



# COMPREHENSIVE ANNUAL FINANCIAL REPORT



For The Fiscal Year Ended June 30, 2008

## City of El Paso de Robles, California

Cover  
Carnegie Library  
After renovation of damages sustained in the 2003 San Simeon Earthquake  
Celebrates its 100<sup>th</sup> Anniversary in 2008  
Photo taken by Mike Compton

# Comprehensive Annual Financial Report

For The

Fiscal Year Ended June 30, 2008

City of El Paso de Robles

California

Frank Mecham, Mayor  
Gary Nemeth, Mayor Pro Tempore  
John Hamon, Councilmember  
Duane Picanco, Councilmember  
Fred Strong, Councilmember

James L. App, City Manager

Prepared by Department of Administrative Services  
James Throop, 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, 2008

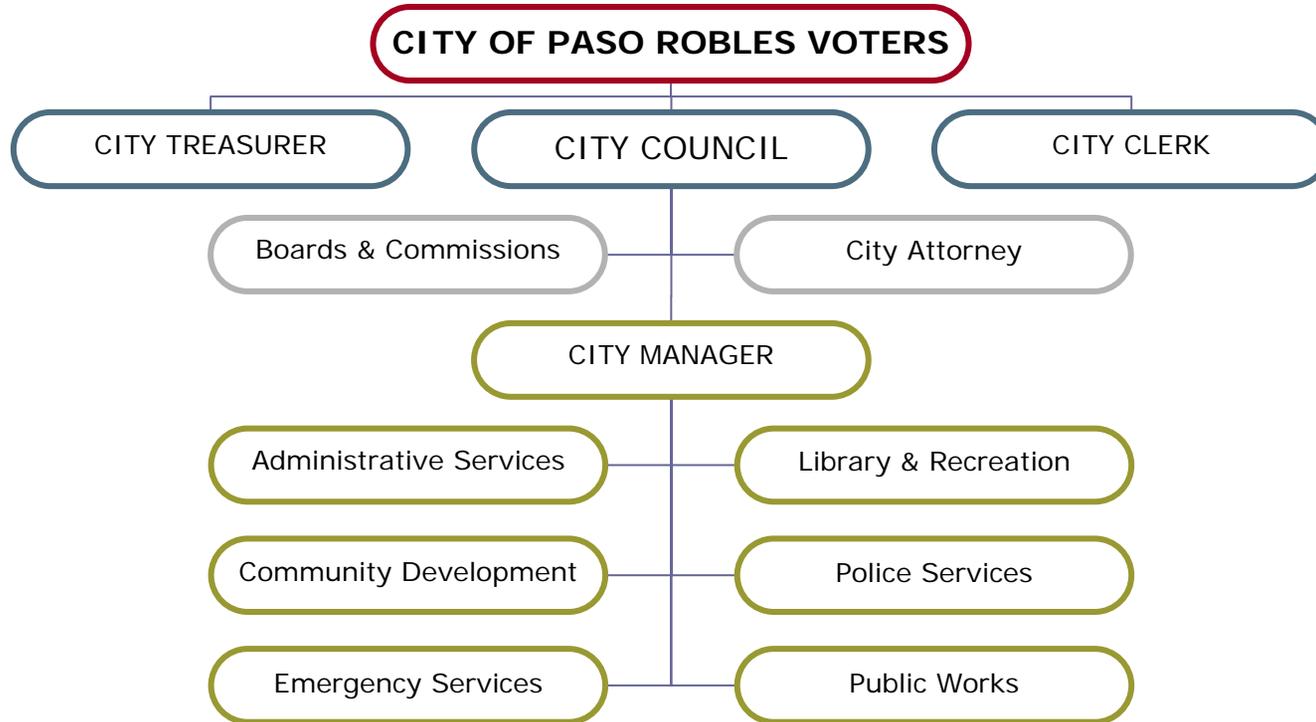
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**CITY OF EL PASO DE ROBLES  
ORGANIZATION OF CITY GOVERNMENT**



# California Society of Municipal Finance Officers

Certificate of Award

*Outstanding Financial Reporting 2006-07*

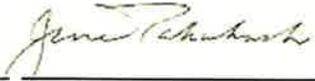
Presented to the

*City of El Paso de Robles*

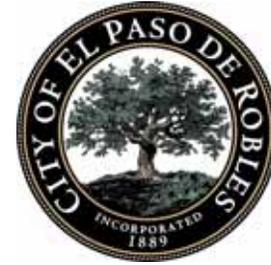
*This certificate is issued in recognition of meeting professional standards and criteria in reporting  
which reflect a high level of quality in the annual financial statements  
and in the underlying accounting system from which the reports were prepared.*

*June 2008*



  
\_\_\_\_\_  
Jesse Takahashi  
Professional and Technical Standards Committee

*Dedicated to Excellence in Municipal Financial Management*



December 22, 2008

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

FROM: James Throop, Director of Administrative Services

SUBJECT: Comprehensive Annual Financial Report for Fiscal Year 2007-08

## **INTRODUCTION**

The City of El Paso de Robles' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008 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.

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 LLP. 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 councilpersons 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 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 29,500 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, Pioneer Day, Vine Street Christmas Showcase, Western Region Bicycle Rally, Concerts in the Park, Mid State Fair, and most recently a stop in the Amgen Tour of California Bike Race and two highly successful farmers markets. 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 continues to receive considerable recognition for its premium wines. There are over 200 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. Bon Appetit magazine recently voted Paso Robles as the 2<sup>nd</sup> "Foodiest" small town in the country. The Paso Robles Event Center is again sponsoring \$1,000,000 Pacific Coast Cutting Horse Association Futurity. The Futurity - a 12-day cutting horse event that attracts top competitors from across the country is considered the 2<sup>nd</sup> 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 25.8% over the prior fiscal year. The newest hotels to open were La Bella Serra, Hotel Cheval and the Courtyard Marriott adding over 200 rooms for visitors to our community, as well as a 30-room addition to La Quinta Inn. Other tourism related projects that were completed include a secondary facility for Justin Winery (33,000/sf), a new spa for the Paso Robles Inn and a new high-end RV Resort with 380 spaces.

On the retail side, Sky River RV added a new 5,800/sf service building, Safari Properties finished a new 21,400/sf multi-unit facility, Paso Meat & Sausage constructed a 10,300/sf processing plant, a new 36,900/sf storage facility was created as well as more 17,000/sf of industrial/commercial building.

Several office/retail buildings are under construction or are in the permitting stage. Currently, there is more than 400,000/sf of industrial and commercial buildings in process. Some of these projects include the Lowe's shopping center (over 200,000/sf) on Golden Hills road and 27 buildings in the Vintage Oaks Business Park (over 112,000/sf). Additionally, the old Idler's Building on Park Street is completing a total renovation and Hometown Nursery (5,000/sf) has moved to its new home on Spring Street. Spring Street has three additional commercial buildings.

The potential for Industrial and Commercial construction within the city continues to be very strong. Over 65 projects have been given zoning approval with the next step to be a request for building permits. Currently, there is approximately 2,100,000/sf of proposed commercial and industrial projects waiting to move forward. Some of these projects include new hotels/resorts, restaurants, RV Park, office buildings, many industrial buildings, mini-storage, mixed-use, brewery and manufacturing facilities.

Given the recent and continuing successes in both the retail and manufacturing areas, the economic outlook for Paso Robles continues to look strong despite the extreme drop in housing starts nationally. The local housing construction market has slowed drastically this last year. During fiscal year 2008, Paso Robles issued building permits for 33 housing residential housing units with a total valuation of \$7.3 million. The median home price of a home in the County in FY2008 was \$430,000. Sluggish home sales and minor new residential home construction has resulted in significant decrease in building fees. There were 27 commercial and industrial permits issued with a valuation of \$18.7 million.

Property tax collections, for all categories, is expected to grow by 3.1% or \$269,000, to \$8,907,530 in 2009 as compared to \$8,638,000 in FY 2008. 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 at least \$20 billion and attempts by the Governor to address the structural budget imbalance by legislation have 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 2008 results also reflect positive year end results, although at a much lower level than in the past.

The City's participation in the Nacimiento Water Project which will assure a safe, secure source of water for the City will require an increase in water-user fees. The fees will be phased in over time and the City Council will review the fee structure every two years to ensure adequate funding of our participation in this landmark project whose ultimate cost is estimated at approximately \$175 million. Fifty percent of the project costs will be born by new development through the City's water impact fees. The current impact fees are also under review and will most likely see an increase in excess of \$14,000 per residential meter. Meters for larger projects will be more depending on the size of the required meter.

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 of Paso Robles is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 114 California public entities and is organized under a joint powers agreement pursuant to California Government Code § 6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive committee.

#### *Self-Insurance Programs of the Authority*

General Liability. Each member pays a primary deposit to cover estimated losses for the fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member's primary deposit; costs from \$30,000 to

\$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000. Losses from \$750,000 to \$10,000,000, \$18,000,000 to \$23,000,000, and \$45,000,000 to \$50,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims from \$10,000,000 to \$18,000,000 and \$23,000,000 to \$45,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from \$15,000,000 to \$25,000,000 are paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings. The City joined the liability pool on July 1, 2003.

Workers' Compensation - The City of Paso Robles also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 to \$200,000,000 are transferred to reinsurance carriers. Costs in excess of \$200,000,000 are pooled among the Members based on payroll. Protection is provided per statutory liability under California Workers' Compensation law. Administrative expenses are paid from the Authority's investment earnings. The City joined the workers' compensation pool on July 1, 2004.

#### *Purchased Insurance*

Environmental Insurance - The City of Paso Robles participates in the pollution legal liability and remediation legal liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Paso Robles. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50,000,000 for the 3-year period from July 1, 2005 through July 1, 2008. Each member of the Authority has a \$10,000,000 limit during the 3-year term of the policy.

