ 17,479,251	$ -	$ -	$ 3,595,367	$ 2,358,870	$ 1,356,484	$ 24,789,972
Licenses and permits	1,531,411						1,531,411
Fines and forfeitures	307,138						307,138
Uses of money and property	324,292			149,193	34,151	685,967	1,193,603
From other agencies	3,040,712					1,436,935	4,477,647
Charges for current services	1,729,090					4,712,636	6,441,726
Other	139,968				71,387	700,194	911,549
Total Revenues	24,551,862			3,744,560	2,464,408	8,892,216	39,653,046
Expenditures:							
General government	119,706			1,250		73,696	194,652
Public safety	11,351,340					273,718	11,625,058
Public works	3,744,282					1,833,913	5,578,195
Library and recreation services	4,118,487					54,683	4,173,170
Community development	2,569,536		69,715			2,197,803	4,837,054
Interest	83,228			991,356	345,699	266,853	1,687,136
Principal	216,731			2,000,000	165,000	464,098	2,845,829
Paying agent fees				1,687	3,140	3,440	8,267
Capital outlay	2,423,642	6,842,984	1,370,276			2,860,221	13,497,123
Fiscal agreements payments					918,079		918,079
Total Expenditures	24,626,952	6,842,984	1,439,991	2,994,293	1,431,918	8,028,425	45,364,563
Excess revenues over (under) expenditures	(75,090)	(6,842,984)	(1,439,991)	750,267	1,032,490	863,791	(5,711,517)
Other financing sources (uses):							
Operating transfers in	1,329,067	3,594,363				8,059,777	12,983,207
Operating transfers out	(2,236,555)	(3,098,600)			(259,202)	(7,370,150)	(12,964,507)
Capital leases	1,789,000						1,789,000
Proceeds from postclosure liability						154,126	154,126
Total Other Financing Sources (Uses)	881,512	495,763			(259,202)	843,753	1,961,826
Net Change in Fund Balances	806,422	(6,347,221)	(1,439,991)	750,267	773,288	1,707,544	(3,749,691)
Fund Balances - July 1	7,615,661	5,676,193		5,920,917	(6,449,968)	25,721,140	38,483,943
Prior period adjustment						(236,740)	(236,740)
Fund Balances - July 1, as restated	7,615,661	5,676,193		5,920,917	(6,449,968)	25,484,400	38,247,203
Fund Balances - June 30	$ 8,422,083	$ (671,028)	$ (1,439,991)	$ 6,671,184	$ (5,676,680)	$ 27,191,944	$ 34,497,512

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, 2006

Net change in fund balances - total governmental funds	$	(3,749,691)
Amounts reported for governmental acitivities 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		20,271,966
Governmental funds do not report cost of capital assets sold		(1,328,664)
Governmental funds do not report depreciation as an expense. However, in the Statement of Activities, depreciation is recorded as an expense		(4,510,898)
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		2,845,829
Proceeds from debt financing		(1,789,000)
CDBG reduction in loans receivables		(48,231)
Interest payable one year increase		(56,323)
Postclosure change in long term liability		(154,126)
Current year bond issuance amortization		(38,516)
To record as an expense the net changes in compensated absences in the Statement of Activities		(127,043)
Change in net assets of governmental activities	$	11,315,303

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, 2006

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Positive/(Negative)
Revenues:				
Taxes	$ 16,412,000	$ 16,412,000	$ 17,479,251	$ 1,067,251
Licenses and permits	1,080,800	1,080,800	1,531,411	450,611
Fines and forfeitures	229,500	229,500	307,138	77,638
Uses of money and property	226,000	466,000	324,292	(141,708)
From other agencies	2,025,900	2,392,800	3,040,712	647,912
Charges for current services	1,403,900	1,445,900	1,729,090	283,190
Other	255,000	263,400	139,968	(123,432)
Total Revenues	21,633,100	22,290,400	24,551,862	2,261,462
Expenditures:				
Current:				
General government	897,900	1,063,900	119,706	944,194
Public safety	11,325,100	11,491,800	11,351,340	140,460
Public works	3,122,300	3,495,800	3,744,282	(248,482)
Library & recreation services	4,343,400	4,388,200	4,118,487	269,713
Community development	2,363,800	2,554,600	2,569,536	(14,936)
Debt service	201,800	271,200	299,959	(28,759)
Capital outlay	123,600	2,373,600	2,423,642	(50,042)
Total Expenditures	22,377,900	25,639,100	24,626,952	1,012,148
Excess revenues over (under) expenditures	(744,800)	(3,348,700)	(75,090)	3,273,610
Other financing sources (uses):				
Operating transfers in	1,006,100	1,506,100	1,329,067	(177,033)
Operating transfers out	(550,100)	(747,300)	(2,236,555)	(1,489,255)
Capital leases	290,000	1,790,000	1,789,000	(1,000)
Total other financing sources (uses)	746,000	2,548,800	881,512	(1,667,288)
Excess revenues and other sources over (under) expenditures and other uses	1,200	(799,900)	806,422	1,606,322
Fund Balance - July 1	7,615,661	7,615,661	7,615,661	
Fund Balance - June 30	$ 7,616,861	$ 6,815,761	$ 8,422,083	$ 1,606,322

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 the current fiscal year.

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, and includes accounting for water connections, Nacimiento water project, and Nacimiento water treatment.

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, 2006

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 15,219,076	$ 16,573,431	$ 783,870	$ 371,866	$ 32,948,243
Cash and investments with fiscal agent		479			479
Accounts receivable	822,347	434,409	21,029	266,382	1,544,167
Inventory	64,043				64,043
Total Current Assets	16,105,466	17,008,319	804,899	638,248	34,556,932
Capital Assets:					
Plant, property and equipment	39,616,075	40,331,131	19,761,671	654,334	100,363,211
Less accumulated depreciation	14,294,955	16,656,163	6,103,967	335,715	37,390,800
Net Book Value	25,321,120	23,674,968	13,657,704	318,619	62,972,411
Long-term Assets:					
Unamortized bond discount and issue costs		256,166			256,166
Total Long-term Assets		256,166			256,166
Total Assets	$ 41,426,586	$ 40,939,453	$ 14,462,603	$ 956,867	$ 97,785,509

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

CITY OF EL PASO DE ROBLES
PROPRIETARY FUNDS
STATEMENT OF FUNDS NET ASSETS
JUNE 30, 2006

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
LIABILITIES					
Current Liabilities:					
Accounts payable	$ 528,886	$ 51,256	$ 3,667	$ 47,039	$ 630,848
Accrued payroll expenses	10,883	11,696	2,079		24,658
Accrued interest expense		30,624			30,624
Compensated absences	49,527	119,313	7,929		176,769
Customer deposits	68,666	3,970			72,636
Bond principal payable - current portion		675,000			675,000
Total Current Liabilities	657,962	891,859	13,675	47,039	1,610,535
Long-term Liabilities:					
Bond principal payable, net - less current portion		8,180,000			8,180,000
Total Long-term Liabilities		8,180,000			8,180,000
NET ASSETS					
Invested in capital assets, net of related debt	25,321,120	15,076,134	13,657,704	318,619	54,373,577
Restricted for capital projects		479			479
Unrestricted	15,447,504	16,790,981	791,224	591,209	33,620,918
Total Net Assets	$ 40,768,624	$ 31,867,594	$ 14,448,928	$ 909,828	$ 87,994,974

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, 2006

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
Operating Revenues:					
Charges for current services	$ 3,590,654	$ 3,864,353	$ 18,544	$ 132,078	$ 7,605,629
Rents and leases			358,882		358,882
Other	(4,507)	58,741	512		54,746
Total operating revenues	3,586,147	3,923,094	377,938	132,078	8,019,257
Operating expenses:					
Maintenance, operations, and administration	3,045,284	2,229,684	339,408	864,091	6,478,467
Depreciation and amortization	688,798	1,010,444	341,799	78,509	2,119,550
Total operating expenses	3,734,082	3,240,128	681,207	942,600	8,598,017
Operating income (loss)	(147,935)	682,966	(303,269)	(810,522)	(578,760)
Non-operating revenues (expenses):					
Taxes			72,152		72,152
Revenues from other agencies	364,045		871,996	801,970	2,038,011
Interest revenue	489,025	485,800	19,786	15,923	1,010,534
Water connection fees	1,745,683				1,745,683
Nacimiento water fees	701,862				701,862
Sewer connection fees		1,860,199			1,860,199
Sale of surplus property					
Contributions to other agencies				(145,976)	(145,976)
Interest expense		(381,310)			(381,310)
Total non-operating revenues (expenses)	3,300,615	1,964,689	963,934	671,917	6,901,155
Income before transfers and capital contributions	3,152,680	2,647,655	660,665	(138,605)	6,322,395
Transfers out	(9,350)	(9,350)			(18,700)
Capital contributions	607,088	678,111			1,285,199
Capital contribution - Nacimiento project	1,439,507				1,439,507
Capital contribution - Nacimiento water treatment	281,025				281,025
Change in net assets	5,470,950	3,316,416	660,665	(138,605)	9,309,426
Total net assets - July 1	35,297,674	28,551,178	13,788,263	1,048,433	78,685,548
Total net assets - June 30	$ 40,768,624	$ 31,867,594	$ 14,448,928	$ 909,828	$ 87,994,974

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, 2006

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
Cash Flows from Operating Activities:					
Receipts from customers and users	$ 3,578,396	$ 4,365,967	$ 363,867	$ 92,696	$ 8,400,926
Payments to suppliers	(1,911,472)	(1,524,349)	(179,532)	(856,227)	(4,471,580)
Payments to employees	(792,823)	(711,004)	(170,521)	(19,726)	(1,694,074)
Net cash provided (used) by operating activities	874,101	2,130,614	13,814	(783,257)	2,235,272
Cash Flows from Capital and Related Financing Activities:					
Proceeds from federal and state grants	364,045		871,996	801,969	2,038,010
Acquisitions of capital assets	(6,997,283)	(1,024,372)	(926,950)	(114,830)	(9,063,435)
Loan/lease principal paid		(655,000)			(655,000)
Interest paid on long term debt		(380,277)			(380,277)
Contributed capital received	4,168,077	1,860,199			6,028,276
Net cash provided (used) by capital and related financing activities	(2,465,161)	(199,450)	(54,954)	687,139	(2,032,426)
Cash Flows from Non-capital and Related Financing Activities:					
Operating transfers in/(out)	(9,350)	(9,350)			(18,700)
Taxes			72,152		72,152
Contributions to others				(145,976)	(145,976)
Net cash provided (used) by non-capital financing sources	(9,350)	(9,350)	72,152	(145,976)	(92,524)
Cash Flows from Investing Activities:					
Interest on investments	489,025	485,800	19,787	15,923	1,010,535
Net cash provided by investing financing activities	489,025	485,800	19,787	15,923	1,010,535
Net increase (decrease) in cash and cash equivalents	(1,111,385)	2,407,614	50,799	(226,171)	1,120,857
Cash and cash equivalents at beginning of year	16,330,461	14,166,296	733,071	598,037	31,827,865
Cash and cash equivalents at end of year	$ 15,219,076	$ 16,573,910	$ 783,870	$ 371,866	$ 32,948,722
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:					
Operating income (loss)	$ (147,935)	$ 682,966	$ (303,269)	$ (810,522)	$ (578,760)
Adjustments to reconcile net operating income (loss)					
Add depreciation and amortization	688,798	1,010,444	341,799	78,509	2,119,550
Change in operating assets and liabilities:					
(Increase) decrease in accounts receivable	(18,072)	442,118	(14,071)	(39,382)	370,593
(Increase) decrease in inventory	8,935				8,935
Increase (decrease) in accounts payable	334,035	(21,904)	(8,056)	(11,610)	292,465
Increase in accrued payroll expenses	(11,965)	(6,204)	(2,964)	(252)	(21,385)
Increase (decrease) in compensated absences	9,985	22,438	375		32,798
Increase (decrease) in customer deposits	10,320	756			11,076
Net cash provided (used) by operating activities	$ 874,101	$ 2,130,614	$ 13,814	$ (783,257)	$ 2,235,272

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, 2006

	Agency Funds
Assets	
Cash and investments	$ 1,404,232
Total Assets	1,404,232
Liabilities	
Accounts payable	9,222
Accrued salaries and benefits payable	1,846
Customer deposits	985,250
Due to others	407,914
Total Liabilities	1,404,232
Net Assets	
Unrestricted	
Total Net Assets	$ -

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

	Page
1. Summary of Significant Accounting Policies	42
A. Description of Reporting Entity	42
B. Basis of Presentation	43
C. Major Funds	44
D. Basis of Accounting	45
E. Budget and Budgetary Accounting	46
F. Compensated Absences	46
G. Cash and Cash Equivalents	47
H. Inventories and Prepaid Items	47
I. Property Taxes	47
J. Use of Estimates	48
K. Receivables and Payables	48
L. Use of Restricted and Unrestricted Net Assets	48
M. New Accounting Pronouncements	48
2. Cash and Investments	49
A. Investment Policy	49
B. Collateral and Categorization Requirements	50
C. Disclosures Relating to Interest Risk	51
D. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations	51
E. Disclosures Relating to Credit Risk	51
F. Concentrations of Credit Risk	52
G. Custodial Credit Risk	52
H. Cash and Investments	53
I. Marking Investments to Fair Value (GASB 31)	53
J. State Investment Pool	54
3. Capital Assets	54
4. Interfund Transactions	58
A. Loans	58
B. Transfers Between Funds	59
5. Risk Management	61
6. Governmental Activities Long-Term Debt	61
A. Description	61
B. Changes in Long-Term Debt	63

	Page
C. Annual Repayment Requirements of Long-Term Debt	64
D. Bond Requirements	64
E. Defeased Obligations	64
7. Business Activities Long-Term Debt	65
A. Description	65
B. Changes in Long-Term Debt	65
C. Annual Repayment Requirements of Long-Term Debt	66
D. Bond Requirements	66
E. Defeased Obligations	66
8. Employee Benefits	67
A. Retirement System	67
B. Post Employment Benefits	70
C. Deferred Compensation Plans	71
D. Section 125 Benefit Plan	71
E. Compensated Absences	71
9. Net Assets and Fund Balances	72
A. Net Assets	72
B. Fund Balances	72
10. Funds with Expenditures Exceeding Appropriations	73
11. Litigation and Contingencies	73
12. Prior Period Adjustments	74

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.