Property Insurance - The City of Paso Robles participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of Paso Robles property is currently insured according to a schedule of covered property submitted by the City of Paso Robles to the Authority. Total all-risk property insurance coverage is \$205,161,366. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive payments.

Fidelity Bonds - The City of Paso Robles purchases blanket fidelity bond coverage in the amount of \$1 million with \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

#### *Adequacy of Protection*

During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

Separate financial statements are available from the California Joint Powers Insurance Authority, 8081 Moody Street, La Palma, CA 90623.

#### Self-Insurance

The City retains the risk for losses incurred prior to joining the California Joint Powers Insurance Authority. Several member agencies of the now dissolved Central Coast Cities Self-Insurance Fund continue to participate in a non-risk sharing arrangement for claims management and the purchase of excess insurance. The participating agencies share a set of common guidelines and annually set aside premiums to pay their individual losses within their self-insured retentions. Losses are debited and investment income is credited to specific member accounts. The City has not incurred any losses in excess of insurance coverage.

The last actuarial study to determine the undiscounted outstanding claims liability was completed for the year ended June 30, 2008. The liability was estimated based on the actuarial study and considered claims asserted and paid, and the time limitations for filing claims.

#### **INDEPENDENT AUDIT**

The accounting firm of Moss, Levy & Hartzheim LLP, 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 2007 CAFR. This was the ninth 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 all applicable legal requirements.

## ACKNOWLEDGMENTS

I would like to express my appreciation to the entire **Administrative Services staff** 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,

James Throop  
Director of Administrative Services

# CITY OF EL PASO DE ROBLES



## FINANCIAL SECTION



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

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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, 2008, 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, 2008, and the respective changes in financial position and cash flows, where applicable thereof, and the budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 of the notes to basic financial statements effective July 1, 2007, the City of El Paso de Robles adopted Governmental Accounting Standards Board (GASB) Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* and Governmental Accounting Standards Board Statement No. 50, *Pension Disclosures – an Amendment of GASB Statements No. 25 and No. 27*.

The Management's Discussion and Analysis on pages 14 through 24, 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 financial 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2008, 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 considered in assessing 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 LLP

*Moss, Levy & Hartzheim LLP*

December 9, 2008

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Fiscal Year Ended June 30, 2008**

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, 2008. 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 2008 fiscal year by \$250 million. Of this amount, \$67.8 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$5.6 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 \$30.4 million, compared to \$30.2 million in the prior fiscal year.
- Approximately 30.3% of the combined fund balances, \$9.2 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 million, or 22% of total general fund expenditures.
- The City's total governmental activities debt increased by \$5,708,699 during the current fiscal year due to the issuance of refunding General Obligation bonds.
- The City's total business-type funds debt decreased by \$689,242 due to normal amortization.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

##### **Government-wide Financial Statements**

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

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

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

Management's Discussion and Analysis, continued

Fiscal Year Ended June 30, 2008

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 may establish 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

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

Management's Discussion and Analysis, continued

Fiscal Year Ended June 30, 2008

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, Other Post Employment Benefits, 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 2.3% from \$244.4 million at June 30, 2007 to \$250 million at June 30, 2008. 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**

Management's Discussion and Analysis, continued  
Fiscal Year Ended June 30, 2008

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

	Governmental activities		Business-type activities		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Current and other assets	\$ 37,629,559	\$ 35,194,578	\$ 43,931,877	\$ 42,460,842	\$ 81,561,436	\$ 77,655,420
Capital assets	168,299,753	163,355,280	64,951,221	62,012,603	233,250,974	225,367,883
Total assets	<u>205,929,312</u>	<u>198,549,858</u>	<u>108,883,098</u>	<u>104,473,445</u>	<u>314,812,410</u>	<u>303,023,303</u>
Long-term liabilities outstanding	49,071,330	42,624,957	7,434,824	7,619,066	56,506,154	50,244,023
Other liabilities	6,681,771	6,455,012	1,639,655	1,913,026	8,321,426	8,368,038
Total liabilities	<u>55,753,101</u>	<u>49,079,969</u>	<u>9,074,479</u>	<u>9,532,092</u>	<u>64,827,580</u>	<u>58,612,061</u>
Net assets:						
Invested in capital assets, net of related debt	123,267,038	122,168,978	57,702,782	54,078,917	180,969,820	176,247,895
Restricted	1,168,175	1,286,753			1,168,175	1,286,753
Unrestricted	25,740,998	26,014,158	42,105,837	40,862,436	67,846,835	66,876,594
Total Net Assets	<u>\$ 150,176,211</u>	<u>\$ 149,469,889</u>	<u>\$ 99,808,619</u>	<u>\$ 94,941,353</u>	<u>\$ 249,984,830</u>	<u>\$ 244,411,242</u>

The City's net assets increased \$5.6 million over the prior fiscal year. Current and other assets increased \$3.9 million while capital assets increased \$7.9 million. Long-term liabilities increased \$6.3 million due to refunding of the General Obligation Bonds while other liabilities remained approximately the same.

**GOVERNMENTAL ACTIVITIES**

The City's net assets from governmental activities increased \$706,322, accounting for only 13% 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 \$40.5 million. As shown in the statement of activities, the amount that the taxpayers ultimately financed for these activities was \$30.1 million because some of the cost was paid by those who directly benefited from the programs (\$5.6 million). Capital grants and contributions of \$4.8 million provided capital asset infrastructure by building development. The City paid for the remaining "public benefit" portion of governmental activities with \$30.2 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.

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

Management's Discussion and Analysis, continued  
Fiscal Year Ended June 30, 2008

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, 2008 of \$149.5 million, program revenues of \$10.4 million and general revenues of \$38.3 million. Total expenses for governmental activities during the fiscal year were \$40.5 million.

**BUSINESS TYPE ACTIVITIES**

The City's net assets from business-type activities increased \$4.9 million which accounts for 87% of the total increase in the City of El Paso Robles' net assets.

The cost of all Proprietary (business-type) activities this year was \$10.4 million. As shown in the statement of activities, the amounts paid by users of the systems were \$8.8 million, and capital grants and contributions were \$3.5 million. Revenues from other agencies accounted for \$.9 million and earnings from uses of money and property were \$2 million.

**CITY OF EL PASO DE ROBLES**

Management's Discussion and Analysis, continued  
 Fiscal Year Ended June 30, 2008

CITY OF EL PASO DE ROBLES CHANGES IN NET ASSETS

	Governmental activities		Business-type activities		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Revenues:						
Program revenues:						
Charges for services	\$ 5,649,972	\$ 7,041,823	\$ 8,805,307	\$ 8,553,554	\$ 14,455,279	\$ 15,595,377
Operating grants and contributions		300,000				300,000
Capital grants and contributions	4,765,465	3,634,416	3,548,974	4,571,395	8,314,439	8,205,811
General revenues:						
Taxes:						
Property taxes	17,795,597	15,450,804	52,457	70,807	17,848,054	15,521,611
Sales tax	7,691,562	8,237,072			7,691,562	8,237,072
Other taxes	5,182,504	4,933,674			5,182,504	4,933,674
Licenses and permits	420,059	376,088			420,059	376,088
From other agencies	2,972,863	3,837,498	908,754	1,354,005	3,881,617	5,191,503
Investment earnings	2,573,339	2,521,193	1,999,423	1,855,720	4,572,762	4,376,913
Miscellaneous	1,582,640	1,273,805	82,961	8,148	1,665,601	1,281,953
Total revenues	48,634,001	47,606,373	15,397,876	16,413,629	64,031,877	64,020,002
Expenses:						
General government	4,205,603	1,516,575			4,205,603	1,516,575
Public safety	13,825,505	13,846,830			13,825,505	13,846,830
Public works	10,665,983	9,922,306			10,665,983	9,922,306
Library and recreation services	4,455,244	4,960,652			4,455,244	4,960,652
Community development	4,752,684	4,600,339			4,752,684	4,600,339
Interest on long term debt	2,588,398	2,265,878			2,588,398	2,265,878
Water operations			4,399,286	4,113,070	4,399,286	4,113,070
Sewer operations			4,130,267	3,672,572	4,130,267	3,672,572
Airport operations			748,673	765,078	748,673	765,078
Transit operations			1,149,988	1,246,765	1,149,988	1,246,765
Total expenses	40,493,417	37,112,580	10,428,214	9,797,485	50,921,631	46,910,065
Increase in net assets before transfers	8,140,584	10,493,793	4,969,662	6,616,144	13,110,246	17,109,937
Transfers	102,396	(330,235)	(102,396)	330,235		
Increase (decrease) in net assets	8,242,980	10,163,558	4,867,266	6,946,379	13,110,246	17,109,937
Net assets July 1	149,469,889	139,306,331	94,941,353	87,994,974	244,411,242	227,301,305
Prior period adjustments	(7,536,658)				(7,536,658)	
Net assets June 30	\$ 150,176,211	\$ 149,469,889	\$ 99,808,619	\$ 94,941,353	\$ 249,984,830	\$ 244,411,242

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

Management's Discussion and Analysis, continued

Fiscal Year Ended June 30, 2008

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

The fund balance at fiscal year-end for the City's general fund of \$8.6 million is an overall increase of \$863 over last year.

The Traffic Mitigation Development fund shows a decrease in fund balance of \$270,027 from the prior fiscal year as a result of a decline in development.

The Public Facilities Development fund shows an increase in fund balance of \$101,174 over the prior fiscal year as a result of a decline in development fees.

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 in prior fiscal years.

The Measure D GO Bonds debt service fund shows a decrease of \$676,087 in fund balance, directly attributable to the refunding of the GO Bonds.

The Redevelopment Agency debt service fund shows an increase of \$311,945 in fund balance from the prior fiscal year resulting from property tax receipts.