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.

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.

Highway 101/46 West Community Facilities District accounts for the improvements to the Highway 101/46 West interchange and road re-alignments.

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.

Sewer 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.

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 Other Post Employment Benefits, and 5) deposits from customers to be refunded when performance criteria is met or applied against future amounts due to the City from the customer.

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.

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.

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, 1st installment, March 1, 2nd installment
Collection Date - Secured Taxes	December 10, 1st installment, April 10, 2nd 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.

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 some cases, "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. Cash resources have been loaned 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 loan.

Proprietary fund receivables are shown net of any allowance for uncollectible accounts. Utility customers are billed monthly. The value of services provided, and billed 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.

M. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 46

For the fiscal year ended June 30, 2006, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 46, "Net Restricted by enabling Legislation – an amendment of GASB Statement No. 34." This statement is effective for fiscal periods beginning after June 15, 2005. This Statement required that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. A legally enforceable enabling legislation restriction is one that a party external to the City – such as citizens, public interest groups, the judiciary – can compel a government to honor. Implementation of GASB Statement No. 46 did not have an impact on the City's basic financial statements for the fiscal year ended June 30, 2006.

Governmental Accounting Standards Board Statement No. 44

For the fiscal year ended June 30, 2006, the City implemented GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section." This Statement is effective for the City for the fiscal periods beginning after June 15, 2005. This Statement enhances and updates the statistical section that accompanies a local government's basic financial statements to reflect the significant changes that have taken place in the government. The statistical section comprised schedules presents trend information about revenues and expenses, trend information about the government's significant revenue sources, outstanding debt, economic and demographics, and operating information. Implementation of GASB Statement No. 44 did not have an impact on the City's basic financial statements for the fiscal year ended June 30, 2006.

NOTE 2 – CASH AND INVESTMENTS

A. Investment Policy

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

The City uses the yield on the Local Agency Investment Fund, an investment pool managed by the State of California Treasurer's Office for evaluating investment performance. The yield for LAIF during the last quarter of fiscal year 2005/06 was 4.53%. For the month ended June 30, 2006, the City recognized a weighted average daily rate of return of 4.51%. 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.

Investment Types Authorized by Law	Maximum Maturity	Maximum % of Portfolio	Maximum in One Issuer
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-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, 2006.

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.

		Remaining Maturity (in months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Agency Notes	$ 11,270,508	$ 3,278,253	$ 7,410,505	$ 581,750	$ -
U.S. Agency Mortgaged Backed Securities	16,852,359	266,851	4,457,302	12,128,206	-
Corporate Notes	8,273,945	1,992,730	4,384,125	1,897,090	-
Certificates of Deposit	10,717,000	7,447,000	3,072,000	198,000	-
Local Agency Investment Fund (LAIF)	20,216,257	20,216,257	-	-	-
Held by Bond Trustee:					
Money Market Funds	1,005,432	1,005,432	-	-	-
	$ 68,335,501	$ 34,206,523	$ 19,323,932	$ 14,805,046	$ -

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).

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		
				AAA	AA	Not Rated
U.S. Agency Notes	$ 12,721,863	N/A	$ -	$ 12,721,863	$ -	$ -
U.S. Agency Mortgaged Backed Securities	15,401,004	N/A	-	15,401,004	-	-
Corporate Notes	8,273,945	A	-	1,425,865	6,848,080	-
Certificates of Deposit	10,717,000	N/A	10,717,000	-	-	-
Local Agency Investment Fund (LAIF)	20,216,257	N/A	-	-	-	20,216,257
Held by Bond Trustee:						
Money Market Funds	1,005,432		-	-	-	1,005,432
	$ 68,335,501		$ 10,717,000	$ 29,548,732	$ 6,848,080	$ 21,221,689

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	$ 6,392,004
Federal Home Loan Mortgage Association	Federal agency securities	15,401,004
Federal National Mortgage Association	Federal agency securities	6,329,859

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, 2006, three different financial institutions held more than $100,000 in City's deposits. 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 $344,700 at June 30, 2006. Cash on hand was $4,100 and bank balances, before reconciling items, were $566,826 at June 30, 2006. At June 30, 2006, 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	$34,331,347
Business activities	32,948,722
Fiduciary funds	1,404,232
Total Cash and Investments	$68,684,301

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	$66,284,637
With fiscal agent	1,005,432
Fiduciary funds	1,404,232
Total Cash and Investments	$68,684,301

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, 2006, the account in the name of the City held $20,253,000 on deposit while the Redevelopment Agency had no funds on deposit. Due to GASB 31, the City recorded a total fair value of $20,216,257 that included $36,743 in recognized ("unrealized") losses on investments in LAIF. The unrealized loss was based on a fair value adjustment factor of .998185821 calculated by the State of California Treasurer's Office.

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, 2006. This appraisal determined the original cost, which is defined as the actual cost to acquire new

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

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

Pavement	25 years
Curbs and gutters	50 years
Sidewalks	50 years
Medians	25 years
Bridges	75 years
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, 2006, consisted of the following:

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
Governmental Activities:				
Land	$ 4,412,045	$ 3,322,847	$ -	$ 7,734,892
Buildings and improvements	42,966,178	624,709		43,590,887
Equipment	6,129,679	760,822	379,370	6,511,131
Infrastructure and CIP Infrastructure	118,953,266	14,198,116	1,214,547	131,936,835
Construction in progress	922,705	1,386,402	20,930	2,288,177
Less accumulated depreciation	(36,057,164)	(4,510,898)	(265,253)	(40,302,809)
Governmental activity capital assets, net	$ 137,326,709	$ 15,781,998	$ 1,349,594	$ 151,759,113

	Balance July 1, 2005	Increases	Decreases	Balance June 30, 2006
Business-type Activities:				
Water				
Buildings	$ 732,488	$ -	$ -	$ 732,488
Improvements other than buildings	25,047,988	3,651,239		28,699,227
Equipment	1,628,217	105,787		1,734,004
Construction in progress	4,603,040	6,399,161	2,551,845	8,450,356
Less accumulated depreciation	(13,606,157)	(688,798)		(14,294,955)
Water activities capital assets, net	$ 18,405,576	$ 9,467,389	$ 2,551,845	$ 25,321,120
Sewer				
Land	$ 559,050	$ -	$ -	$ 559,050
Buildings	688,338			688,338
Improvements other than buildings	29,795,993	1,214,953		31,010,946
Equipment	1,150,935	46,489		1,197,424
Construction in progress	6,426,223	674,775	225,625	6,875,373
Less accumulated depreciation	(15,645,719)	(1,010,444)		(16,656,163)
Sewer activities capital assets, net	$ 22,974,820	$ 925,773	$ 225,625	$ 23,674,968
Airport				
Land	$ 7,830,415	$ -	$ -	$ 7,830,415
Buildings	1,956,948			1,956,948
Improvements other than buildings	8,824,151	996,302		9,820,453
Equipment	153,855			153,855
Construction in progress	69,352		69,352	
Less accumulated depreciation	(5,762,168)	(341,799)		(6,103,967)
Airport activities capital assets, net	$ 13,072,553	$ 654,503	$ 69,352	$ 13,657,704
Transit				
Equipment	$ 537,401	$ 109,369	$ -	$ 646,770
Construction in progress	2,102	5,462		7,564
Less accumulated depreciation	(257,206)	(78,509)		(335,715)
Transit activities capital assets, net	$ 282,297	$ 36,322	$ -	$ 318,619
Business-type activity capital assets, net	$ 54,735,246	$ 11,083,986	$ 2,846,822	$ 62,972,411
Net capital assets, total government	$ 192,061,955	$ 26,865,985	$ 4,196,416	$ 214,731,524

For the fiscal year ended June 30, 2006, depreciation expense on capital assets was charged to the governmental functions as follows:

General Government	$	166,408
Public Safety		534,542
Public Works		3,417,519
Library and Recreation Services		379,016
Community Development		13,413
Total Depreciation Expense	$	4,510,898

Construction Commitments

As of June 30, 2006, the City had a number of construction projects in progress. The governmental activity projects had a total work in progress amount of $2,288,177. The business-type activity projects included various water, sewer, and airport infrastructure improvements totaling $15,333,293.

NOTE 4 – INTERFUND TRANSACTIONS

A. Loans

With Council approval resources were loaned 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 the Redevelopment Agency. The reimbursement agreement requires the Agency to reimburse the City for lease payments made for the construction of the City Hall/Library facility. The amount noted below represents “life to date” lease payments (debt servies) 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.

	Loans Receivable	Loans Payable
Major Funds:		
General Fund	$ 1,766,267	$ -
Highway 101/46 West Community Facilities District Fund		1,420,067
RDA Debt Service Fund		6,965,402
Non-major Funds:		
Public Facilities Development Fund	6,965,402	
Landscape and Lighting District Fund		90,344
Traffic Mitigation Development Fund	1,483,961	
Specific Plan Fund		1,675,923
Airport Road PSR Fund		63,894
Totals	$ 10,215,630	$ 10,215,630

B. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The major purpose of the transfers is to reimburse a fund that has made an expenditure on behalf of another fund. Transfers are identified as follows:

	Transfers In	Transfers Out
Major Funds:		
General Fund	$ 1,329,067	$ 2,236,555
Measure D GO Bonds Capital Projects Fund	3,594,363	3,098,600
RDA Debt Service Fund		259,202
Non-Major Funds:		
General Emergency and Reserves Fund	550,000	549,996
Capital Replacement Fund	500,000	
City Facility Repair Fund	299,988	
Gas Tax Fund	1,007,985	425,058
Transportation Development Fund	13,800	458,295
Landfill Closure/Postclosure Fund	73,200	
Community Development Block Grant Fund	103,208	
Redevelopment Agency Fund	258,447	103,208
Landfill Contingency Fund		500,000
Capital Projects Reserve Fund	188,667	
Traffic Mitigation Development Fund	783,672	694,145
Signalization Fund	367,345	183,672
Park Development Fund	124,000	
Parkway and Median Development Fund	51,613	122,915
Public Facilities Development Fund	968,438	738,498
Specific Plan Fund	2,215,000	3,594,363
1993 Public Facilities Debt Service Fund	554,414	.
Enterprise Funds:		
Sewer Fund		9,350
Water Fund		9,350
Totals	$ 12,983,207	$ 12,983,207

NOTE 5 – RISK MANAGEMENT

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 113 public agencies. The Joint Powers Authority provides program administration, claim servicing, investigation services, legal counsel, and excess coverage to its members. For general and auto liability, the Joint Powers Authority provides coverage of $50 million per occurrence and $50 million aggregate. For workers' compensation, the coverage is statutory plus $10 million per occurrence for employer's liability. The City also participates in the non-auto property program offered by the Joint Powers Authority which provides full replacement coverage for buildings and facilities. The City is self-insured for property damage to City owned equipment and vehicles except for major equipment; i.e. fire trucks for which the City participates with other public agencies in a special insurance pool. The City purchases specialty policies to cover airport liability and landfill liability & pollution coverage from other sources. 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.

The last actuarial study undertaken for tail claims was during fiscal year 2005. This study indicated that the City had general liability fund balance of $181,484 not including $70,000 for "Incurred but not yet reported" claims per the actuary. It is not expected that another actuarial study will be undertaken on liability claims as their life expectancy is rather short lived.

In the case of workers' compensation, the actuarial study indicated that the City had a fund balance of $1,051,970. This amount does not include $925,000 present value of liability for outstanding claims per the "Actuarial Review of the Workers' Compensation Program" as prepared by Richard Sherman & Associates, Inc. during fiscal year 2005. The "Actuarial Review" will be updated in fiscal year 2007.

NOTE 6 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

A. Description

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

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

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

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, 2006. 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, 2006. 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, 2006. 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.
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.

The City entered into a $289,000 lease purchase contract dated August 15, 2005, for the acquisition of one heavy rescue vehicle for the Emergency Services department. Principal and interest payments are due monthly beginning September 30, 2005, with the last payment due August 30, 2010. Total annual payments are $63,353.

The City entered into a $1,500,000 lease purchase agreement dated December 6, 2005, for the acquisition of 52 acres adjacent to the City's landfill. Principal and interest payments are due semi-annually beginning June 30, 2006, with the last payment due December 30, 2020. Total annual payments are $138,598.02.