**DEBT ADMINISTRATION**

Debt considered a liability of governmental activities increased in FY 2007-08 by \$5,708,699 due primarily to the refunding of the General Obligation Bonds, compensated absences increased \$199,533, and closure/postclosure liability increased \$177,111. Per capita debt outstanding increased to \$1,767 for FY 2007-08 down from \$1,571 for FY 2006-07.

Debt considered a liability of business-type activities decreased in FY 2007-08 by \$689,242 due to normal amortization. Per capita debt outstanding decreased to \$263 for FY 2007-08 down from \$287 for FY 2006-07.

**CITY OF EL PASO DE ROBLES**

Management's Discussion and Analysis, continued  
 Fiscal Year Ended June 30, 2008

A schedule of outstanding debt is presented below.

	Balance July 1, 2007	Restatement	Incurred or Issued	Satisfied or Matured	Balance June 30, 2008
<b>Governmental Activities:</b>					
Leases payable	\$ 5,930,685	\$ -	\$ -	\$ 665,703	\$ 5,264,982
Compensated absences	2,049,742		199,533		2,249,275
Closure/postclosure liability	1,261,810		177,111		1,438,921
General obligation bonds payable	29,966,715	7,536,658	31,435,000	32,778,900	36,159,473
Redevelopment bonds payable	6,315,000			195,000	6,120,000
<b>Total governmental activities</b>	<b>\$ 45,523,952</b>	<b>\$ 7,536,658</b>	<b>\$ 31,811,644</b>	<b>\$ 33,639,603</b>	<b>\$ 51,232,651</b>
<b>Business-type Activities:</b>					
Compensated absences	\$ 134,066	\$ -	\$ 5,758	\$ -	\$ 139,824
Revenue bonds payable	8,180,000			695,000	7,485,000
<b>Total business-type activities</b>	<b>\$ 8,314,066</b>	<b>\$ -</b>	<b>\$ 5,758</b>	<b>\$ 695,000</b>	<b>\$ 7,624,824</b>

**CASH MANAGEMENT**

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

**CITY OF EL PASO DE ROBLES**

Management's Discussion and Analysis, continued

Fiscal Year Ended June 30, 2008

**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, 2008, net capital assets of the governmental activities totaled \$168 million and the net capital assets of the business-type activities totaled \$65 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	<u>\$ 217,659,130</u>	<u>\$ 49,359,377</u>	<u>\$ 168,299,753</u>
Capital Assets - Business-type Activities:			
Land, Buildings, Equipment, CIP, and Infrastructure	<u>\$ 106,431,399</u>	<u>\$ 41,480,178</u>	<u>\$ 64,951,221</u>

**CITY OF EL PASO DE ROBLES**

Management's Discussion and Analysis, continued  
Fiscal Year Ended June 30, 2008

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Comparing the FY 08 original budget (or adopted) general fund budget amount of \$27 million to the final budget amount of \$30.7 million shows a net increase of \$3.7 million. Included in this figure is \$342,300 in prior year carry forward, \$355,500 in funds to complete the design for repair of the city hall parking lot, \$2,600,800 Carnegie Library earthquake repairs, and \$384,600 in a variety of operating budget augmentations. City Council approved all budget supplemental changes to the original budget.

Original Budget	+	Supplemental Changes	=	Final Budget
\$ 26,992,100	+	\$ 3,682,700	=	\$ 30,674,800

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

The key assumptions in the general fund revenue forecast for fiscal year 2007-08 were re-visited during the year and the following recommended actions were implemented to deal with the dramatic slowdown of the national and local economy:

- Vacant budgeted positions remain unfilled
- Vacancies from employee attrition remain unfilled unless deemed critical to the operations of the City
- Elimination of temporary or contract employees
- Eliminate annual security contract at Barney Schwartz Park
- Reduce janitorial services by \$100,000 annually in FY2008 and an additional \$100,000 in FY2009
- Implementation of City layoff prevention plan including a city-wide hiring freeze

The City's positive year end results of the last eight fiscal years (2001 through 2008) have increased the general fund's fund balance by nearly \$5.8 million. The City's FY 09 budget includes the following recommended actions to deal with the continued slowdown of the national and local economy:

- Implementation of City layoff prevention plan including a city-wide hiring freeze
- Vacant budgeted positions remain unfilled
- Vacancies from employee attrition remain unfilled unless deemed critical to the operations of the City

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

Management's Discussion and Analysis, continued

Fiscal Year Ended June 30, 2008

- Continue elimination of temporary or contract employees
- Continue elimination of annual security contract at Barney Schwartz Park
- Continue reduction of janitorial services
- Continue Town Centre master plan
- Complete review of all contractual services to evaluate their needs

**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 821 Pine Street, Suite A, Paso Robles, California, 93446, phone 805-237-3999 or e-mail [finance@prcity.com](mailto:finance@prcity.com).

# CITY OF EL PASO DE ROBLES



## BASIC FINANCIAL STATEMENTS

## ***STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES***

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

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

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

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

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

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

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

CITY OF EL PASO DE ROBLES  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 33,982,908	\$ 36,428,169	\$ 70,411,077
Accounts receivable	4,279,242	1,889,317	6,168,559
Interest receivable	694,165		694,165
Inventory		66,324	66,324
Loan contracts receivable	930,473		930,473
Internal balances	(5,311,606)	5,311,606	
Prepaid expenses	542,637		542,637
Land	16,287,573	8,389,465	24,677,038
Buildings and improvements	46,840,513	78,049,235	124,889,748
Equipment	6,921,596	3,737,386	10,658,982
Construction in progress	3,327,840	16,255,313	19,583,153
Infrastructure	144,281,608		144,281,608
Accumulated depreciation	(49,359,377)	(41,480,178)	(90,839,555)
Bond issuance deferred charges	2,511,740	236,461	2,748,201
	<hr/>	<hr/>	<hr/>
Total Assets	205,929,312	108,883,098	314,812,410
<b>LIABILITIES</b>			
Accounts payable	1,318,254	1,159,916	2,478,170
Accrued payroll expenses	874,883	150,558	1,025,441
Interest payable	801,278	28,558	829,836
Customer deposits	204,300	110,623	314,923
Deferred revenue	1,210,496		1,210,496
Prepaid revenues	111,239		111,239
Long term debt			
Due within one year	2,161,321	190,000	2,351,321
Due in more than one year	49,071,330	7,434,824	56,506,154
	<hr/>	<hr/>	<hr/>
Total Liabilities	55,753,101	9,074,479	64,827,580
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	123,267,038	57,702,782	180,969,820
Restricted for low and moderate housing	1,168,175		1,168,175
Unrestricted	25,740,998	42,105,837	67,846,835
	<hr/>	<hr/>	<hr/>
Total net assets	\$ 150,176,211	\$ 99,808,619	\$ 249,984,830

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, 2008

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenditures	Operating		Primary Government			
		Charges for Services	Contributions and Grants	Capital Contributions and Grants	Net Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 4,205,603	\$ 45,877	\$ -	\$ -	\$ (4,159,726)	\$ -	\$ (4,159,726)
Public safety	13,825,505	1,025,247		4,202	(12,796,056)		(12,796,056)
Public works	10,665,983	1,612		4,761,263	(5,903,108)		(5,903,108)
Library and recreation services	4,455,244	795,118			(3,660,126)		(3,660,126)
Community development	4,752,684	3,782,118			(970,566)		(970,566)
Interest on long-term debt	2,588,398				(2,588,398)		(2,588,398)
<b>Total Governmental Activities</b>	<b>40,493,417</b>	<b>5,649,972</b>		<b>4,765,465</b>	<b>(30,077,980)</b>		<b>(30,077,980)</b>
<b>Business-type Activities:</b>							
Water operations	4,399,286	4,227,593		2,757,750		2,586,057	2,586,057
Sewer operations	4,130,267	4,367,772		791,224		1,028,729	1,028,729
Airport operations	748,673	53,839				(694,834)	(694,834)
Transit operations	1,149,988	156,103				(993,885)	(993,885)
<b>Total Business-type Activities</b>	<b>10,428,214</b>	<b>8,805,307</b>		<b>3,548,974</b>		<b>1,926,067</b>	<b>1,926,067</b>
<b>Total primary government</b>	<b>\$ 50,921,631</b>	<b>\$ 14,455,279</b>	<b>\$ -</b>	<b>\$ 8,314,439</b>	<b>(30,077,980)</b>	<b>1,926,067</b>	<b>(28,151,913)</b>
<b>General Revenues and Transfers:</b>							
Taxes:							
Property taxes					17,795,597	52,457	17,848,054
Sales taxes					7,691,562		7,691,562
Other taxes					5,182,504		5,182,504
From other agencies					2,972,863	908,754	3,881,617
Licenses and permits					420,059		420,059
Other					1,582,640	82,961	1,665,601
Uses of money and property					2,573,339	1,999,423	4,572,762
Transfers in/(out)					102,396	(102,396)	
<b>Total general revenues and transfers</b>					<b>38,320,960</b>	<b>2,941,199</b>	<b>41,262,159</b>
Change in net assets					8,242,980	4,867,266	13,110,246
Net assets beginning of fiscal year					149,469,889	94,941,353	244,411,242
Prior period adjustment					(7,536,658)		(7,536,658)
<b>Net assets beginning restated</b>					<b>141,933,231</b>	<b>94,941,353</b>	<b>236,874,584</b>
Net assets end of fiscal year					<b>\$ 150,176,211</b>	<b>\$ 99,808,619</b>	<b>\$ 249,984,830</b>

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

# CITY OF EL PASO DE ROBLES



# FUNDS FINANCIAL STATEMENTS

## ***GOVERNMENTAL FUNDS FINANCIAL STATEMENTS***

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

The Governmental funds described below were determined to be Major Funds in the City 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.

### **Traffic Mitigation Development Fund**

This fund accounts for fees assessed and collected upon the issuance of a City building permit. Funds are used for bridge, road and signal improvements needed to serve new growth.

### **Public Facilities Development Fund**

This fund accounts for fees assessed and collected upon the issuance of a City certificate of occupancy. Funds are used to construct public facilities.

### **Highway 101/46 West Community Facilities District Fund**

The 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  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2008

	General Fund	Traffic Mitigation Development Fund	Public Facilities Development Fund	Hwy 101/46 West Community Facilities District	Measure D GO Bonds Debt Service Fund	Redevelopment Agency Debt Service Fund	Other Governmental Funds	Totals
<b>ASSETS</b>								
Cash and cash equivalents	\$ 4,426,831	\$ 2,162,358	\$ 6,733,517	\$ -	\$ 6,277,461	\$ 205,544	\$ 12,830,288	\$ 32,635,999
Cash and investments with fiscal agent						866,820	480,089	1,346,909
Accounts receivable	3,336,286				197,849	75,372	669,735	4,279,242
Interest receivable	694,165							694,165
Loan contracts receivable	2,192,290	9,128,195	8,154,214				1,188,702	20,663,401
Prepaid items	352,637					190,000		542,637
<b>Total Assets</b>	<b>\$ 11,002,209</b>	<b>\$ 11,290,553</b>	<b>\$ 14,887,731</b>	<b>\$ -</b>	<b>\$ 6,475,310</b>	<b>\$ 1,337,736</b>	<b>\$ 15,168,814</b>	<b>\$ 60,162,353</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 793,844	\$ 75,270	\$ 4,640	\$ -	\$ 562	\$ -	\$ 443,938	\$ 1,318,254
Accrued payroll expenses	857,229						17,654	874,883
Compensated absences	50,000							50,000
Deposits due to others	204,300							204,300
Loan contracts payable		5,311,606		9,089,991		8,412,444	2,230,493	25,044,534
Deferred revenues	412,874	762,174					965,921	2,140,969
Prepaid revenues	111,239							111,239
<b>Total Liabilities</b>	<b>2,429,486</b>	<b>6,149,050</b>	<b>4,640</b>	<b>9,089,991</b>	<b>562</b>	<b>8,412,444</b>	<b>3,658,006</b>	<b>29,744,179</b>
<b>Fund Balances:</b>								
<b>Reserved:</b>								
Loan contracts receivable	2,192,290	9,128,195	8,154,214				1,188,702	20,663,401
Prepaid items	352,637					190,000		542,637
Unreserved/Designated			6,728,877					6,728,877
Unreserved/Undesignated	6,027,796	(3,986,692)		(9,089,991)	6,474,748	(7,264,708)	10,322,106	2,483,259
<b>Total Fund Balances</b>	<b>8,572,723</b>	<b>5,141,503</b>	<b>14,883,091</b>	<b>(9,089,991)</b>	<b>6,474,748</b>	<b>(7,074,708)</b>	<b>11,510,808</b>	<b>30,418,174</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,002,209</b>	<b>\$ 11,290,553</b>	<b>\$ 14,887,731</b>	<b>\$ -</b>	<b>\$ 6,475,310</b>	<b>\$ 1,337,736</b>	<b>\$ 15,168,814</b>	<b>\$ 60,162,353</b>

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

CITY OF EL PASO DE ROBLES  
GOVERNMENTAL FUNDS  
Reconciliation of the Governmental Funds - Balance Sheet  
to the Statement of Net Assets  
June 30, 2008

Fund balances of governmental funds		\$ 30,418,174
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		168,299,753
Deferred revenue		930,473
Accrued closure and postclosure costs added to long term debt		(1,438,921)
Bond issuance deferred charges		2,511,740
Interest payable		(801,278)
Lease contracts payable		(1,524,982)
Bonds and certificates of participation payable		(46,019,473)
Compensated absences		<u>(2,199,275)</u>
Net assets of governmental activities		<u><u>\$ 150,176,211</u></u>

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

CITY OF EL PASO DE ROBLES  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	General Fund	Traffic Mitigation Development Fund	Public Facilities Development Fund	Highway 101/46 West Community Facilities District	Measure D GO Bonds Debt Service Fund	Redevelopment Agency Debt Service Fund	Other Governmental Funds	Totals
<b>Revenues:</b>								
Taxes	\$ 21,512,797	\$ -	\$ -	\$ -	\$ 3,535,436	\$ 3,408,946	\$ 2,215,123	\$ 30,672,302
Licenses and permits	853,515							853,515
Fines and forfeitures	379,876							379,876
Uses of money and property	465,383	121,909	291,961		241,156	103,430	658,267	1,882,106
From other agencies	2,103,391						2,655,175	4,758,566
Charges for current services	1,729,128	1,738,664	500,478				630,087	4,598,357
Other	480,685	6,968					1,093,911	1,581,564
<b>Total Revenues</b>	<b>27,524,775</b>	<b>1,867,541</b>	<b>792,439</b>		<b>3,776,592</b>	<b>3,512,376</b>	<b>7,252,563</b>	<b>44,726,286</b>
<b>Expenditures:</b>								
General government	1,948,906				48		345,125	2,294,079
Public safety	12,902,336						203,821	13,106,157
Public works	5,454,854	21,166	73,898				1,320,779	6,870,697
Library and recreation services	4,044,814						8,454	4,053,268
Community development	1,412,842			80,669		98,435	1,959,779	3,551,725
Interest	71,313			469,757	1,473,090	325,096	249,142	2,588,398
Principal	224,055				1,988,291	195,000	430,000	2,837,346
Paying agent fees					2,250	3,000	2,190	7,440
Capital outlay	1,503,132	2,109,702	617,367	7,470			2,865,877	7,103,548
Fiscal agreements payments						1,215,983		1,215,983
<b>Total Expenditures</b>	<b>27,562,252</b>	<b>2,130,868</b>	<b>691,265</b>	<b>557,896</b>	<b>3,463,679</b>	<b>1,837,514</b>	<b>7,385,167</b>	<b>43,628,641</b>
Excess revenues over (under) expenditures	(37,477)	(263,327)	101,174	(557,896)	312,913	1,674,862	(132,604)	1,097,645
<b>Other financing sources (uses):</b>								
Operating transfers in	856,789			6,700			2,802,125	3,665,614
Operating transfers out	(818,449)	(6,700)				(1,362,917)	(1,375,152)	(3,563,218)
Bond proceeds					31,435,000			31,435,000
Bond premium					963,102			963,102
Payments to refunded debt					(33,387,102)			(33,387,102)
<b>Total Other Financing Sources (Uses)</b>	<b>38,340</b>	<b>(6,700)</b>		<b>6,700</b>	<b>(989,000)</b>	<b>(1,362,917)</b>	<b>1,426,973</b>	<b>(886,604)</b>
<b>Net Change in Fund Balances</b>	<b>863</b>	<b>(270,027)</b>	<b>101,174</b>	<b>(551,196)</b>	<b>(676,087)</b>	<b>311,945</b>	<b>1,294,369</b>	<b>211,041</b>
Fund Balances - July 1	8,571,860	5,411,530	14,781,917	(8,538,795)	7,150,835	(7,386,653)	10,216,439	30,207,133
Fund Balances - June 30	\$ 8,572,723	\$ 5,141,503	\$ 14,883,091	\$ (9,089,991)	\$ 6,474,748	\$ (7,074,708)	\$ 11,510,808	\$ 30,418,174

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, 2008

Net change in fund balances - total governmental funds	\$	211,041
<p>Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of activities because:</p>		
Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the costs of those assets are not included but instead increase the capital assets on the statement of net assets		9,932,264
Governmental funds do not report depreciation as an expense. However, in the Statement of Activities, depreciation is recorded as an expense		(4,987,791)
Loss on refunding General Obligation Bonds of \$2,596,493 and premium on new bond issue we amortized over the bond life in the statement of activities		1,633,391
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		33,639,603
Proceeds from sale of bonds		(31,435,000)
CDBG decrease in loans receivables		(109,050)
Interest payable increase		(117,085)
Postclosure change in long term liability		(177,111)
Current year bond issuance amortization		(147,749)
To record as an expense the net changes in compensated absences in the Statement of Activities		<u>(199,533)</u>
Change in net assets of governmental activities	\$	<u>8,242,980</u>

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

**CITY OF EL PASO DE ROBLES  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 23,015,700	\$ 23,015,700	\$ 21,512,797	\$ (1,502,903)
Licenses and permits	902,500	902,500	853,515	(48,985)
Fines and forfeitures	297,500	297,500	379,876	82,376
Uses of money and property	594,700	594,700	465,383	(129,317)
From other agencies	851,800	3,304,600	2,103,391	(1,201,209)
Charges for current services	1,535,300	1,545,400	1,729,128	183,728
Other	50,000	50,000	480,685	430,685
Total Revenues	<u>27,247,500</u>	<u>29,710,400</u>	<u>27,524,775</u>	<u>(2,185,625)</u>
Expenditures:				
Current:				
General government	1,872,200	2,048,200	1,948,906	99,294
Public safety	13,665,400	13,703,400	12,902,336	801,064
Public works	4,974,300	5,097,600	5,454,854	(357,254)
Library & recreation services	4,510,800	4,570,000	4,044,814	525,186
Community development	1,486,800	1,535,100	1,412,842	122,258
Debt service	307,400	307,400	295,368	12,032
Capital outlay	175,200	3,413,100	1,503,132	1,909,968
Total Expenditures	<u>26,992,100</u>	<u>30,674,800</u>	<u>27,562,252</u>	<u>3,112,548</u>
Excess revenues over (under) expenditures	<u>255,400</u>	<u>(964,400)</u>	<u>(37,477)</u>	<u>926,923</u>
Other financing sources (uses):				
Operating transfers in	901,000	1,301,000	856,789	(444,211)
Operating transfers out	(978,300)	(978,300)	(818,449)	159,851
Total other financing sources (uses)	<u>(77,300)</u>	<u>322,700</u>	<u>38,340</u>	<u>(284,360)</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>178,100</u>	<u>(641,700)</u>	<u>863</u>	<u>642,563</u>
Fund Balance - July 1	<u>8,571,860</u>	<u>8,571,860</u>	<u>8,571,860</u>	
Fund Balance - June 30	<u>\$ 8,749,960</u>	<u>\$ 7,930,160</u>	<u>\$ 8,572,723</u>	<u>\$ 642,563</u>