B. Changes in Long-Term Debt

As of June 30, 2006, the City had the following long-term obligations outstanding including the current portion:

	Governmental Activities				
	Balance July 1, 2005	Incurred or Issued	Satisfied or Matured	Balance June 30, 2006	Current Portion
Governmental Activities:					
Capital Leases Payable	$ 559,070	$ 1,789,000	$ (266,249)	$ 2,081,821	$ 321,136
Certificates of Participation	5,010,000		(415,000)	4,595,000	425,000
General Obligation Bonds	33,972,550		(1,999,580)	31,972,970	2,006,255
Redevelopment Tax Allocation Bonds	6,645,000		(165,000)	6,480,000	165,000
Compensated Absences	1,661,546	127,043		1,788,589	50,000
Closure/Postclosure Liability	919,935	154,126		1,074,061	
Total Governmental Activities	$ 48,768,101	$ 2,070,169	$ (2,845,829)	$ 47,992,441	$ 2,967,391

C. Annual Repayment Requirements of Long-Term Debt

The annual requirements to amortize all debt outstanding (excluding compensated absences and closure/postclosure liability) as of June 30, 2006 are as follows:

	Governmental Activities	
Year End June 30	Principal	Interest
2007	$ 2,917,391	$ 1,651,357
2008	2,848,995	1,717,773
2009	2,398,766	1,776,580
2010	2,409,221	1,829,947
2011	2,289,991	1,871,731
2012-2016	10,553,301	10,172,994
2017-2021	9,883,893	10,737,281
2022-2026	8,611,475	10,617,094
2027-2028	3,216,758	4,139,782
	$ 45,129,791	$ 44,514,539

D. Bond Requirements

At June 30, 2006, 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, 2006.

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 the1987 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, 2006, the City had the following long-term obligations outstanding including the current portion:

	Business Activities				
	Balance July 1, 2005	Incurred or Issued	Satisfied or Matured	Balance June 30, 2006	Current Portion
Business-type Activities:					
Compensated Absences	$ 143,970	$ 32,799	$ -	$ 176,769	$ -
Revenue Bonds	9,510,000		(655,000)	8,855,000	675,000
Total Business-type Activities	$ 9,653,970	$ 32,799	$ (655,000)	$ 9,031,769	$ 675,000

C. Annual Repayment Requirements of Long-Term Debt

The annual requirements to amortize all debts outstanding (excluding compensated absences) as of June 30, 2006 are as follows:

	Business Activities	
Year End June 30	Principal	Interest
2007	$ 675,000	$ 366,389
2008	695,000	351,201
2009	190,000	333,826
2010	195,000	328,364
2011	205,000	322,319
2012-2016	1,125,000	1,498,713
2017-2021	1,365,000	1,254,913
2022-2026	1,730,000	917,875
2027-2031	2,175,000	460,263
2032	500,000	25,000
	$ 8,855,000	$ 5,858,863

D. Bond Requirements

At June 30, 2006, 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, 2006.

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, 2006 are summarized as follows:

	Miscellaneous	Police	Fire
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	14.104%	26.085%	13.908%
Total current covered payroll	$ 5,887,846	$ 2,483,231	$ 1,434,429
Required employee contributions made	$ 470,928	$ 223,492	$ 129,099
Required employer contributions rate made	$ 830,422	$ 647,751	$ 199,500

Total current payroll for covered employees for the year ended June 30, 2006 was $9,805,505 and the total payroll for all employees was $11,413,404.

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, 2022
Fire Safety	June 30, 2020
Miscellaneous	June 30, 2034

A three-year smoothing technique is used for Asset Valuation. For 2005-06 the annual rate components were as follows:

	Miscellaneous	Police	Fire	Total
Normal Cost	$ 389,531	$ 293,326	$ 139,917	$ 822,774
Unfunded Liability (Surplus)	216,485	117,903	29,147	363,535
Total City Portion Paid	**$ 606,016**	**$ 411,229**	**$ 169,064**	**$ 1,186,309**
Normal Cost Rate	7.443%	11.510%	11.510%	
Unfunded Liability (Surplus) Rate	4.137%	4.626%	2.398%	
Total	11.580%	16.136%	13.908%	

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	6/30/2003	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%
	6/30/2005	21,949,690	27,966,498	6,016,808	78.5%	5,657,410	106.4%
Police Safety Plan	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%
	6/30/2005*	5,295,150,375	6,367,049,264	1,071,898,889	83.2%	664,147,796	161.4%
Fire Safety Plan	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%
	6/30/2005*	646,358,708	742,247,338	95,888,630	87.1%	115,062,820	83.3%

*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, 2005 reports are the latest year available.

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, 2005, the most recent available:

	Miscellaneous	Police	Fire
Beginning Balance 6/30/04	$ 19,738,640	$4,367,765,127	$867,719,242
Contributions Received	811,685	252,543,655	41,394,180
Benefits and Refunds Paid	(565,746)	(226,213,447)	(40,163,236)
Investment Return	2,514,246	566,747,478	111,964,632
Transfers In/Out and Miscellaneous Adjustments	12,169	488,941,724	(310,806,098)
Expected Actuarial Value of Assets 6/30/05	$ 22,510,994	$5,449,784,537	$670,108,720
Market Value of Assets 6/30/05	$ 22,510,994	$5,449,784,537	$670,108,720
Actuarial Value of Assets 6/30/05	$ 21,949,690	$5,295,150,375	$646,358,708

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, 2005, 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, 2006, these costs totaled $82,855. For fiscal year 2005 these costs totaled $50,209, 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, 2006, 22 retirees were subscribing to the City's group health plan.

C. Deferred Compensation Plans

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

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

In accordance with adopted wage and benefit agreements, the City makes contributions to optional City-sponsored deferred compensation plans for management. For all managers, the City contributes $4,200 annually. In addition to the $4,200, the City will match up to $2,500 in additional contributions for executive managers. For the fiscal year ended June 30, 2006, the total City contribution on behalf of eligible employees was $139,063.

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 $1,738,589 for governmental activities and $176,769 for business-type activities at June 30, 2006, 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.

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.

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

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, 2006, reservations of fund balance are described below:

Fiscal Agreements – In the case of the Redevelopment Agency, tax increment revenues are held by the Agency until such time as projects are mutual, agreed benefit are identified and undertaken.
Interfund Receivables - These reserves were established to provide for receivable due by one fund to another. While expected to be fully repaid, it is not currently available for use by the fund where the receivable is recorded.
Capital Projects - These reserves represent specific projects and programs for which the City has made a commitment towards completion through adoption of the City Budget or Capital Improvement Projects Plan.

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

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

As of June 30, 2006 the Measure D GO Bonds Capital Projects Fund had a deficit fund balance of ($671,028), the Highway 101/46 West Community Facilities District Fund deficit fund balance of ($1,439,991), the Redevelopment Agency Debt Service Fund deficit fund balance of ($5,676,680), the Transportation Development Act Fund had a deficit fund balance of ($358), the Landscape and Lighting District deficit fund balance of ($93,133), and the Airport Road PSR Fund of ($75,019).

NOTE 10 - FUNDS WITH EXPENDITURES EXCEEDING APPROPRIATONS

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

Major Funds:		
Highway 101/46 West Community Facilities District Fund	$	1,409,391
Redevelopment Agency Debt Service Fund		193,318
Non-Major Funds:		
Building Education Fund	$	7,508
Landscape and Lighting District		598,549
Landfill Closure/Postclosure Special Revenue Fund - Public Works		154,126
Redevelopment Agency Special Revenue Fund - Comm Dev		151,638
Community Development Special Fees		35,242
Economic Incentive Fund		19,306

NOTE 11 - LITIGATION AND CONTINGENCIES

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

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

The prior period adjustments are related to correctly accounting for deferred revenues that were previously recognized. The accounting change is reported in the Redevelopment Agency special revenue fund in the amount of $236,740.

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 mediums 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.

Community Development Special Fees Fund - to account for Community Development electronic archiving fees, permit automation fees, and nexus study fees.

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.

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.

SPECIAL REVENUE FUNDS - continued

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.

Art in Public Places Fund - to account for funds generated by a 1% surcharge on all public facility construction.

CAPITAL PROJECTS FUNDS

Capital Projects Reserve Fund - to account for financial resources segreated 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.

DEBT SERVICE FUNDS

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

CITY OF EL PASO DE ROBLES
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2006

	SPECIAL REVENUE FUNDS												
	Capital Replacement	Building Education	City/School Facility Improvement	Citizens Option Public Safety	State Gas Tax	Transportation Development Act	Community Development Block Grant	Youth Scholarship	Landscape and Lighting District	Landfill Closure/ Postclosure	Redevelopment Agency	Community Development Special Fees	Other Funds*
ASSETS													
Cash and investments	$ 1,767,642	$ 108,434	$ 48,856	$ 205,816	$ 1,072,472	$ -	153,344	$ 29,416	$ -	$ 1,237,296	$ 468,712	$ 55,661	$ 2,096,908
Accounts receivable	12,557				90,829				104,602				
Loan contracts receivable							335,716				236,740		
Total Assets	$ 1,780,199	$ 108,434	$ 48,856	$ 205,816	$ 1,163,301	$ -	$ 489,060	$ 29,416	$ 104,602	$ 1,237,296	$ 705,452	$ 55,661	$ 2,096,908
LIABILITIES AND FUND BALANCES													
Accounts payable	$ 58,252	$ (2)	$ -	$ -	$ 63,989	$ 358	$ 4,559	$ -	$ 106,698	$ -	$ 3,189	$ 5,569	$ 2,322
Accrued payroll expenses							2,924		693				
Deferred revenues							335,716				236,740		
Loan contracts payable									90,344				
Total Liabilities	58,252	(2)			63,989	358	343,199		197,735		239,929	5,569	2,322
Fund balances:													
Reserved					150,000								
Unreserved	1,721,947	108,436	48,856	205,816	949,312	(358)	145,861	29,416	(93,133)	1,237,296	465,523	50,092	2,094,586
Total Fund Balances	1,721,947	108,436	48,856	205,816	1,099,312	(358)	145,861	29,416	(93,133)	1,237,296	465,523	50,092	2,094,586
Total Liabilities and Fund Balances	$ 1,780,199	$ 108,434	$ 48,856	$ 205,816	$ 1,163,301	$ -	$ 489,060	$ 29,416	$ 104,602	$ 1,237,296	$ 705,452	$ 55,661	$ 2,096,908

*Other Funds includes General Emergency and Reserve Fund, Economic Incentive Fund, City Facility Repair Fund, Solidwaste Contingency Fund, and Art in Public Places.

CITY OF EL PASO DE ROBLES
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2006

	CAPITAL PROJECTS FUNDS									DEBT SVC FUND		
	Capital Projects Reserve	Traffic Mitigation Fees	Signalization Development	Bridge Development	Park Development	Storm Drain Development	Parkway and Median Development	Public Facilities Development	Specific Plans	Airport Road PSR	1993 Public Facilities Debt Service Fund	Total Non-Major Governmental Funds
ASSETS												
Cash and investments	$ -	$ 2,773,271	$ -	$ 80,098	$ 1,379,883	$ 310,856	$ -	$ 4,573,030	$ 4,108,888	$ -	$ 480,093	$ 20,950,676
Accounts receivable												207,988
Loan contracts receivable		1,483,961						6,965,402				9,021,819
Total Assets	$ -	$ 4,257,232	$ -	$ 80,098	$ 1,379,883	$ 310,856	$ -	$ 11,538,432	$ 4,108,888	$ -	$ 480,093	$ 30,180,483
LIABILITIES AND FUND BALANCES												
Accounts payable	$ -	$ 2,275	$ -	$ -	$ 262,067	$ 9,939	$ -	$ -	$ 6,689	$ 11,125	$ -	$ 537,029
Accrued payroll expenses												3,617
Deferred revenues					35,448				9,828			617,732
Loan contracts payable									1,675,923	63,894		1,830,161
Total Liabilities		2,275			297,515	9,939			1,692,440	75,019		2,988,539
Fund balances:												
Reserved								6,965,402				7,115,402
Unreserved		4,254,957		80,098	1,082,368	300,917		4,573,030	2,416,448	(75,019)	480,093	20,076,542
Total Fund Balances		4,254,957		80,098	1,082,368	300,917		11,538,432	2,416,448	(75,019)	480,093	27,191,944
Total Liabilities and Fund Balances	$ -	$ 4,257,232	$ -	$ 80,098	$ 1,379,883	$ 310,856	$ -	$ 11,538,432	$ 4,108,888	$ -	$ 480,093	$ 30,180,483

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, 2006

	SPECIAL REVENUE FUNDS												
	Capital Replacement	Building Education	City/School Facility Improvement	Citizens Option Public Safety	State Gas Tax	Transportation Development Act	Community Development Block Grant	Youth Scholarship	Landscape and Lighting District	Landfill Closure/ Postclosure	Redevelopment Agency	Community Development Special Fees	Other Funds*
Revenues:													
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 915,630	$ -	$ 440,854	$ -	$ -
Uses of money and property	49,271	3,044	6,385	5,960	11,282	4,547	60,884	809	74	35,813	23,175		65,840
From other agencies				100,000	667,856	454,072	215,007						
Charges for current services		16,085										85,334	15,609
Other	582,521				15,009			9,673	57,929				4,467
Total Revenues	631,792	19,129	6,385	105,960	694,147	458,619	275,891	10,482	973,633	35,813	464,029	85,334	85,916
Expenditures:													
General government	46,090												27,606
Public safety	266,774			6,944									
Public works	145,939				55,340				1,145,749	154,126			263,511
Library & recreation services	54,683												
Community development	12,570	7,508					428,319				1,020,038	26,514	48,627
Debt service	58,074												
Capital outlay					321,290	258	91,998					8,728	294,914
Total Expenditures	584,130	7,508		6,944	376,630	258	520,317		1,145,749	154,126	1,020,038	35,242	634,658
Excess revenues over (under) expenditures	47,662	11,621	6,385	99,016	317,517	458,361	(244,426)	10,482	(172,116)	(118,313)	(556,009)	50,092	(548,742)
Other financing sources (uses):													
Operating transfers in	500,000				1,007,985	13,800	103,208			73,200	258,447		849,988
Operating transfers out					(425,058)	(458,295)					(103,208)		(1,049,996)
Proceeds from postclosure liability										154,126			
Total other financing sources (uses)	500,000				582,927	(444,495)	103,208			227,326	155,239		(200,008)
Excess revenues and other sources over (under) expenditures and other uses	547,662	11,621	6,385	99,016	900,444	13,866	(141,218)	10,482	(172,116)	109,013	(400,770)	50,092	(748,750)
Fund Balances - July 1	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
Prior period adjustment											(236,740)		
Fund Balances - July 1, as restated	1,174,285	96,815	42,471	106,800	198,868	(14,224)	287,079	18,934	78,983	1,128,283	866,293	-	2,843,336
Fund Balances - June 30	$ 1,721,947	$ 108,436	$ 48,856	$ 205,816	$ 1,099,312	$ (358)	$ 145,861	$ 29,416	$ (93,133)	$ 1,237,296	$ 465,523	$ 50,092	$ 2,094,586

*Other Funds includes General Emergency and Reserve Fund, Economic Incentive Fund, City Facility Repair Fund, Solidwaste Contingency Fund, and Art in Public Places.