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, 2008**

	Business-type Activities - Enterprise Funds				Totals
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 22,309,079	\$ 12,646,917	\$ 1,174,266	\$ 297,290	\$ 36,427,552
Cash and investments with fiscal agent		617			617
Accounts receivable	834,634	539,931	25,347	489,405	1,889,317
Inventory	66,324				66,324
Total Current Assets	<u>23,210,037</u>	<u>13,187,465</u>	<u>1,199,613</u>	<u>786,695</u>	<u>38,383,810</u>
Capital Assets:					
Plant, property and equipment	41,967,023	43,681,380	19,784,160	998,836	106,431,399
Less accumulated depreciation	15,479,033	18,715,857	6,860,000	425,288	41,480,178
Net Book Value	<u>26,487,990</u>	<u>24,965,523</u>	<u>12,924,160</u>	<u>573,548</u>	<u>64,951,221</u>
Long-term Assets:					
Unamortized bond discount and issue costs		236,461			236,461
Loans receivable - non current portion		5,311,606			5,311,606
Total Long-term Assets		<u>5,548,067</u>			<u>5,548,067</u>
Total Assets	<u>\$ 49,698,027</u>	<u>\$ 43,701,055</u>	<u>\$ 14,123,773</u>	<u>\$ 1,360,243</u>	<u>\$ 108,883,098</u>

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

**CITY OF EL PASO DE ROBLES  
 PROPRIETARY FUNDS  
 STATEMENT OF FUNDS NET ASSETS  
 JUNE 30, 2008**

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	\$ 813,509	\$ 231,412	\$ 25,223	\$ 89,772	\$ 1,159,916
Accrued payroll expenses	76,133	59,576	10,229	4,620	150,558
Accrued interest expense		28,558			28,558
Customer deposits	106,390	4,233			110,623
Bond principal payable - current portion		190,000			190,000
Total Current Liabilities	<u>996,032</u>	<u>513,779</u>	<u>35,452</u>	<u>94,392</u>	<u>1,639,655</u>
Long-term Liabilities:					
Compensated absences	57,337	65,939	14,678	1,870	139,824
Bond principal payable, net - less current portion		7,295,000			7,295,000
Total Long-term Liabilities	<u>57,337</u>	<u>7,360,939</u>	<u>14,678</u>	<u>1,870</u>	<u>7,434,824</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	26,487,990	17,717,084	12,924,160	573,548	57,702,782
Unrestricted	<u>22,156,668</u>	<u>18,109,253</u>	<u>1,164,161</u>	<u>690,433</u>	<u>42,120,515</u>
Total Net Assets	<u>\$ 48,644,658</u>	<u>\$ 35,826,337</u>	<u>\$ 14,073,643</u>	<u>\$ 1,263,981</u>	<u>\$ 99,808,619</u>

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

**CITY OF EL PASO DE ROBLES  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUNDS NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
Operating Revenues:					
Charges for current services	\$ 4,215,236	\$ 4,367,772	\$ 53,839	\$ 156,103	\$ 8,792,950
Rents and leases			453,605		453,605
Other	11,645	76,468	2,660	10,500	101,273
<b>Total operating revenues</b>	<b>4,226,881</b>	<b>4,444,240</b>	<b>510,104</b>	<b>166,603</b>	<b>9,347,828</b>
Operating expenses:					
Maintenance, operations, and administration	3,515,058	2,714,563	382,429	991,124	7,603,174
Depreciation and amortization	884,228	1,063,311	366,244	59,216	2,372,999
<b>Total operating expenses</b>	<b>4,399,286</b>	<b>3,777,874</b>	<b>748,673</b>	<b>1,050,340</b>	<b>9,976,173</b>
Operating income (loss)	(172,405)	666,366	(238,569)	(883,737)	(628,345)
Non-operating revenues (expenses):					
Taxes			52,457		52,457
Revenues from other agencies	(140,452)			1,049,206	908,754
Interest revenue	925,180	553,906	49,806	16,926	1,545,818
Water connection fees	271,221				271,221
Nacimiento water fees	237,794				237,794
Sewer connection fees		401,690			401,690
Loss on disposal of capital assets	(5,955)				(5,955)
Contributions to other agencies				(99,648)	(99,648)
Interest expense		(352,393)			(352,393)
<b>Total non-operating revenues (expenses)</b>	<b>1,287,788</b>	<b>603,203</b>	<b>102,263</b>	<b>966,484</b>	<b>2,959,738</b>
Income before transfers and capital contributions	1,115,383	1,269,569	(136,306)	82,747	2,331,393
Transfers out	(51,198)	(51,198)			(102,396)
Capital contributions	392,174	389,534			781,708
Capital contribution - Nacimiento project	1,810,229				1,810,229
Capital contribution - Nacimiento water treatment	46,332				46,332
<b>Change in net assets</b>	<b>3,312,920</b>	<b>1,607,905</b>	<b>(136,306)</b>	<b>82,747</b>	<b>4,867,266</b>
Total net assets - July 1	45,331,738	34,218,432	14,209,949	1,181,234	94,941,353
Total net assets - June 30	\$ 48,644,658	\$ 35,826,337	\$ 14,073,643	\$ 1,263,981	\$ 99,808,619

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, 2008**

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
<b>Cash Flows from Operating Activities:</b>					
Receipts from customers and users	\$ 4,177,647	\$ 4,338,852	\$ 494,473	\$ 166,435	\$ 9,177,407
Payments to suppliers	(2,337,986)	(1,592,332)	(189,170)	(850,221)	(4,969,709)
Payments to employees	(1,128,278)	(1,028,122)	(179,774)	(94,342)	(2,430,516)
Net cash provided (used) by operating activities	<u>711,383</u>	<u>1,718,398</u>	<u>125,529</u>	<u>(778,128)</u>	<u>1,777,182</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Revenues from other agencies	7,846,339			827,280	8,673,619
Acquisitions of capital assets	(2,431,549)	(1,672,374)	(12,000)	(404,133)	(4,520,056)
Loan/lease principal paid		(695,000)			(695,000)
Interest paid on long term debt		(353,426)			(353,426)
Contributed capital received	2,365,576	401,690			2,767,266
Net cash provided (used) by capital and related financing activities	<u>7,780,366</u>	<u>(2,319,110)</u>	<u>(12,000)</u>	<u>423,147</u>	<u>5,872,403</u>
<b>Cash Flows from Non-capital and Related Financing Activities:</b>					
Operating transfers in/(out)	(51,198)	(51,198)			(102,396)
Taxes			52,457		52,457
Contributions to others				(99,648)	(99,648)
Net cash provided (used) by non-capital financing sources	<u>(51,198)</u>	<u>(51,198)</u>	<u>52,457</u>	<u>(99,648)</u>	<u>(149,587)</u>
<b>Cash Flows from Investing Activities:</b>					
Interest on investments	925,180	553,906	49,806	16,926	1,545,818
Loan contract receivable		854,156			854,156
Net cash provided by investing financing activities	<u>925,180</u>	<u>1,408,062</u>	<u>49,806</u>	<u>16,926</u>	<u>2,399,974</u>
Net increase (decrease) in cash and cash equivalents	9,365,731	756,152	215,792	(437,703)	9,899,972
Cash and cash equivalents at beginning of year	12,943,348	11,891,382	958,474	734,993	26,528,197
Cash and cash equivalents at end of year	<u>\$ 22,309,079</u>	<u>\$ 12,647,534</u>	<u>\$ 1,174,266</u>	<u>\$ 297,290</u>	<u>\$ 36,428,169</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:</b>					
Operating income (loss)	\$ (172,405)	\$ 666,366	\$ (238,569)	\$ (883,737)	\$ (628,345)
<b>Adjustments to reconcile net operating income (loss)</b>					
Add depreciation and amortization	884,228	1,063,311	366,244	59,216	2,372,999
Loss on disposal of capital assets	(5,955)				(5,955)
<b>Change in operating assets and liabilities:</b>					
(Increase) decrease in accounts receivable	(65,932)	(105,389)	(15,631)		(186,952)
(Increase) decrease in inventory	(12,987)				(12,987)
Increase (decrease) in accounts payable	33,161	85,093	10,828	41,648	170,730
Increase in accrued payroll expenses	31,102	15,878	1,337	3,042	51,359
Increase (decrease) in compensated absences	9,428	(6,861)	1,320	1,870	5,757
Increase (decrease) in customer deposits	10,743			(167)	10,576
Net cash provided (used) by operating activities	<u>\$ 711,383</u>	<u>\$ 1,718,398</u>	<u>\$ 125,529</u>	<u>\$ (778,128)</u>	<u>\$ 1,777,182</u>

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, 2008

	Agency Funds
<b>Assets</b>	
Cash and investments	\$ 1,834,469
Due from others	29,301
	1,863,770
Total Assets	1,863,770
<b>Liabilities</b>	
Accounts payable	17,487
Accrued salaries and benefits payable	3,556
Customer deposits	786,185
Due to others	1,056,542
	1,863,770
Total Liabilities	1,863,770
<b>Net Assets</b>	
Unrestricted	-
<b>Total Net Assets</b>	<b>\$ -</b>

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

**CITY OF EL PASO DE ROBLES**

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June 30, 2008

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

Notes to the Basic Financial Statements  
June 30, 2008

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Description of the Reporting Entity**

The accompanying comprehensive annual financial report includes the financial activities of the City of El Paso De Robles, and its component units, the Paso Robles Redevelopment Agency (Agency) and the El Paso de Robles Public Financing Authority (Authority). The financial activities of the foregoing entities have been aggregated and merged (termed "blending") with those of the City in the accompanying financial statements, as each meets the criteria for inclusion as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39.