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, 2006

	CAPITAL PROJECTS FUNDS										DEBT SVC FUND	
	Capital Projects Reserve	Traffic Mitigation Fees	Signalization Development	Bridge Development	Park Development	Storm Drain Development	Parkway and Median Development	Public Facilities Development	Specific Plans	Airport Road PSR	1993 Public Facilities Debt Service Fund	Total Non-Major Governmental Funds
Revenues:												
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,356,484
Uses of money and property	4,302	100,078		9,571	41,683	11,502	624	85,467	146,890		18,766	685,967
From other agencies												1,436,935
Charges for current services		2,109,093			453,797	170,380		832,722	1,029,616			4,712,636
Other									30,595			700,194
Total Revenues	4,302	2,209,171		9,571	495,480	181,882	624	918,189	1,207,101		18,766	8,892,216
Expenditures:												
General government												73,696
Public safety												273,718
Public works						69,248						1,833,913
Library & recreation services												54,683
Community development									654,227			2,197,803
Debt service									102,807		573,510	734,391
Capital outlay	508,764	293,554	39,920		989,524	215,067			60,011	36,193		2,860,221
Total Expenditures	508,764	293,554	39,920		989,524	284,315			817,045	36,193	573,510	8,028,425
Excess revenues over (under) expenditures	(504,462)	1,915,617	(39,920)	9,571	(494,044)	(102,433)	624	918,189	390,056	(36,193)	(554,744)	863,791
Other financing sources (uses):												
Operating transfers in	188,667	783,672	367,345		124,000		51,613	968,438	2,215,000		554,414	8,059,777
Operating transfers out		(694,145)	(183,672)				(122,915)	(738,498)	(3,594,363)			(7,370,150)
Proceeds from postclosure liability												154,126
Total other financing sources (uses)	188,667	89,527	183,673		124,000		(71,302)	229,940	(1,379,363)		554,414	843,753
Excess revenues and other sources over (under) expenditures and other uses	(315,795)	2,005,144	143,753	9,571	(370,044)	(102,433)	(70,678)	1,148,129	(989,307)	(36,193)	(330)	1,707,544
Fund Balances - July 1	315,795	2,249,813	(143,753)	70,527	1,452,412	403,350	70,678	10,390,303	3,405,755	(38,826)	480,423	25,721,140
Prior period adjustment												(236,740)
Fund Balances - July 1, as restated	315,795	2,249,813	(143,753)	70,527	1,452,412	403,350	70,678	10,390,303	3,405,755	(38,826)	480,423	25,484,400
Fund Balances - June 30	$ -	$ 4,254,957	$ -	$ 80,098	$ 1,082,368	$ 300,917	$ -	$ 11,538,432	$ 2,416,448	$ (75,019)	$ 480,093	$ 27,191,944

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, 2006

	Capital Replacement Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ 15,000	$ 49,271	$ 34,271
Charges for current services	18,000		(18,000)
Other	658,700	582,521	(76,179)
Total Revenues	691,700	631,792	(59,908)
Expenditures:			
General government	61,400	46,090	15,310
Public safety	412,900	266,774	146,126
Public works	259,200	145,939	113,261
Library & recreation services	56,700	54,683	2,017
Community development	34,200	12,570	21,630
Debt service	64,500	58,074	6,426
Total Expenditures	888,900	584,130	304,770
Excess revenues over (under) expenditures	(197,200)	47,662	244,862
Other financing sources (uses):			
Operating transfers in		500,000	500,000
Total other financing sources (uses)		500,000	500,000
Excess revenues and other sources over (under) expenditures and other uses	(197,200)	547,662	744,862
Fund Balance - July 1	1,174,285	1,174,285	
Fund Balance - June 30	$ 977,085	$ 1,721,947	$ 744,862

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, 2006

	Building Education Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ 1,000	$ 3,044	$ 2,044
Charges for current services	15,000	16,085	1,085
Total Revenues	16,000	19,129	3,129
Expenditures:			
Community development		7,508	(7,508)
Total Expenditures		7,508	(7,508)
Excess revenues over (under) expenditures	16,000	11,621	(4,379)
Fund Balance - July 1	96,815	96,815	
Fund Balance - June 30	$ 112,815	$ 108,436	$ (4,379)

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, 2006

	City/School Facility Improvement Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ 5,500	$ 6,385	$ 885
Total Revenues	5,500	6,385	885
Expenditures:			
Public works	29,900		29,900
Total Expenditures	29,900		29,900
Excess revenues over (under) expenditures	(24,400)	6,385	30,785
Fund Balance - July 1	42,471	42,471	
Fund Balance - June 30	$ 18,071	$ 48,856	$ 30,785

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, 2006

	Citizens Option Public Safety Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ -	$ 5,960	$ 5,960
From other agencies	100,000	100,000	
Total Revenues	100,000	105,960	5,960
Expenditures:			
Public safety	200,000	6,944	193,056
Total Expenditures	200,000	6,944	193,056
Excess revenues over (under) expenditures	(100,000)	99,016	199,016
Fund Balance - July 1	106,800	106,800	
Fund Balance - June 30	$ 6,800	$ 205,816	$ 199,016

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, 2006

	State Gas Tax Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ 3,200	$ 11,282	$ 8,082
From other agencies	562,000	667,856	105,856
Other		15,009	15,009
Total Revenues	565,200	694,147	128,947
Expenditures:			
Public works	115,000	55,340	59,660
Capital outlay	1,140,100	321,290	818,810
Total Expenditures	1,255,100	376,630	878,470
Excess revenues over (under) expenditures	(689,900)	317,517	1,007,417
Other financing sources (uses):			
Operating transfers in	326,800	1,007,985	681,185
Operating transfers out	(267,200)	(425,058)	(157,858)
Total other financing sources (uses)	59,600	582,927	523,327
Excess revenues and other sources over (under) expenditures and other uses	(630,300)	900,444	1,530,744
Fund Balance - July 1	198,868	198,868	
Fund Balance - June 30	$ (431,432)	$ 1,099,312	$ 1,530,744

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, 2006

	Transportation Development Act Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ 7,000	$ 4,547	$ (2,453)
From other agencies	455,000	454,072	(928)
Total Revenues	462,000	458,619	(3,381)
Expenditures:			
Public works			
Capital outlay	48,800	258	48,542
Total Expenditures	48,800	258	48,542
Excess revenues over (under) expenditures	413,200	458,361	45,161
Other financing sources (uses):			
Operating transfers in		13,800	13,800
Operating transfers out		(458,295)	(458,295)
Total other financing sources (uses)		(444,495)	(444,495)
Excess revenues and other sources over (under) expenditures and other uses	413,200	13,866	(399,334)
Fund Balance - July 1	(14,224)	(14,224)	
Fund Balance - June 30	$ 398,976	$ (358)	$ (399,334)

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, 2006

	Community Development Block Grant		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ -	$ 60,884	$ 60,884
From other agencies	380,000	215,007	(164,993)
Total Revenues	380,000	275,891	(104,109)
Expenditures:			
Community development	714,000	428,319	285,681
Capital outlay	546,400	91,998	454,402
Total Expenditures	1,260,400	520,317	740,083
Excess revenues over (under) expenditures	(880,400)	(244,426)	635,974
Other financing sources (uses):			
Operating transfers in	59,700	103,208	43,508
Operating transfers out	(74,800)		74,800
Total other financing sources (uses)	(15,100)	103,208	118,308
Excess revenues and other sources over (under) expenditures and other uses	(895,500)	(141,218)	754,282
Fund Balance - July 1	287,079	287,079	
Fund Balance - June 30	$ (608,421)	$ 145,861	$ 754,282

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, 2006

	Youth Scholarship Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ -	$ 809	$ 809
Other	6,800	9,673	2,873
Total Revenues	6,800	10,482	3,682
Expenditures:			
Library & recreation services			
Total Expenditures			
Excess revenues over (under) expenditures	6,800	10,482	3,682
Fund Balance - July 1	18,934	18,934	
Fund Balance - June 30	$ 25,734	$ 29,416	$ 3,682

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, 2006

	Landscape and Lighting District Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Taxes	$ 845,100	$ 915,630	$ 70,530
Uses of money and property		74	74
Other		57,929	57,929
Total Revenues	845,100	973,633	128,533
Expenditures:			
Public works	547,200	1,145,749	(598,549)
Total Expenditures	547,200	1,145,749	(598,549)
Excess revenues over (under) expenditures	297,900	(172,116)	(470,016)
Fund Balance - July 1	78,983	78,983	
Fund Balance - June 30	$ 376,883	$ (93,133)	$ (470,016)

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, 2006

	Landfill Closure/Postclosure Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ 20,000	$ 35,813	$ 15,813
Total Revenues	20,000	35,813	15,813
Expenditures:			
Public works		154,126	(154,126)
Total Expenditures		154,126	(154,126)
Excess revenues over (under) expenditures	20,000	(118,313)	(138,313)
Other financing sources (uses):			
Operating transfers in	73,200	73,200	
Proceeds from postclosure liability		154,126	154,126
Total other financing sources (uses)	73,200	227,326	154,126
Excess revenues and other sources over (under) expenditures and other uses	93,200	109,013	15,813
Fund Balance - July 1	1,128,283	1,128,283	
Fund Balance - June 30	$ 1,221,483	$ 1,237,296	$ 15,813

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, 2006

	Redevelopment Agency Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Taxes	$ 376,500	$ 440,854	$ 64,354
Uses of money and property	5,000	23,175	18,175
Total Revenues	381,500	464,029	82,529
Expenditures:			
Community development	864,300	1,020,038	(155,738)
Capital outlay	4,100		4,100
Total Expenditures	868,400	1,020,038	(151,638)
Excess revenues over (under) expenditures	(486,900)	(556,009)	(69,109)
Other financing sources (uses):			
Operating transfers in	75,000	258,447	183,447
Operating transfers out	(59,700)	(103,208)	(43,508)
Total other financing sources (uses)	15,300	155,239	139,939
Excess revenues and other sources over (under) expenditures and other uses	(471,600)	(400,770)	70,830
Fund Balance - July 1	1,103,033	1,103,033	
Prior period adjustment		(236,740)	(236,740)
Fund Balance - July 1, as restated	1,103,033	866,293	(236,740)
Fund Balance - June 30	$ 631,433	$ 465,523	$ (165,910)

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, 2006

	Community Development Special Fees		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Charges for current services	$ -	$ 85,334	$ 85,334
Total Revenues		85,334	85,334
Expenditures:			
Community development		26,514	(26,514)
Capital outlay		8,728	(8,728)
Total Expenditures		35,242	(35,242)
Excess revenues over (under) expenditures		50,092	50,092
Fund Balance - July 1			
Fund Balance - June 30	$ -	$ 50,092	$ 50,092

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, 2006

	General Emergency and Reserve		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ 1,000	$ 15,952	$ 14,952
Total Revenues	1,000	15,952	14,952
Expenditures:			
General government	8,300	8,300	
Community development	63,000	48,627	14,373
Total Expenditures	71,300	56,927	14,373
Excess revenues over (under) expenditures	(70,300)	(40,975)	29,325
Other financing sources (uses):			
Operating transfers in	150,000	550,000	400,000
Operating transfers out	(912,700)	(549,996)	362,704
Total other financing sources (uses)	(762,700)	4	762,704
Excess revenues and other sources over (under) expenditures and other uses	(833,000)	(40,971)	792,029
Fund Balance - July 1	1,007,379	1,007,379	
Fund Balance - June 30	$ 174,379	$ 966,408	$ 792,029