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

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

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

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

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

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

Notes to the Basic Financial Statements  
June 30, 2008

### **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.

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

Notes to the Basic Financial Statements  
June 30, 2008

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.

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

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

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.

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

Notes to the Basic Financial Statements

June 30, 2008

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.

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

Notes to the Basic Financial Statements  
June 30, 2008

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.

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

Notes to the Basic Financial Statements  
June 30, 2008

### **F. Compensated Absences**

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

### **G. Cash and Cash Equivalents**

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

### **H. Inventories and Prepaid Items**

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

### **I. Property Taxes**

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

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

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

Notes to the Basic Financial Statements

June 30, 2008

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.

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

Notes to the Basic Financial Statements  
June 30, 2008

### **M. New Accounting Pronouncements**

#### Governmental Accounting Standards Board Statement No. 48

For the fiscal year ended June 30, 2008, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues". The Statement is effective for periods beginning after December 15, 2006. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also contains provisions that apply to certain situations in which a government does not receive resources but, nevertheless, pledges or commits future cash flows generated by collecting specific future revenues. In addition, this statement establishes accounting and financial reporting standards that apply to all intra-entity transfers of assets and future revenues. Implementation of GASB Statement No. 48 did not have an impact on the City's basic financial statements for the fiscal year ended June 30, 2008.

#### Governmental Accounting Standards Board Statement No. 50

For the fiscal year ended June 30, 2008, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 50, "Pension Disclosures - an Amendment of GASB Statements No. 25 and No. 27". The Statement is effective for periods beginning after June 15, 2007. This Statement establishes and modifies requirements related to financial reporting by pension plans and by employers that provide defined benefit and defined contribution pensions.

## **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 2007/08 was 2.894%. For the month ended June 30, 2008, the City recognized a weighted average daily rate of return of 3.995%. At no time during the fiscal year did the City borrow funds through the use of reverse purchase agreements.

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

Notes to the Basic Financial Statements  
June 30, 2008

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

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

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

### **B. Collateral and Categorization Requirements**

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus collateral for cash deposits is considered to be held in the City's name. The fair value of the pledged securities must equal at least 110% of the City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The collateral for certificates of deposit is generally held in safekeeping by the Federal Home Loan Bank in San Francisco as the third-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, 2008.

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements  
June 30, 2008

**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 shown below, any callable securities are assumed to be held to maturity.

		<u>Remaining Maturity (in months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
U.S. Agency Notes	\$ 30,084,465	\$ 100,063	\$ -	\$ 29,984,402	\$ -
U.S. Agency Mortgaged Backed Securities	12,566,559	184,188	8,366,424	3,386,053	629,894
Corporate Notes	2,967,530	2,000,390	-	967,140	
Certificates of Deposit	3,865,000	3,080,000	586,000	199,000	
Local Agency Investment Fund (LAIF) Held by Bond Trustee:	20,250,000	20,250,000			
Money Market Funds	1,997,238	1,997,238	-	-	-
	<u>\$ 71,730,792</u>	<u>\$ 27,611,879</u>	<u>\$ 8,952,424</u>	<u>\$ 34,536,595</u>	<u>\$ 629,894</u>

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

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

**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.

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements  
June 30, 2008

		Minimum Legal Rating	Exempt From Disclosure	Ratings as of Year End		Not Rated
				AAA	AA	
U.S. Agency Notes	\$ 30,084,465	N/A	\$ -	\$ 30,084,465	\$ -	\$ -
U.S. Agency Mortgaged Backed Securities	12,566,559	N/A		12,566,559		
Corporate Notes	2,967,530	A		1,967,880	999,650	
Certificates of Deposit	3,865,000	N/A				3,865,000
Local Agency Investment Fund (LAIF)	20,250,000	N/A				20,250,000
Held by Bond Trustee:						
Money Market Funds	1,997,238					1,997,238
	<u>\$ 71,730,792</u>		<u>\$ -</u>	<u>\$ 44,618,904</u>	<u>\$ 999,650</u>	<u>\$ 26,112,238</u>

**F. Concentrations of Credit Risk**

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	Federal agency securities	\$ 12,135,941
Federal Home Loan Mortgage Association	Federal agency securities	19,364,663
Federal National Mortgage Association	Federal agency securities	10,477,508

**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

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements  
June 30, 2008

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, 2008, 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 \$509,754 at June 30, 2008. Cash on hand was \$5,000 and bank balances, before reconciling items, were \$263,718 at June 30, 2008. At June 30, 2008, 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	\$33,982,908
Business activities	36,428,169
Fiduciary funds	<u>1,834,469</u>
Total Cash and Investments	<u>\$72,245,546</u>

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

Available for operations	\$69,063,551
With fiscal agent	1,347,526
Fiduciary funds	<u>1,834,469</u>
Total Cash and Investments	<u>\$72,245,546</u>

**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.

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

Notes to the Basic Financial Statements

June 30, 2008

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, 2008, the account in the name of the City held \$20,250,000 on deposit while the Redevelopment Agency had no funds on deposit.

### **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, 2008. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. When actual cost information was not available, current replacement cost was estimated and trended back to the date of acquisition by using either the Bureau of Labor

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements  
June 30, 2008

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, 2008, consisted of the following:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
<b>Governmental Activities:</b>				
Land	\$ 15,477,364	\$ 810,209	\$ -	\$ 16,287,573
Buildings and improvements	45,759,984	1,080,529		46,840,513
Equipment	6,511,321	734,102	323,827	6,921,596
Infrastructure and CIP Infrastructure	139,044,504	25,521,825	20,284,721	144,281,608
Construction in progress	1,257,520	2,470,062	399,742	3,327,840
Less accumulated depreciation	(44,695,413)	(4,987,791)	(323,827)	(49,359,377)
<b>Governmental activity capital assets, net</b>	<b>\$ 163,355,280</b>	<b>\$ 25,628,936</b>	<b>\$ 20,684,463</b>	<b>\$ 168,299,753</b>

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements  
June 30, 2008

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
<b>Business-type Activities:</b>				
<b>Water</b>				
Buildings	\$ 732,488	\$ -	\$ -	\$ 732,488
Improvements other than buildings	30,131,690	2,063,002		32,194,692
Equipment	1,582,516	73,485	373,776	1,282,225
Construction in progress	7,064,427	2,184,573	1,491,382	7,757,618
Less accumulated depreciation	(14,962,626)	(884,228)	(367,821)	(15,479,033)
<b>Water activities capital assets, net</b>	<b>\$ 24,548,495</b>	<b>\$ 3,436,832</b>	<b>\$ 1,497,337</b>	<b>\$ 26,487,990</b>
<b>Sewer</b>				
Land	\$ 559,050	\$ -	\$ -	\$ 559,050
Buildings	688,338			688,338
Improvements other than buildings	31,650,142	980,819		32,630,961
Equipment	1,253,987	70,568	19,220	1,305,335
Construction in progress	7,487,174	1,513,963	503,441	8,497,696
Less accumulated depreciation	(17,681,618)	(1,053,459)	(19,220)	(18,715,857)
<b>Sewer activities capital assets, net</b>	<b>\$ 23,957,073</b>	<b>\$ 1,511,891</b>	<b>\$ 503,441</b>	<b>\$ 24,965,523</b>
<b>Airport</b>				
Land	\$ 7,830,415	\$ -	\$ -	\$ 7,830,415
Buildings	1,956,948			1,956,948
Improvements other than buildings	9,820,453			9,820,453
Equipment	164,344	12,000		176,344
Less accumulated depreciation	(6,493,756)	(366,244)		(6,860,000)
<b>Airport activities capital assets, net</b>	<b>\$ 13,278,404</b>	<b>\$ (354,244)</b>	<b>\$ -</b>	<b>\$ 12,924,160</b>
<b>Transit</b>				
Equipment	\$ 587,138	\$ 411,698	\$ -	\$ 998,836
Construction in progress	7,565		7,565	
Less accumulated depreciation	(366,072)	(59,216)		(425,288)
<b>Transit activities capital assets, net</b>	<b>\$ 228,631</b>	<b>\$ 352,482</b>	<b>\$ 7,565</b>	<b>\$ 573,548</b>
<b>Business-type activity capital assets, net</b>	<b>\$ 62,012,603</b>	<b>\$ 4,946,961</b>	<b>\$ 2,008,343</b>	<b>\$ 64,951,221</b>
<b>Net capital assets, total government</b>	<b>\$ 225,367,883</b>	<b>\$ 30,575,897</b>	<b>\$ 22,692,806</b>	<b>\$ 233,250,974</b>

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements  
June 30, 2008

For the fiscal year ended June 30, 2008, depreciation expense on capital assets was charged to the governmental functions as follows:

General Government	\$	283,607
Public Safety		617,802
Public Works		3,689,899
Library and Recreation Services		382,023
Community Development		<u>14,460</u>
Total Depreciation Expense	\$	<u><u>4,987,791</u></u>

**Construction Commitments**

As of June 30, 2008, the City had a number of construction projects in progress. The governmental activity projects had a total work in progress amount of \$3,327,840. The business-type activity projects included various water, sewer, and airport infrastructure improvements totaling \$16,255,314.