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, 2006

	Economic Incentive Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ 5,000	$ 12,542	$ 7,542
Total Revenues	5,000	12,542	7,542
Expenditures:			
General government		19,306	(19,306)
Total Expenditures		19,306	(19,306)
Excess revenues over (under) expenditures	5,000	(6,764)	(11,764)
Fund Balance - July 1	414,514	414,514	
Fund Balance - June 30	$ 419,514	$ 407,750	$ (11,764)

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, 2006

	City Facility Repair Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ 10,000	$ 20,056	$ 10,056
Charges for current services	17,000	15,609	(1,391)
Total Revenues	27,000	35,665	8,665
Expenditures:			
Public works	10,000	7,711	2,289
Capital outlay	925,000	294,914	630,086
Total Expenditures	935,000	302,625	632,375
Excess revenues over (under) expenditures	(908,000)	(266,960)	641,040
Other financing sources (uses):			
Operating transfers in	327,000	299,988	(27,012)
Total other financing sources (uses)	327,000	299,988	(27,012)
Excess revenues and other sources over (under) expenditures and other uses	(581,000)	33,028	614,028
Fund Balance - July 1	609,612	609,612	
Fund Balance - June 30	$ 28,612	$ 642,640	$ 614,028

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, 2006

	Landfill Contingency Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ 10,000	$ 17,290	$ 7,290
Total Revenues	10,000	17,290	7,290
Expenditures:			
Public works	305,800	255,800	50,000
Capital outlay	25,000		25,000
Total Expenditures	330,800	255,800	75,000
Excess revenues over (under) expenditures	(320,800)	(238,510)	82,290
Other financing sources (uses):			
Operating transfers out	(500,000)	(500,000)	
Total other financing sources (uses)	(500,000)	(500,000)	
Excess revenues and other sources over (under) expenditures and other uses	(820,800)	(738,510)	82,290
Fund Balance - July 1	811,831	811,831	
Fund Balance - June 30	$ (8,969)	$ 73,321	$ 82,290

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, 2006

	Community Facilities District Operations Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Taxes	$ 32,900	$ -	$ (32,900)
Total Revenues	32,900		(32,900)
Other financing sources (uses):			
Operating transfers out	(32,900)		32,900
Total other financing sources (uses)	(32,900)		32,900
Excess revenues and other sources over (under) expenditures and other uses			
Fund Balance - July 1			
Fund Balance - June 30	$ -	$ -	$ -

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, 2006

	Art in Public Places Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Miscellaneous	$ -	$ 4,467	$ 4,467
Total Revenues		4,467	4,467
Fund Balance - July 1			
Fund Balance - June 30	$ -	$ 4,467	$ 4,467

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, 2006

	Capital Projects Reserve Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ 2,500	$ 4,302	$ 1,802
From other agencies	300,000		(300,000)
Other	362,700		(362,700)
Total Revenues	665,200	4,302	(660,898)
Expenditures:			
Capital outlay	573,500	508,764	64,736
Total Expenditures	573,500	508,764	64,736
Excess revenues over (under) expenditures	91,700	(504,462)	(596,162)
Other financing sources (uses):			
Operating transfers in		188,667	188,667
Total other financing sources (uses)		188,667	188,667
Excess revenues and other sources over (under) expenditures and other uses	91,700	(315,795)	(407,495)
Fund Balance - July 1	315,795	315,795	
Fund Balance - June 30	$ 407,495	$ -	$ (407,495)

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, 2006

	Traffic Mitigation Fees Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ 20,000	$ 100,078	$ 80,078
Charges for current services	1,175,000	2,109,093	934,093
Total Revenues	1,195,000	2,209,171	1,014,171
Expenditures:			
Public works	60,000		60,000
Capital outlay	950,000	293,554	656,446
Total Expenditures	1,010,000	293,554	716,446
Excess revenues over (under) expenditures	185,000	1,915,617	1,730,617
Other financing sources (uses):			
Operating transfers in	24,000	783,672	759,672
Operating transfers out	(1,024,200)	(694,145)	330,055
Total other financing sources (uses)	(1,000,200)	89,527	1,089,727
Excess revenues and other sources over (under) expenditures and other uses	(815,200)	2,005,144	2,820,344
Fund Balance - July 1	2,249,813	2,249,813	
Fund Balance - June 30	$ 1,434,613	$ 4,254,957	$ 2,820,344

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, 2006

	Signalization Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ -	$ -	$ -
Total Revenues			
Expenditures:			
Capital outlay	183,000	39,920	143,080
Total Expenditures	183,000	39,920	143,080
Excess revenues over (under) expenditures	(183,000)	(39,920)	143,080
Other financing sources (uses):			
Operating transfers in		367,345	367,345
Operating transfers out		(183,672)	(183,672)
Total other financing sources (uses)		183,673	183,673
Excess revenues and other sources over (under) expenditures and other uses	(183,000)	143,753	326,753
Fund Balance - July 1	(143,753)	(143,753)	
Fund Balance - June 30	$ (326,753)	$ -	$ 326,753

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, 2006

	Bridge Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ -	$ 9,571	$ 9,571
Total Revenues		9,571	9,571
Excess revenues over (under) expenditures		9,571	9,571
Fund Balance - July 1	70,527	70,527	
Fund Balance - June 30	$ 70,527	$ 80,098	$ 9,571

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, 2006

	Park Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ 8,000	$ 41,683	$ 33,683
From other agencies	927,000		(927,000)
Charges for current services	530,700	453,797	(76,903)
Total Revenues	1,465,700	495,480	(970,220)
Expenditures:			
Library and recreation services	20,000		20,000
Capital outlay	1,905,900	989,524	916,376
Total Expenditures	1,925,900	989,524	936,376
Excess revenues over (under) expenditures	(460,200)	(494,044)	(33,844)
Other financing sources (uses):			
Operating transfers in	272,000	124,000	(148,000)
Total other financing sources (uses)	272,000	124,000	(148,000)
Excess revenues and other sources over (under) expenditures and other uses	(188,200)	(370,044)	(181,844)
Fund Balance - July 1	1,452,412	1,452,412	
Fund Balance - June 30	$ 1,264,212	$ 1,082,368	$ (181,844)

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, 2006

	Storm Drain Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ 7,000	$ 11,502	$ 4,502
From other agencies	22,500		(22,500)
Charges for current services	127,300	170,380	43,080
Total Revenues	156,800	181,882	25,082
Expenditures:			
Public works	363,000	69,248	293,752
Capital outlay	220,700	215,067	5,633
Total Expenditures	583,700	284,315	299,385
Excess revenues over (under) expenditures	(426,900)	(102,433)	324,467
Fund Balance - July 1	403,350	403,350	
Fund Balance - June 30	$ (23,550)	$ 300,917	$ 324,467

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, 2006

	Parkway and Median Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ -	$ 624	$ 624
Total Revenues		624	624
Excess revenues over (under) expenditures		624	624
Other financing sources (uses):			
Operating transfers in		51,613	51,613
Operating transfers out	(114,200)	(122,915)	(8,715)
Total other financing sources (uses)	(114,200)	(71,302)	42,898
Excess revenues and other sources over (under) expenditures and other uses	(114,200)	(70,678)	43,522
Fund Balance - July 1	70,678	70,678	
Fund Balance - June 30	$ (43,522)	$ -	$ 43,522

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, 2006

	Public Facilities Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ 38,000	$ 85,467	$ 47,467
Charges for current services	745,200	832,722	87,522
Total Revenues	783,200	918,189	134,989
Excess revenues over (under) expenditures	783,200	918,189	134,989
Other financing sources (uses):			
Operating transfers in	394,900	968,438	573,538
Operating transfers out	(450,300)	(738,498)	(288,198)
Total other financing sources (uses)	(55,400)	229,940	285,340
Excess revenues and other sources over (under) expenditures and other uses	727,800	1,148,129	420,329
Fund Balance - July 1	10,390,303	10,390,303	
Fund Balance - June 30	$ 11,118,103	$ 11,538,432	$ 420,329

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, 2006

	Specific Plans Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ 70,000	$ 146,890	$ 76,890
Charges for current services	534,000	1,029,616	495,616
Other	23,200	30,595	7,395
Total Revenues	627,200	1,207,101	579,901
Expenditures:			
Community development	40,000	654,227	(614,227)
Debt service		102,807	(102,807)
Capital outlay	2,120,700	60,011	2,060,689
Total Expenditures	2,160,700	817,045	1,343,655
Excess revenues over (under) expenditures	(1,533,500)	390,056	1,923,556
Other financing sources (uses):			
Operating transfers in	697,400	2,215,000	1,517,600
Operating transfers out		(3,594,363)	(3,594,363)
Total other financing sources (uses)	697,400	(1,379,363)	(2,076,763)
Excess revenues and other sources over (under) expenditures and other uses	(836,100)	(989,307)	(153,207)
Fund Balance - July 1	3,405,755	3,405,755	
Fund Balance - June 30	$ 2,569,655	$ 2,416,448	$ (153,207)

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, 2006

	Airport Road PSR Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ -	$ -	$ -
Total Revenues			
Expenditures:			
Capital outlay	211,200	36,193	175,007
Total Expenditures	211,200	36,193	175,007
Excess revenues over (under) expenditures	(211,200)	(36,193)	175,007
Fund Balance - July 1	(38,826)	(38,826)	
Fund Balance - June 30	$ (250,026)	$ (75,019)	$ 175,007

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, 2006

	1993 Public Facilities Debt Service Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	$ -	$ 18,766	$ 18,766
Total Revenues		18,766	18,766
Expenditures:			
Debt service:			
Principal	415,000	415,000	
Interest	159,300	155,070	4,230
Paying agent fees	6,100	3,440	2,660
Total Expenditures	580,400	573,510	6,890
Excess revenues over (under) expenditures	(580,400)	(554,744)	25,656
Other financing sources (uses):			
Operating transfers in	577,200	554,414	(22,786)
Total other financing sources (uses)	577,200	554,414	(22,786)
Excess revenues and other sources over (under) expenditures and other uses	(3,200)	(330)	2,870
Fund Balance - July 1	480,423	480,423	
Fund Balance - June 30	$ 477,223	$ 480,093	$ 2,870

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, 2006

	TOTALS		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Taxes	$ 1,254,500	$ 1,356,484	$ 101,984
Uses of money and property	228,200	685,967	457,767
Charges for current services	2,746,500	1,436,935	(1,309,565)
From other agencies	3,162,200	4,712,636	1,550,436
Other	1,051,400	700,194	(351,206)
Total Revenues	8,442,800	8,892,216	449,416
Expenditures:			
General government	69,700	73,696	(3,996)
Public safety	612,900	273,718	339,182
Public works	1,690,100	1,833,913	(143,813)
Library & recreation services	76,700	54,683	22,017
Community development	1,715,500	2,197,803	(482,303)
Debt service	644,900	734,391	(89,491)
Capital outlay	8,854,400	2,860,221	5,994,179
Total Expenditures	13,664,200	8,028,425	5,635,775
Excess revenues over (under) expenditures	(5,221,400)	863,791	6,085,191
Other financing sources (uses):			
Operating transfers in	2,977,200	8,059,777	5,082,577
Operating transfers out	(3,436,000)	(7,370,150)	(3,934,150)
Proceeds from postclosure liability		154,126	154,126
Total other financing sources (uses)	(458,800)	843,753	1,302,553
Excess revenues and other sources over (under) expenditures and other uses	(5,680,200)	1,707,544	7,387,744
Fund Balance - July 1	25,721,140	25,721,140	
Prior period adjustment		(236,740)	(236,740)
Fund Balance - July 1, as restated	25,721,140	25,484,400	(236,740)
Fund Balance - June 30	$ 20,040,940	$ 27,191,944	$ 7,151,004

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.

Highway 101/46 West Community Facilities District Fund

This fund accounts for the improvements to the Highway 101/46 West interchange and road re-alignments.

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, 2006

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Positive/(Negative)
Revenues:				
Uses of money and property	$ -	$ -	$ -	$ -
Total Revenues				
Expenditures:				
Capital outlay	7,493,900	7,493,900	6,842,984	650,916
Total Expenditures	7,493,900	7,493,900	6,842,984	650,916
Excess revenues over (under) expenditures	(7,493,900)	(7,493,900)	(6,842,984)	650,916
Other financing sources (uses):				
Transfers in			3,594,363	3,594,363
Transfers out			(3,098,600)	(3,098,600)
Total other financing sources (uses)			495,763	495,763
Excess revenues and other sources over (under) expenditures and other uses	(7,493,900)	(7,493,900)	(6,347,221)	1,146,679
Fund Balance - July 1	5,676,193	5,676,193	5,676,193	
Fund Balance - June 30	$ (1,817,707)	$ (1,817,707)	$ (671,028)	$ 1,146,679

CITY OF EL PASO DE ROBLES
HIGHWAY 101/46 WEST COMMUNITY FACILITIES DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ending June 30, 2006

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Positive/(Negative)
Revenues:				
Uses of money and property	$ -	$ -	$ -	$ -
Total Revenues				
Expenditures:				
Community development		30,600	69,715	(39,115)
Capital outlay			1,370,276	(1,370,276)
Total Expenditures		30,600	1,439,991	(1,409,391)
Excess revenues over (under) expenditures		(30,600)	(1,439,991)	(1,409,391)
Fund Balance - July 1				
Fund Balance - June 30	$ -	$ (30,600)	$ (1,439,991)	$ (1,409,391)

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, 2006

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Positive/(Negative)
Revenues:				
Taxes	$ 4,881,800	$ 4,881,800	$ 3,595,367	$ (1,286,433)
Uses of money and property	35,000	35,000	149,193	114,193
Total Revenues	4,916,800	4,916,800	3,744,560	(1,172,240)
Expenditures:				
Professional services			1,250	(1,250)
Debt service:				
Principal	1,999,600	1,999,600	2,000,000	(400)
Interest	991,400	991,400	991,356	44
Paying agent fees	10,000	10,000	1,687	8,313
Total Expenditures	3,001,000	3,001,000	2,994,293	6,707
Excess revenues over (under) expenditures	1,915,800	1,915,800	750,267	(1,165,533)
Excess revenues and other sources over (under) expenditures and other uses	1,915,800	1,915,800	750,267	(1,165,533)
Fund Balance - July 1	5,920,917	5,920,917	5,920,917	
Fund Balance - June 30	$ 7,836,717	$ 7,836,717	$ 6,671,184	$ (1,165,533)

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, 2006

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Positive/(Negative)
Revenues:				
Taxes	$ 2,170,200	$ 2,170,200	$ 2,358,870	$ 188,670
Uses of money and property			34,151	34,151
Miscellaneous			71,387	71,387
Total Revenues	2,170,200	2,170,200	2,464,408	294,208
Expenditures:				
Debt service:				
Interest	352,900	352,900	345,699	7,201
Principal	165,000	165,000	165,000	
Paying agent fees	5,000	5,000	3,140	1,860
Fiscal agreement payments	715,700	715,700	918,079	(202,379)
Total Expenditures	1,238,600	1,238,600	1,431,918	(193,318)
Excess revenues over (under) expenditures	931,600	931,600	1,032,490	100,890
Other financing sources (uses):				
Operating transfers out	(469,900)	(469,900)	(259,202)	210,698
Total other financing sources (uses)	(469,900)	(469,900)	(259,202)	210,698
Excess revenues and other sources over (under) expenditures and other uses	461,700	461,700	773,288	311,588
Fund Balance - July 1	(6,449,968)	(6,449,968)	(6,449,968)	
Fund Balance - June 30	$ (5,988,268)	$ (5,988,268)	$ (5,676,680)	$ 311,588

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.

CITY OF EL PASO DE ROBLES
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
For The Fiscal Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
SPECIAL ASSESSMENTS				
Assets:				
Cash and investments	$ 10,820	$ -	$ 10,820	$ -
Total Assets	$ 10,820	$ -	$ 10,820	$ -
Liabilities:				
Special assessment bond principal payable	$ 5,000	$ -	$ 5,000	$ -
Special assessment bond interest payable	5,820		5,820	-
Total Liabilities	$ 10,820	$ -	$ 10,820	$ -
SENIOR CITIZEN				
Assets:				
Cash and investments	$ 340,057	$ 14,313	$ 46,498	$ 307,872
Total Assets	$ 340,057	$ 14,313	$ 46,498	$ 307,872
Liabilities:				
Accounts payable	$ -	$ 2,532	$ 2,532	$ -
Accrued salary & benefits payable	1,428	846	427	1,847
Due to others	338,629	10,935	43,539	306,025
Total Liabilities	$ 340,057	$ 14,313	$ 46,498	$ 307,872
HOSPITAL SCHOLARSHIP				
Assets:				
Cash and investments	$ 103,239	$ 5,599	$ 4,450	$ 104,388
Total Assets	$ 103,239	$ 5,599	$ 4,450	$ 104,388
Liabilities:				
Accounts payable	$ -	$ 2,500	$ -	$ 2,500
Due to others	103,239	3,099	4,450	101,888
Total Liabilities	$ 103,239	$ 5,599	$ 4,450	$ 104,388

CITY OF EL PASO DE ROBLES
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
For The Fiscal Year Ended June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
CUSTOMER DEPOSITS				
Assets:				
Cash and investments	$ 803,255	$ 2,086,118	$ 1,897,401	$ 991,972
Accounts Receivable				
Total Assets	$ 803,255	$ 2,086,118	$ 1,897,401	$ 991,972
Liabilities:				
Accounts payable	$ 13,530	$ 824,261	$ 831,070	$ 6,721
Customer deposits	789,725	1,261,857	1,066,331	985,251
Total Liabilities	$ 803,255	$ 2,086,118	$ 1,897,401	$ 991,972
TOTAL - ALL AGENCY FUNDS				
Assets:				
Cash and investments	$ 1,257,371	$ 2,106,030	$ 1,959,169	$ 1,404,232
Total Assets	$ 1,257,371	$ 2,106,030	$ 1,959,169	$ 1,404,232
Liabilities:				
Accounts payable	$ 13,530	$ 829,293	$ 833,602	$ 9,221
Accrued salary & benefits payable	1,428	846	427	1,847
Customer deposits	789,725	1,261,857	1,066,331	985,251
Due to others	441,868	14,034	47,989	407,913
Special assessment bond principal payable	5,000		5,000	-
Special assessment bond interest payable	5,820		5,820	-
Total Liabilities	$ 1,257,371	$ 2,106,030	$ 1,959,169	$ 1,404,232

CITY OF EL PASO DE ROBLES

STATISTICAL SECTION

CITY OF EL PASO DE ROBLES
NET ASSETS BY COMPONENT
BY FISCAL YEAR

	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	$ 61,416,850	$ 75,824,763	$ 92,243,219	$ 107,693,936
Restricted	15,842,278	11,596,638	8,452,803	829,674
Unrestricted	23,686,883	26,363,208	27,295,006	30,782,721
Total governmental activities net assets	$ 100,946,011	$ 113,784,609	$ 127,991,028	$ 139,306,331
Business-type activities				
Invested in capital assets, net of related debt	$ 34,366,101	$ 43,913,708	$ 45,491,265	$ 54,373,577
Restricted		1,566,395	375,697	479
Unrestricted	30,340,754	25,637,895	32,818,586	33,620,918
Total business-type activities net assets	$ 64,706,855	$ 71,117,998	$ 78,685,548	$ 87,994,974
Primary government				
Invested in capital assets, net of related debt	$ 95,782,951	$ 119,738,471	$ 137,734,484	$ 162,067,513
Restricted	15,842,278	13,163,033	8,828,500	830,153
Unrestricted	54,027,637	52,001,103	60,113,592	64,403,639
Total primary government net assets	$ 165,652,866	$ 184,902,607	$ 206,676,576	$ 227,301,305

CITY OF EL PASO DE ROBLES
CHANGES IN NET ASSETS
BY FISCAL YEAR

	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	$ 1,233,006	$ 1,043,354	$ 2,504,389	$ 499,902
Public safety	7,928,810	9,152,876	9,691,844	11,715,883
Public works	5,820,026	6,584,703	7,014,786	8,347,720
Library and recreation services	4,238,772	4,749,506	4,345,380	4,560,785
Community development	3,686,358	3,861,638	3,664,177	7,124,605
Interest on long-term debt	1,217,463	1,300,508	828,825	1,709,387
Total governmental activities expenses	24,124,435	26,692,585	28,049,401	33,958,282
Business-type activities:				
Water operations	2,931,791	3,426,900	3,142,803	3,734,082
Sewer operations	2,918,340	2,861,808	3,400,779	3,621,438
Airport operations	604,430	719,358	703,939	681,207
Transit operations	747,929	866,215	893,664	1,088,576
Total business-type activities expenses	7,202,490	7,874,281	8,141,185	9,125,303
Total primary government expenses	31,326,925	34,566,866	36,190,586	43,083,585
Program Revenues				
Governmental activities:				
Charges for services:				
General government	50,354	44,514	42,525	43,872
Public safety	425,710	512,187	496,314	620,003
Public works	262,764	300,125	67,541	20,944
Library and recreation services	721,150	737,158	802,756	791,830
Community development	4,369,339	3,225,331	6,486,650	5,777,450
Operating contributions and grants	1,214,275	1,387,347	570,620	-
Capital contributions and grants	694,262	10,128,972	4,877,944	7,129,023
Total governmental activities program revenues	7,737,854	16,335,634	13,344,350	14,383,122
Business-type activities:				
Charges for services:				
Water operations	2,462,964	2,722,343	3,378,686	3,590,654
Sewer operations	2,421,645	3,027,386	3,554,971	3,864,353
Airport operations	26,751	22,306	18,932	18,544
Transit operation	94,763	107,967	115,973	132,078
Operating contributions and grants				
Capital contributions and grants	8,435,707	5,901,199	6,912,363	7,313,475
Total business-type activities program revenues	13,441,830	11,781,201	13,980,925	14,919,104
Total primary government program revenues	21,179,684	28,116,835	27,325,275	29,302,226

CITY OF EL PASO DE ROBLES
CHANGES IN NET ASSETS
BY FISCAL YEAR

	2003	2004	2005	2006
Net (expense)/revenue				
Governmental activities	(16,386,581)	(10,356,951)	(14,705,051)	(19,575,160)
Business-type activities	6,239,340	3,906,920	5,839,740	5,793,801
Total primary government net expense	$ (10,147,241)	$ (6,450,031)	$ (8,865,311)	$ (13,781,359)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	8,540,624	9,951,429	13,203,987	13,966,390
Sales taxes	6,043,901	6,229,299	5,414,505	6,183,527
Other taxes	3,032,912	3,889,911	4,249,273	4,640,054
From other agencies	2,198,210	2,078,797	2,975,864	3,953,811
Licenses and permits	294,641	306,688	330,120	341,034
Other	1,033,901	846,476	944,947	911,550
Uses of money and property	1,839,073	729,466	488,853	875,397
Transfers in/(out)		(186,642)	1,303,921	18,700
Asset impairment losses		(649,875)		
Total governmental activities	22,983,262	23,195,549	28,911,470	30,890,463
Business-type activities:				
Taxes	101,180	65,101	99,991	72,152
From other agencies	716,608	1,156,807	1,983,427	2,038,011
Other	427,062	533,181	(113,931)	54,746
Uses of money and property	670,903	618,684	1,062,244	1,369,416
Transfers in/(out)		186,642	(1,303,921)	(18,700)
Total business-type activities	1,915,753	2,560,415	1,727,810	3,515,625
Total primary government	24,899,015	25,755,964	30,639,280	34,406,088
Change in Net Assets				
Governmental activities	6,596,681	12,838,598	14,206,419	11,315,303
Business-type activities	8,155,093	6,467,335	7,567,550	9,309,426
Total primary government	$ 14,751,774	$ 19,305,933	$ 21,773,969	$ 20,624,729

CITY OF EL PASO DE ROBLES
FUND BALANCES OF GOVERNMENTAL FUNDS
BY FISCAL YEAR

	2003	2004	2005	2006
General fund				
Reserved	$ -	$ -	$ 1,270,154	$ 1,819,571
Unreserved	7,448,276	7,360,950	6,345,507	6,602,512
Total general fund	$ 7,448,276	$ 7,360,950	$ 7,615,661	$ 8,422,083
All other governmental funds				
Reserved	$ 15,842,278	$ 837,836	$ 7,981,356	$ 7,115,402
Unreserved, reported in:				
Special revenue funds	6,066,096	6,173,207	7,064,663	6,963,650
Capital projects funds	11,167,803	18,785,975	15,870,891	10,521,780
Debt service funds		5,700,898	(48,628)	1,474,597
Total all other governmental funds	$ 33,076,177	$ 31,497,916	$ 30,868,282	$ 26,075,429

CITY OF EL PASO DE ROBLES
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
BY FISCAL YEAR

	2003	2004	2005	2006
Revenues				
Taxes	$ 17,617,437	$ 20,070,639	$ 22,867,765	$ 24,789,972
Licenses and permits	1,403,061	1,080,724	1,505,948	1,531,411
Fines and forteitures	191,483	281,908	271,611	307,138
Uses of money and property	1,899,546	900,877	1,207,993	1,193,603
From other agencies	3,531,796	4,367,773	3,614,646	4,477,647
Charges for current services	4,923,132	4,135,363	6,981,779	6,441,726
Other	1,016,377	846,476	681,691	911,549
Principal	32,606			
Total revenues	30,615,438	31,683,760	37,131,433	39,653,046
Expenditures				
General government	1,159,220	950,344	1,788,934	194,652
Public safety	7,533,029	8,893,918	9,316,491	11,625,058
Public works	3,176,504	4,108,452	3,911,126	5,578,195
Library and recreation services	4,120,558	4,187,143	3,962,880	4,173,170
Community development	2,829,817	3,170,312	3,035,274	4,837,054
Interest	1,008,828	1,297,379	1,501,775	1,687,136
Principal	664,494	8,160,892	2,865,225	2,845,829
Paying agent fees	6,805	9,709	6,801	8,267
Arbitrage fees			3,000	
Bond issuance costs	-	299,434		
Capital outlay	9,467,665	7,019,210	12,294,772	13,497,123
Fiscal agreements payments	628,975	681,614	522,797	918,079
Total expenditures	30,595,895	38,778,407	39,209,075	45,364,563
Excess of revenues over (under) expenditures	$ 19,543	$ (7,094,647)	$ (2,077,642)	$ (5,711,517)

CITY OF EL PASO DE ROBLES
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Fiscal Year	Property [a]	Sales & Use [b]	Occupancy	Franchise	Property Transfer	Other	Total
1997	$ 1,730,154	$ 3,122,154	$ 528,046	$ 303,296	$ 104,669	$ 4,032,866	$ 9,821,186
1998	1,741,663	3,688,295	570,593	331,433	59,779	4,547,448	10,939,212
1999	2,134,996	3,920,607	629,273	356,880	88,133	5,484,594	12,614,483
2000	2,287,644	4,536,210	759,264	377,404	93,468	6,633,733	14,687,723
2001	2,520,254	5,141,821	976,618	390,862	141,379	7,782,518	16,953,453
2002	2,833,986	5,408,997	1,040,692	1,543,510	159,474	6,389,167	17,375,826
2003	3,267,031	5,821,356	1,123,814	1,740,499	168,598	7,391,208	19,512,508
2004	3,513,445	6,229,299	1,296,972	2,020,347	239,085	6,725,850	20,024,998
2005	4,076,025	5,414,506	1,446,059	1,999,715	340,630	9,590,830	22,867,765
2006	4,952,372	6,183,527	1,614,347	2,197,861	332,074	9,509,791	24,789,972
Percentage Change 1997-2006	186.2%	98.1%	205.7%	624.7%	217.3%	135.8%	152.4%

Notes:
[a] Due to passage of Proposition 13, the maximum tax rate is set at 1% of assessed valuation unless otherwise approved by vote of electoriate. Except for general obligation bond override approved by the voters in 1998, there are no general use property tax overrides authorized. The growth in property tax revenues is due to significant growth in assessed valuations arising from new residential and commercial development and property ownership turnover.
[b] The growth in sales tax revenues is solely attributable to growth in retail sales.