**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 services) 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.

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements

June 30, 2008

	<u>Loans Receivable</u>	<u>Loans Payable</u>
<b>Major Funds:</b>		
General Fund	\$ 2,192,290	\$ -
Traffic Mitigation Development Fund	9,128,195	5,311,606
Public Facilities Development Fund	8,154,214	
Highway 101/46 West Community Facilities District Fund		9,089,991
RDA Debt Service Fund		8,412,444
Sewer Enterprise Fund	5,311,606	
<b>Non-Major Funds:</b>		
Capital Projects Reserve Fund		38,204
Police Grants Special Revenue Fund		4,726
Redevelopment Agency Special Revenue Fund	258,229	
Specific Plan Fund		2,015,956
Airport Road PSR Fund		171,607
	<hr/>	<hr/>
<b>Totals</b>	<u>\$ 25,044,534</u>	<u>\$ 25,044,534</u>

**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:

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements

June 30, 2008

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Funds:</b>		
General Fund	\$ 856,789	\$ 818,449
Traffic Mitigation Fund		6,700
Highway 101/46 West CFD Fund	6,700	
RDA Debt Service Fund		1,362,917
<b>Non-Major Funds:</b>		
General Emergency and Reserves Fund	249,773	199,992
Capital Replacement Fund		
Citizens Option Public Safety Fund		71,805
City Facility Repair Fund	231,492	199,992
Gas Tax Fund	599,038	354,468
Transportation Development Fund		199,042
Community Development Block Grant Fund	285,705	
Redevelopment Agency Fund	811,320	285,705
Landfill Contingency Fund	73,200	
Community Facilities District Operations		64,148
1993 Public Facilities Debt Service Fund	551,597	
<b>Enterprise Funds:</b>		
Sewer Fund		51,198
Water Fund		51,198
	<hr/>	<hr/>
<b>Totals</b>	<b>\$ 3,665,614</b>	<b>\$ 3,665,614</b>
	<hr/> <hr/>	<hr/> <hr/>

**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

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

Notes to the Basic Financial Statements

June 30, 2008

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. At year end 6/30/2007, the fund balance is \$200,216. 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 2008 actuarial study indicated that the City had a fund balance of \$1,183,861. This amount does not include \$419,000 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 2008. We anticipate the "Actuarial Review" will be updated in fiscal year 2009.

### **NOTE 6 - GOVERNMENTAL ACTIVITIES LONG-TERM DEBT**

#### **A. Description**

General Obligation Bonds - On September 27, 2007, the City issued \$31,435,000 of General Obligation Bonds (GO Bonds) with interest rates ranging from 3.5% to 5.0% and due in annual installments ranging from \$486,015 to \$2,623,112, to advance refund prior General Obligation Bonds Series A and C with interest rates ranging from 5.05% to 5.7% and a par value of \$23,253,951. The prior GO Bonds mature annually on August 1 between 2008 and 2027. The prior GO Bonds are callable on August 1, 2009. The current GO Bonds were issued at a premium of \$963,102 and the net proceeds were \$32,398,102. The net proceeds from the issuance of the GO Bonds were used to purchase US Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called on August 1, 2009. The advance refunding met the requirements of an in-substance defeasance and the term bonds were removed from the City's government-wide financial statements. As a result of the advance refunding, the City reduced its total debt service requirements by \$3,804,464, which resulted in an economic gain of \$2,204,461.

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

Notes to the Basic Financial Statements  
June 30, 2008

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).

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 March 10, 2004, the Paso Robles Public Financing Authority issued \$5,460,000 Certificates of Participation (COPS) with interest rates ranging from 2.0% to 4.25% to current refund prior COPS with interest rates ranging from 4.9% to 5.4% and a par value of \$5,365,000. The prior COPS mature annually on December 1 between 2004 and 2023. The prior COPS were callable on April 1, 2004. The current COPS were issued at a discount of (\$80.45) and, after paying issuance costs of \$115,368 and underwriter's discount of \$23,125, the net proceeds were \$5,394,920. The net proceeds from the issuance of the COPS were used to purchase US Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds were called on April 1, 2004. The advance refunding met the requirements of an in-substance defeasance and the term bonds were removed from the City's government-wide financial statements. As a result of the advance refunding, the City reduced its total debt service requirements by \$684,823.06, which resulted in an economic gain of \$642,644.27. Annual installments range from \$227,870 to \$651,560 through January 1, 2024.

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, 2007, with the last payment due December 30, 2020. Total annual payments are \$138,598.02.

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements  
June 30, 2008

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

As of June 30, 2008, the City had the following long-term obligations outstanding including the current portion:

	<b>Governmental Activities</b>					
	<b>Balance July 1, 2007</b>	<b>Restatement</b>	<b>Incurred or Issued</b>	<b>Satisfied or Matured</b>	<b>Balance June 30, 2008</b>	<b>Current Portion</b>
<b>Governmental Activities:</b>						
Capital Leases Payable	\$ 1,760,685	\$ -	\$ -	\$ (235,703)	\$ 1,524,982	\$ 195,349
Certificates of Participation	4,170,000			(430,000)	3,740,000	95,000
General Obligation Bonds	29,966,715	7,536,658	31,435,000	(32,778,900)	36,159,473	1,630,972
Redevelopment Tax Allocation Bonds	6,315,000			(195,000)	6,120,000	190,000
Compensated Absences	2,049,742		199,533		2,249,275	50,000
Closure/Postclosure Liability	1,261,810		177,111		1,438,921	
<b>Total Governmental Activities</b>	<b>\$ 45,523,952</b>	<b>\$ 7,536,658</b>	<b>\$ 31,811,644</b>	<b>\$ (33,639,603)</b>	<b>\$ 51,232,651</b>	<b>\$ 2,161,321</b>

**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, 2008 are as follows:

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements

June 30, 2008

<u>Governmental Activities</u>		
<u>Year End</u>		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 2,111,321	\$ 2,029,406
2010	2,005,511	1,979,445
2011	1,975,503	1,936,531
2012	1,988,833	1,894,088
2013	2,048,456	1,843,766
2014-2018	11,120,062	8,297,738
2019-2023	12,458,866	6,281,911
2024-2028	13,835,903	3,613,162
2029		497,825
	<u>\$ 47,544,455</u>	<u>\$ 28,373,872</u>

**D. Bond Requirements**

At June 30, 2008, management believes the City and its component units are in compliance with all covenants of the various debt indentures.

**E. Defeased Obligations**

Outstanding defeased obligations at June 30, 2008, were as follows:

<u>GO Bond Issue</u>	
1999 A	\$ 23,175,609
2002 C	<u>7,615,000</u>
	<u>\$ 30,790,609</u>

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements  
June 30, 2008

**NOTE 7 - BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT**

**A. Description**

Sewer Installment Sale Revenue Bonds - On October 1, 2002, the Public Financing Authority issued \$11,550,000 in Sewer Revenue Installment Bonds (2003) for the purpose of refunding the 1993 Sewer Refunding Bonds (which refunded the 1987 Sewer Revenue Bonds) and provided \$8,000,000 for sewer collection and treatment system improvements. The economic gain, net present value savings, was \$129,373. The outstanding bonds bear a net interest cost of 5.36% and are due in annual installments ranging from \$522,438 to \$1,046,201 through January 1, 2032. These bonds are payable from sewer user fees.

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

As of June 30, 2008, the City had the following long-term obligations outstanding including the current portion:

	<b>Business Activities</b>				
	<b>Balance July 1, 2007</b>	<b>Incurred or Issued</b>	<b>Satisfied or Matured</b>	<b>Balance June 30, 2008</b>	<b>Current Portion</b>
<b>Business-type Activities:</b>					
Compensated Absences	\$ 134,066	\$ 5,758	\$ -	\$ 139,824	\$ -
Revenue Bonds	8,180,000		(695,000)	7,485,000	190,000
<b>Total Business-type Activities</b>	<b>\$ 9,031,769</b>	<b>\$ 5,758</b>	<b>\$ (695,000)</b>	<b>\$ 7,624,824</b>	<b>\$ 190,000</b>

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

The annual requirements to amortize all debts outstanding (excluding compensated absences) as of June 30, 2008 are as follows:

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements  
June 30, 2008

<b>Business Activities</b>		
<b>Year End</b>		
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>
2009	\$ 190,000	\$ 333,826
2010	195,000	328,364
2011	205,000	322,319
2012	210,000	315,554
2013	215,000	308,204
2014-2018	1,210,000	1,410,650
2019-2023	1,495,000	1,133,592
2024-2028	1,900,000	750,262
2029-2032	1,865,000	238,500
	<u>\$ 7,485,000</u>	<u>\$ 5,141,271</u>

**D. Bond Requirements**

At June 30, 2008, 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, 2008.

**NOTE 8 - EMPLOYEE BENEFITS**

**A. Retirement System**

The City of Paso Robles' defined benefit pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is part of the Public Agency portion of the California Public Employees' Retirement System, (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers with the State of California. A menu of benefit provisions as well as other requirements is established by State statutes with the Public

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements  
June 30, 2008

Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report.

The City contributes the employee and employer shares for the Miscellaneous Plan and the Safety Plans. The City of Paso Robles is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by the State statute and the employer contribution rate is established and may be amended by CalPERS. The City's contributions to CalPERS for the fiscal years ending June 30, 2008, 2007, and 2006 were \$3,310,779, \$2,951,474, \$2,501,192, respectively, and equal 100% of the required contributions for each fiscal year.

The plans' provisions, benefits and contribution rates in effect at June 30, 2008 are summarized as follows:

	<u>Miscellaneous</u>	<u>Police</u>	<u>Fire</u>
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	50	50
Monthly benefits, as % of annual salary	2.5%	3.0%	2.0%
Required employee contribution rate	8%	9%	9%
Required employer contribution rate	15.135%	26.545%	14.789%
Total current covered payroll	\$ 7,671,533	\$ 3,036,364	\$ 1,934,008
Required employee contributions made	\$ 613,723	\$ 273,279	\$ 174,067
Required employer contributions rate made	\$ 1,158,280	\$ 805,810	\$ 285,620

Total current payroll for covered employees for the year ended June 30, 2008 was \$12,641,908 and the total payroll for all employees was \$13,864,973.

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements  
June 30, 2008

Audited annual financial statements and ten-year trend information for the fiscal year ended June 30, 2007, 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.