Source: City of Paso Robles Finance Dept

CITY OF EL PASO DE ROBLES
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
1997	$ 663,039,276	$ 169,554,595	$ 63,206,314	$ (9,382,652)	$ 886,417,533	1.00000	$ 1,047,328,319	84.64%
1998	678,387,945	178,136,108	66,510,936	(9,711,307)	913,323,682	1.00000	1,078,250,665	84.70%
1999	708,272,336	192,431,239	71,261,277	(11,159,303)	960,805,549	1.00000	1,153,909,641	83.27%
2000	767,943,350	206,374,795	74,461,293	(11,534,799)	1,037,244,639	1.00000	1,246,338,932	83.22%
2001	832,482,817	232,468,535	76,680,343	(12,126,304)	1,129,505,391	1.00000	1,389,535,518	81.29%
2002	951,469,383	246,237,969	86,456,909	(13,318,285)	1,270,845,976	1.00000	1,601,282,486	79.36%
2003	1,095,030,424	268,132,765	96,605,248	(13,696,226)	1,446,072,211	1.00000	1,816,055,597	79.63%
2004	1,314,883,360	284,034,088	103,030,536	(14,156,282)	1,687,791,702	1.00000	2,070,380,257	81.52%
2005	1,431,862,012	301,924,082	105,570,399	(15,227,842)	1,824,128,651	1.00000	2,336,844,323	78.06%
2006	1,656,550,223	335,058,825	111,044,371	(17,359,195)	2,120,012,614	1.00000	2,744,186,720	77.25%

Source: San Luis Obispo County Assessor's Office as reported by HdL Coren & Cone

CITY OF EL PASO DE ROBLES
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Secured [a]	Unsecured [b]	Unitary [c]	Exempt Property [d]	Total Taxable Assessed Value	Total Direct Tax Rate
1997	$ 663,039,276	$ 169,554,595	$ 63,206,314	$ (9,382,652)	$ 886,417,533	1.00000
1998	678,387,945	178,136,108	66,510,936	(9,711,307)	913,323,682	1.00000
1999	708,272,336	192,431,239	71,261,277	(11,159,303)	960,805,549	1.00000
2000	767,943,350	206,374,795	74,461,293	(11,534,799)	1,037,244,639	1.00000
2001	832,482,817	232,468,535	76,680,343	(12,126,304)	1,129,505,391	1.00000
2002	951,469,383	246,237,969	86,456,909	(13,318,285)	1,270,845,976	1.00000
2003	1,095,030,424	268,132,765	96,605,248	(13,696,226)	1,446,072,211	1.00000
2004	1,314,883,360	284,034,088	103,030,536	(14,156,282)	1,687,791,702	1.00000
2005	1,431,862,012	301,924,082	105,570,399	(15,227,842)	1,824,128,651	1.00000
2006	1,656,550,223	335,058,825	111,044,371	(17,359,195)	2,120,012,614	1.00000

Notes:
[a] Secured property is generally real property, defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees, and vines.
[b] Unsecured property is generally personal property including machinery, equipment, office tools and supplies.
[c] Unitary properties are railroads and utilities crossing the county and are assessed by the State Board of Equalization.
[d] Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.

Source: San Luis Obispo County Assessor's Office

CITY OF PASO ROBLES
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Consumer Goods	$ 71,406,900	$ 84,507,000	$ 99,775,400	$111,928,200	$122,075,800	$133,365,200	$146,375,300	$157,790,700	$170,463,100	$185,474,900
Auto and Transportation	47,498,700	54,514,800	61,889,500	81,209,600	92,400,700	116,414,500	118,953,800	130,783,000	138,936,500	158,172,000
Fuel and Service Stations	39,509,300	41,263,700	38,794,900	48,396,600	55,659,000	50,378,300	57,384,900	58,343,600	73,442,500	92,815,700
Building and Construction	30,779,200	34,672,200	38,918,600	34,503,700	38,592,000	47,453,100	53,968,700	60,726,600	75,787,100	81,811,200
Restaurants and Hotels	24,368,400	27,680,100	31,532,100	35,283,000	47,184,400	47,258,900	51,483,900	59,128,900	63,677,100	70,684,200
Business and Industry	31,005,200	38,236,000	42,801,800	53,475,600	52,491,400	54,834,000	54,519,900	54,294,600	64,153,200	83,545,900
Food and Drugs	25,488,800	27,385,800	28,261,200	31,674,100	30,978,000	33,364,000	33,774,700	36,130,900	38,995,100	39,610,200
Total	$ 270,056,500	$ 308,259,600	$ 341,973,500	$ 396,470,800	$ 439,381,300	$ 483,068,000	$ 516,461,200	$ 557,198,300	$ 625,454,600	$ 712,114,100
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Source: State Department of Commerce - State Board of Equalizaton
Data: Point of sale payments only - unadjusted for economic data

CITY OF EL PASO DE ROBLES
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

	City Direct Rates			Overlapping Rates	
Fiscal Year	Basic Rate	General Obligation Debt Service	Total Direct Rate	SLO County Flood Control - State Water Project	Total Rate
1997	$ 1.00000	$ -	$ 1.0000	$ 0.00630	$ 1.00630
1998	1.00000	-	1.0000	0.00490	1.00490
1999	1.00000	-	1.0000	0.00470	1.00470
2000	1.00000	-	1.0000	0.00350	1.00350
2001	1.00000	-	1.0000	0.00230	1.00230
2002	1.00000	-	1.0000	0.00230	1.00230
2003	1.00000	0.1775	1.1775	0.00230	1.17980
2004	1.00000	0.1775	1.1775	0.00230	1.17980
2005	1.00000	0.1775	1.1775	0.00223	1.17973
2006	1.00000	0.1082	1.1082	0.00222	1.11042

Note: Due to passage of Proposition 13, the maximum general tax rate is set at 1% of assessed valuation unless otherwise approved by vote of electoriate. Except for general obligation bond override approved by the voters in 1998, there are no general use property tax overrides authorized.

Source: San Luis Obispo County Auditor-Controller

CITY OF EL PASO DE ROBLES
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rate	San Luis Obispo County Rate	Total Rate
1997	1.00%	6.25%	7.25%
1998	1.00%	6.25%	7.25%
1999	1.00%	6.25%	7.25%
2000	1.00%	6.25%	7.25%
2001	1.00%	6.25%	7.25%
2002	1.00%	6.25%	7.25%
2003	1.00%	6.25%	7.25%
2004	1.00%	6.25%	7.25%
2005	1.00%	6.25%	7.25%
2006	1.00%	6.25%	7.25%

Note: The sales tax rate is uniformly set at 7.25% county wide. Of the 7.25%, the City's share is 1%. The City may increase the rate with approval of the electoriate.

Source: CA State Board of Equalization

CITY OF EL PASO DE ROBLES
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

	2006				1997			
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Estimated Tax Levy	Rank	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Estimated Tax Levy	Rank
WalMart	$ 10,494,712	0.38%	$ 77,747	1	$ 8,828,057	0.85%	$ 78,142	1
Martin Resorts Inc	9,215,092	0.34%	68,184	2			68,184	
Albertsons Inc	7,823,995	0.29%	57,962	3	4,765,543	0.46%	42,182	3
Dry Creek Apartments	18,756,280	0.68%	53,041	4	9,500,000	0.91%	53,041	5
Kohl's Dept Stores	6,898,895	0.25%	51,108	5			51,108	
Woodland Plaza LLC	5,325,105	0.19%	39,438	6			39,438	
Woodland Plaza II [a]	5,145,914	0.19%	38,122	7	8,368,089	0.80%	63,849	2
GJ Remainder LLC	5,134,847	0.19%	37,994	8			37,994	
Heritage Oaks Bank	5,107,150	0.19%	37,756	9			37,756	
John Roush Trust	4,928,862	0.18%	36,469	10			36,469	
Melvin & Angela Dagovitz					4,271,622	0.41%		4
Paso Robles Inn					3,522,776	0.34%		6
Avila & Sons - PR Country Club					4,171,575	0.40%		7
Allstar Inns Inc					3,124,320	0.30%		8
Longs Drug Store					2,076,459	0.20%		9
Zurn Industries					6,359,459	0.61%		10
Total Principal Taxpayers	78,830,852	2.87%	497,821		54,987,900	5.28%	508,163	
All Other Taxpayers	2,665,355,868	97.13%	8,483,528		992,340,419	94.72%	3,410,663	
Total Taxpayers	$ 2,744,186,720	100.00%	$ 8,981,349		$ 1,047,328,319	100.00%	$ 3,918,826	

Notes:
[a] In 1997, Woodland Plaza LLC and Woodland Plaza II were reported as a single business entity.

Source: Hdl Coren & Cone, San Luis Obipso County Assessor 2005/06 Combined Tax Rolls

CITY OF EL PASO DE ROBLES
PRINCIPAL SALES TAX REMITTERS
CURRENT YEAR AND NINE YEARS AGO

2006	1997
Tax Remitter	Tax Remitter
Albertson's	AM PM Mini Mart
AM PM Mini Mart	Albertson's
ATV Agricultural	Artesia Ready Mix Concrete, Inc.
Bay Area Diablo Petroleum	Beacon Oil Co.
Beacon Oil Co.	Big Creek Lumber Company
Big Creek Lumber Company	Black Oak AM PM Mini Market
Farm Supply Company	Consolidated Electrical Distributors, Inc.
Golden Hill Mobil	Ennis Business Forms, Inc.
Hayward Lumber Company	Fair City Ford Lincoln Mercury
Jack in the Box	Hayward Lumber Company
J. B. Dewar, Inc.	J. B. Dewar, Inc.
Kohls	Reneau Chryler Dodge
Office Max	K Mart Corporation
Orchard Supply Hardware	Longs Drug Stores
Paso Robles Ford Licoln Mercury	Lucky Stores, Inc.
Paso Robles GMC Truck	Marshall Supply
Pete Johnston GM	McDonalds
Reneau Chryler Dodge	Paso Robles GMC Truck
Ross Dept Store	Pete Johnston GM
San Luis Bay Suzuki Kia	Farm Supply Company
Sky River RV	Thrifty Drug Stores
Staples	Tom Dorsey Chevron
Target	Vikimatic Sales, Inc.
Wal Mart	Vons
Woodland Chevron	Wal Mart
Top 25 accounts represent 51.99% of Total City	Top 25 accounts represent 15.29% of Total City

Note: Firms are listed alphabetically
Source: HdL Companies, State Board of Equalization

CITY OF EL PASO DE ROBLES
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Estimated Tax Levy	Collected within the Fiscal year of the Levy		Collections in Subsequent Year	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	$ 1,704,649	$ 1,667,823	97.84%	$ 67,702	$ 1,735,525	101.81%
1998	1,801,402	1,707,459	94.79%	53,388	1,760,847	97.75%
1999	1,881,563	1,804,099	95.88%	40,940	1,845,039	98.06%
2000	1,990,449	1,905,671	95.74%	54,018	1,959,689	98.45%
2001	2,144,660	2,055,452	95.84%	46,394	2,101,846	98.00%
2002	2,404,026	2,310,096	96.09%	49,759	2,359,855	98.16%
2003	2,680,287	2,570,758	95.91%	60,113	2,630,871	98.16%
2004	3,019,732	2,893,105	95.81%	77,729	2,970,834	98.38%
2005	3,396,708	3,266,913	96.18%	79,978	3,346,891	98.53%
2006	3,918,826	3,750,938	95.72%	130,612	3,881,550	99.05%

Note: Collections do not include supplemental roll revenues (secured or unsecured) and are "net" the Redevelopment Agency distribution.

Source: San Luis Obispo County Auditor-Controller

CITY OF EL PASO DE ROBLES
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities					Business-type Activities				
Fiscal Year	General Obligation Bonds	Redevelopment Bonds	Certificates of Participation	Capital Leases	Internal Notes Payable	Sewer Revenue Bonds	Internal Notes Payable	Total Primary Government	Percentage of Assessed Value [a]	Per Capita [b]
1997	$ -	$ 265,639	$ 660,891	$ 86,590	$ 122,090	$ 563,070	$ 157,138	$ 1,855,418	0.21%	$ 86
1998	-	190,093	664,876	110,445	2,254,477	566,078	194,150	3,980,118	0.44%	181
1999	-	292,730	663,036	78,364	2,254,609	567,675	194,150	4,050,564	0.42%	180
2000	-	297,780	665,284	139,471	587,045	573,055	194,150	2,456,785	0.24%	107
2001	-	349,069	666,541	148,504	127,753	577,055	157,138	2,026,061	0.18%	80
2002	-	694,350	666,601	148,504	127,753	579,415	75,644	2,292,268	0.18%	89
2003	297,970	470,288	660,434	244,819	127,753	1,026,336	75,644	2,903,243	0.20%	108
2004	2,772,294	509,720	658,079	292,976	127,753	1,024,689	75,644	5,461,154	0.32%	201
2005	2,891,825	512,939	651,569	246,648	127,753	1,032,289	-	5,463,024	0.30%	195
2006	2,990,888	510,699	570,070	254,565	197,052	934,489	-	5,457,762	0.26%	188

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[a] See the "Assessed Value of Taxable Property" table for figures.
[b] See the "Demographic and Economic Statistics" table for population data.

Source: City of Paso Robles

CITY OF EL PASO DE ROBLES
RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General bonded debt outstanding										
General obligation bonds	$ -	$ -	$ -	$ -	$ -	$ -	$ 297,970	$ 2,772,294	$ 2,891,825	$ 2,990,888
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ 297,970	$ 2,772,294	$ 2,891,825	$ 2,990,888
Percentage of estimated actual assessed value [a]	-	-	-	-	-	-	0.02%	0.16%	0.16%	0.14%
Per capita [b]	-	-	-	-	-	-	$ 11	$ 102	$ 103	$ 103
Less: Amounts set aside to repay general debt [c]	-	-	-	-	-	-	2,827,313	3,910,516	5,785,833	6,465,576
Total net debt applicable to debt limit	-	-	-	-	-	-	(2,529,343)	(1,138,222)	(2,894,008)	(3,474,688)
Legal debt limit [d]							54,227,708	63,292,189	68,404,824	79,500,473
Legal debt margin	$ -	$ -	$ -	$ -	$ -	$ -	$ 56,757,051	$ 64,430,411	$ 71,298,832	$ 82,975,161
Legal debt margin as a percentage of the debt limit	-	-	-	-	-	-	104.7%	101.8%	104.2%	104.4%

[a] See the "Assessed Value of Taxable Property" table for figures.
[b] See the "Demographic and Economic Statistics" table for population data.
[c] City has established an internal reserve for debt repayment in case of economic downturn.
[d] Legal debt limit is calculated as 3.75% of assessed value - seen footnote "a".

Source: San Luis Obispo County Auditor-Controller and City of Paso Robles

CITY OF EL PASO DE ROBLES
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2006

2005-06 Assessed Valuation:	$ 2,722,454,530
Redevelopment Incremental Valuation:	248,697,936
Adjusted Assessed Valuation:	$ 2,971,152,466

Direct and Overlapping Tax and Assessement Debt	Debt Outstanding	Percentage Applicable [a]	City's Share of Debt 6/30/06
City of Paso Robles - General Obligation Bonds	$ 31,972,970	100.0%	$ 31,972,970
Direct and Overlapping Tax General Fund Debt			
San Luis Obispo County Certificates of Participation	$ 42,085,000	8.195%	$ 3,448,866
San Luis Obispo County Pension Obligations	135,199,398	8.195%	11,079,591
San Luis Obispo Community College District Certificates of Participation	2,955,000	8.170%	241,424
Paso Robles Joint Unified School District Certificates of Participation	2,350,000	49.188%	1,155,918
Paso Robles Union School District Certificates of Participation	920,000	49.449%	454,931
City of Paso Robles Certificates of Particiaption	4,595,000	100.000%	4,595,000
Total Direct and Overlapping Tax General Fund Debt			20,975,730
Combined Total Debt			$ 52,948,700 [b]

Ratios to 2005-06 Assessed Valuation:	
Direct Debt ($31,972,970)	1.17%
Ratios to Adjusted Assessed Valuation:	
Combined Direct Debt ($36,567,970)	1.48%
Combined Total Debt	2.14%

[a] Percentage of overlapping city's assessed valuation located within boundaries of the city.
[b] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds, non-bonded capital leases and internal borrowings.

Source: California Municipal Statistics

CITY OF EL PASO DE ROBLES
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

	Tax Allocation Bonds				Sewer Revenue Bonds					
		Debt Service						Debt Service		
Fiscal Year	Property Tax Increment [1]	Principal	Interest	Coverage	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
1997	$ 443,545	$ 85,000	$ 303,192	1.14	$ 1,712,076	$ 1,230,908	$ 481,168	$ 330,000	$ 233,070	0.85
1998	459,793	90,000	424,640	0.89	1,710,152	1,156,666	553,486	345,000	221,078	0.98
1999	939,559	105,000	187,730	3.21	1,773,569	1,101,114	672,455	360,000	207,675	1.18
2000	1,009,591	115,000	182,780	3.39	1,943,518	1,225,412	718,106	380,000	193,055	1.25
2001	1,340,552	120,000	229,069	3.84	1,869,486	1,310,208	559,278	400,000	177,055	0.97
2002	1,521,636	320,000	374,350	2.19	2,073,640	1,227,001	846,639	420,000	159,415	1.46
2003	1,415,474	105,000	365,288	3.01	2,510,233	1,442,371	1,067,862	780,000	246,336	1.04
2004	1,540,660	150,000	359,720	3.02	3,565,011	1,511,408	2,053,603	620,000	404,689	2.00
2005	1,959,643	160,000	352,939	3.82	3,412,963	1,911,324	1,501,639	640,000	392,289	1.45
2006	2,358,870	165,000	345,699	4.62	3,923,094	2,230,005	1,693,089	655,000	279,489	1.81

Source: City of Paso Robles

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

[1] Non-LMI property tax increment revenue.

CITY OF EL PASO DE ROBLES
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Calendar Year	Population	Est. Median Household Income	Per Capita Personal Income	Median Age	Total Employment, All Industries	K-12 School Enrollment	Median Home Price ($ thousands)	County Unemployment Rate
1997	21,639				9,808	6,100	131.4	4.8%
1998	22,038				10,589	6,200	142.0	4.2%
1999	22,494				11,388	6,300	151.1	3.3%
2000	22,922				12,281	6,400	176.9	4.0%
2001	25,190	46,658	20,900		12,655	6,800	214.3	3.9%
2002	25,812	28,909	12,116		13,110	6,900	251.1	4.5%
2003	26,856	43,559	19,876	33	12,886	6,800	306.4	4.6%
2004	27,216	43,650	20,063	33	13,408	6,800	368.3	4.4%
2005	27,964	45,650	21,068	34	13,786	6,800	437.0	4.1%
2006	28,969	45,755	21,180	34	14,229	6,900	495.2	4.0%

Source: California Department of Finance and 2006 Paso Robles Economic Forecast by UCSB

CITY OF EL PASO DE ROBLES
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2006			1997		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Paso Robles Public Schools	776	1	6.69%	614	1	6.26%
WalMart	286	2	2.47%	263	4	2.68%
California Youth Authority	279	3	2.41%	460	2	4.69%
Joslyn-Sunbank Corporation	240	4	2.07%	210	6	2.14%
Specialty Silicone Fabricators	211	5	1.82%	150	8	1.53%
Applied Technologies	200	6	1.72%			
Paris Precision Products	190	7	1.64%			
City of Paso Robles	184	8	1.59%			
Zurn Industries	170	9	1.47%	155	7	1.58%
Albertson's	170	10	1.47%	150	10	1.53%
California Mid State Fair				420	3	4.28%
San Luis Personnel				225	5	2.29%
Pro Forms				150	9	1.53%
Total	2,706		23.33%	2,797		28.52%
Total City Employment	11,803			9,808		

Source: 1997 data is from Paso Robles Chamber of Commerce.
2006 data is provided by the UCSB Economic Forecast Project

CITY OF EL PASO DE ROBLES
FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Full-time-Equivalent Employees as of June 30									
Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government										
City manager	N/A	N/A	N/A	N/A	N/A	3	3	5	4	4
Information technology	N/A	N/A	N/A	N/A	N/A	1	1	2	2	4
Human resources	N/A	N/A	N/A	N/A	N/A	1	1	2	2	3
Administrative services	N/A	N/A	N/A	N/A	N/A	8	8	9	9	10
Police depatment										
Officers	N/A	N/A	N/A	N/A	N/A	35	35	37	37	40
Others	N/A	N/A	N/A	N/A	N/A	9	9	10	10	12
Emergency services										
Firefighters	N/A	N/A	N/A	N/A	N/A	11	11	19	20	24
Others	N/A	N/A	N/A	N/A	N/A	1	1	1	1	1
Public works										
Maintenance services	N/A	N/A	N/A	N/A	N/A	28	28	32	32	36
Airport	N/A	N/A	N/A	N/A	N/A	1	1	1	1	1
Water	N/A	N/A	N/A	N/A	N/A	8	7	8	8	9
Wastewater	N/A	N/A	N/A	N/A	N/A	8	9	9	9	9
Library and recreation services										
Library services	N/A	N/A	N/A	N/A	N/A	5	5	5	5	5
Recreation services	N/A	N/A	N/A	N/A	N/A	10	11	11	11	11
Community development										
Planning	N/A	N/A	N/A	N/A	N/A	3	3	3	3	3
Housing	N/A	N/A	N/A	N/A	N/A	1	1	1	1	1
Engineering	N/A	N/A	N/A	N/A	N/A	2	2	2	2	2
Building	N/A	N/A	N/A	N/A	N/A	7	7	8	8	9
Total	-	-	-	-	-	142	143	165	165	184

184

Source: City Budget
Notes: A full-time employee is scheduled to works 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

CITY OF EL PASO DE ROBLES
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal year									
Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government										
Police depatment										
Physical arrests	N/A	N/A	N/A	N/A	N/A	N/A	1,241	1,443	1,486	1,673
Parking violations	N/A	N/A	N/A	N/A	N/A	N/A			1,160	963
Traffic violations	N/A	N/A	N/A	N/A	N/A	N/A	2,584	3,751	3,406	2,927
Emergency services										
Emergency responses	2,046	2,069	2,068	2,007	2,300	2,358	2,370	2,436	2,567	TBD
Fires extinguished										
Inspections										
Public works										
Water										
New connections	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	328
Water main breaks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7
Average daily production (millions of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6.6
Peak daily production (millions of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12.3
Wastewater										
Average daily sewage treatment (millions of gallons)	2.5631	2.6908	2.6676	2.8140	2.8584	2.7983	2.7871	2.8556	2.9590	N/A
Library and recreation services										
Library services										
Volumes in collection	N/A	N/A	N/A	N/A	N/A	N/A	N/A	54,044	56,228	56,070
Total volumes borrowed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	148,315	120,923	160,832
Recreation services										
Athletic field permits issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,418	1,472	2,508
Activity admissions	3,203	5,082	5,634	6,186	8,219	22,448	23,628	24,050	24,501	23,953
Community development										
Building permits issued	420	573	597	802	874	808	952	1,107	972	TBD
Building inspections conducted	4,915	4,818	4,396	6,642	7,038	7,434	7,772	8,387	8,603	TBD
Total	10,587	12,545	12,698	15,640	18,434	33,051	38,550	244,954	221,321	249,280

Source: City Budget
Notes: A full-time employee is scheduled to works 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

CITY OF EL PASO DE ROBLES
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal year									
Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government										
Personal computers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	164
Police depatment										
Stations	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1
Patrol units	N/A	N/A	9	11	11	12	15	14	12	11
Emergency services										
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works										
Streets (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	140.0
Traffic signals	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	20
Bridges	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4
Airport	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	N/A	N/A	N/A	N/A	N/A	N/A	130.0	135.0	140.0	140.0
Fire hydrants	N/A	N/A	N/A	N/A	N/A	N/A	875	890	900	900
Storage tanks	N/A	N/A	N/A	N/A	N/A	N/A	4	4	4	4
Storage capacity (millions of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	12.1	12.1	12.1	12.1
Water wells	N/A	N/A	N/A	N/A	N/A	N/A	120	120	125	125
Wastewater										
Sanitary sewers (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	198.0
Storm sewers (miles)	15	15	15	15	15	15	15	15	15	15
Treatment capacity (millions of gallons)	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Library and recreation services										
Acreage	64.095	64.095	64.095	64.095	64.095	101.095	101.095	101.095	101.095	101.095
Pools	4	4	4	4	4	4	4	4	4	4
Playgrounds	12	12	12	12	12	14	14	14	14	13
Baseball/softball diamonds	6	6	6	6	6	10	10	10	10	10
Soccer/football fields	4	4	4	4	4	6	6	6	6	6
Community centers	2	2	2	2	1	3	3	3	3	3
Total	116	116	125	127	126	174	1,319	1,338	1,356	1,880

Source: City Budget
Notes: A full-time employee is scheduled to works 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.