For the fiscal year ended June 30, 2008, employee retirement costs totaled \$149,501, for the pay as you go method. For fiscal years 2002 through 2008 these costs are displayed in the chart below. Payments for health insurance premiums are recorded as receivables and are billed for reimbursement to the retirees. At June 30, 2008, 29 retirees were subscribing to the City's group health plan.

<u>Year</u>	<u>Retiree Health Care Insurance Benefits</u>
2002	\$ 21,400
2003	29,800
2004	45,094
2005	50,209
2006	82,855
2007	105,673
2008	149,501

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

Notes to the Basic Financial Statements  
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### **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, 2008, the total City contribution on behalf of eligible employees was \$179,909.09. All SEIU employees shall be eligible to participate in the deferred compensation program. Effective January 1, 2007, the City will match employee contributions to a maximum of \$20.00 per pay period.

### **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 \$2,199,275 for governmental activities and \$139,824 for business-type activities at June 30, 2008, is expected to be paid in future

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

Notes to the Basic Financial Statements  
June 30, 2008

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 29, 78, and 79). As of June 30, 2008, reservations of fund balance are described below:

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

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

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

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

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

Notes to the Basic Financial Statements  
June 30, 2008

As of June 30, 2008 the Highway 101/46 West Community Facilities District Fund deficit fund balance of (\$9,089,991), the Redevelopment Agency Debt Service Fund deficit fund balance of (\$7,074,708), the Airport Road PSR Fund of (\$171,607), and Specific Plans Fund deficit fund balance of (\$1,017,443).

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

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

#### **Major Funds:**

Highway 101/46 West Community Facilities District Fund	\$	92,896
Redevelopment Agency Debt Service Fund		1,307,814

#### **Non-Major Funds:**

Police Grants		56,370
Landscape and Lighting District		657,949
Landfill Closure/Postclosure Special Revenue Fund - Public Works		177,111
Youth Scholarship Fund		5,614
Community Facilities District Operations Fund		3,829
Specific Plans Fund		44,586

### **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 - NACIMIENTO WATER PROJECT**

The City of Paso Robles has entered into a contract with the San Luis Obispo County Financing Authority (Authority). The Authority was created on August 15, 2000, to issue bonds for the purpose of financing part or all of the costs of the purchase, construction, expansion, improvement, or rehabilitation of any real or other tangible property. The Authority issued \$196,410,000 (\$157,845,000 Revenue Bonds, 2007 Series A and \$38,565,000 Revenue Bonds, 2007 Series B) for the Nacimiento Water Project on September 26, 2007. The City of Paso Robles is considered a participating agency of the Authority. The City's share of the Nacimiento Water Project is based upon the participating agency's share of the quantity of water to be distributed by the Authority from the Nacimiento

**CITY OF EL PASO DE ROBLES**

Notes to the Basic Financial Statements

June 30, 2008

Lake. The City is obligated to pay for the debt service of the Authority based on their water share. The City is further obligated to make contract payments until the year 2040. The future minimum contract payments for the debt service are as follows:

<u>Nacimiento Water Project</u>	
<u>Year End June 30</u>	<u>Net Annual Debt Service</u>
2009	\$ -
2010	
2011	1,587,995
2012	4,224,589
2013	4,225,889
2014-2018	21,134,871
2019-2023	21,135,196
2024-2028	21,122,446
2029-2033	21,119,070
2034-2038	21,126,797
2039-2040	8,351,443
	<u>\$ 124,028,296</u>

**NOTE 13 - PRIOR PERIOD ADJUSTMENTS**

The prior period adjustments are related to correctly account for capital appreciation bonds issued. The accounting change is reported in the government-wide financial statements in the amount of \$7,536,658.

# 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.

Police Grants Fund - to account for public safety grants.

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

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

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

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

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

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

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

Building Department Special Fees Fund - to account for Building Department 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.

## NON-MAJOR GOVERNMENTAL FUNDS

### 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.

General Services Community Facilities District Fund - to account for funds provided by special taxes on new residential development for city services.

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

Downtown Parking in Lieu Fee Fund - to account for funds deposited with new or expanded downtown development that chooses to pay a Council authorized fee in lieu of providing all or a portion of their required on-site parking.

Bike and Pedestrian Path Facilities Fund - to account for funds collected for bike and pedestrian paths.

### CAPITAL PROJECTS FUNDS

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

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.

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 FUND

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

**NON-MAJOR GOVERNMENTAL FUNDS**

	SPECIAL REVENUE FUNDS												
	Capital Replacement	Building Education	City/School Facility Improvement	Citizens Option Public Safety	Police Grants	State Gas Tax	Transportation Development Act	Community Development Block Grant	Youth Scholarship	Landscape and Lighting District	Landfill Closure/ Postclosure	Redevelopment Agency	
<b>ASSETS</b>													
Cash and investments	\$ 2,339,082	\$ 112,947	\$ 44,312	\$ 184,481	\$ -	\$ 1,086,337	\$ -	331,186	\$ 44,468	\$ 13,829	\$ 1,514,511	\$ 805,295	
Cash and investments with fiscal agent													
Accounts receivable	528				40,037	185,483	72,094	59,105		93,646			
Loan contracts receivable								783,733				404,969	
<b>Total Assets</b>	<b>\$ 2,339,610</b>	<b>\$ 112,947</b>	<b>\$ 44,312</b>	<b>\$ 184,481</b>	<b>\$ 40,037</b>	<b>\$ 1,271,820</b>	<b>\$ 72,094</b>	<b>\$ 1,174,024</b>	<b>\$ 44,468</b>	<b>\$ 107,475</b>	<b>\$ 1,514,511</b>	<b>\$ 1,210,264</b>	
<b>LIABILITIES AND FUND BALANCES</b>													
Accounts payable	\$ 51,102	\$ 898	\$ -	\$ 508	\$ 28,074	\$ 1,600	\$ -	108,051	\$ -	\$ 61,908	\$ -	168,596	
Accrued payroll expenses								10,990		3,248			
Deferred revenues								783,733				146,740	
Loan contracts payable					4,726								
<b>Total Liabilities</b>	<b>51,102</b>	<b>898</b>		<b>508</b>	<b>32,800</b>	<b>1,600</b>	<b>-</b>	<b>902,774</b>		<b>65,156</b>		<b>315,336</b>	
Fund balances:													
Reserved						150,000						1,063,524	
Unreserved	2,288,508	112,049	44,312	183,973	7,237	1,120,220	72,094	271,250	44,468	42,319	1,514,511	(168,596)	
<b>Total Fund Balances</b>	<b>2,288,508</b>	<b>112,049</b>	<b>44,312</b>	<b>183,973</b>	<b>7,237</b>	<b>1,270,220</b>	<b>72,094</b>	<b>271,250</b>	<b>44,468</b>	<b>42,319</b>	<b>1,514,511</b>	<b>894,928</b>	
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,339,610</b>	<b>\$ 112,947</b>	<b>\$ 44,312</b>	<b>\$ 184,481</b>	<b>\$ 40,037</b>	<b>\$ 1,271,820</b>	<b>\$ 72,094</b>	<b>\$ 1,174,024</b>	<b>\$ 44,468</b>	<b>\$ 107,475</b>	<b>\$ 1,514,511</b>	<b>\$ 1,210,264</b>	

\*Other Funds includes General Emergency and Reserve Fund, Economic Incentive Fund, City Facility Repair Fund, Solidwaste Contingency Fund, General Services Community Facilities District, Art in Public Places, Downtown Parking in Lieu, Bike & Pedestrian Path Facilities.

**NON-MAJOR GOVERNMENTAL FUNDS**

	CAPITAL PROJECTS FUNDS								DEBT SVC FUND		Total Non-Major Governmental Funds
	Building Department Special Fees	Other Funds*	Capital Projects Reserve	Bridge Development	Park Development	Storm Drain Development	Specific Plans	Airport Road PSR	1993 Public Facilities Debt Service Fund		
<b>ASSETS</b>											
Cash and investments	\$ 195,500	\$ 2,171,396	\$ 601,644	\$ 87,976	\$ 2,061,268	\$ 227,716	\$ 1,008,340	\$ -	\$ -	\$ -	\$ 12,830,288
Cash and investments with fiscal agent									480,089		480,089
Accounts receivable		218,842									669,735
Loan contracts receivable											1,188,702
<b>Total Assets</b>	<b>\$ 195,500</b>	<b>\$ 2,390,238</b>	<b>\$ 601,644</b>	<b>\$ 87,976</b>	<b>\$ 2,061,268</b>	<b>\$ 227,716</b>	<b>\$ 1,008,340</b>	<b>\$ -</b>	<b>\$ 480,089</b>	<b>\$ -</b>	<b>\$ 15,168,814</b>
<b>LIABILITIES AND FUND BALANCES</b>											
Accounts payable	\$ 2,031	\$ 380	\$ 10,962	\$ -	\$ -	\$ -	\$ 9,828	\$ -	\$ -	\$ -	\$ 443,938
Accrued payroll expenses		3,416									17,654
Deferred revenues					35,448						965,921
Loan contracts payable			38,204				2,015,956	171,607			2,230,493
<b>Total Liabilities</b>	<b>2,031</b>	<b>3,796</b>	<b>49,166</b>		<b>35,448</b>		<b>2,025,784</b>	<b>171,607</b>			<b>3,658,006</b>
Fund balances:											
Reserved											1,213,524
Unreserved	193,469	2,386,442	552,478	87,976	2,025,820	227,716	(1,017,444)	(171,607)	480,089		10,297,284
<b>Total Fund Balances</b>	<b>193,469</b>	<b>2,386,442</b>	<b>552,478</b>	<b>87,976</b>	<b>2,025,820</b>	<b>227,716</b>	<b>(1,017,444)</b>	<b>(171,607)</b>	<b>480,089</b>		<b>11,510,808</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 195,500</b>	<b>\$ 2,390,238</b>	<b>\$ 601,644</b>	<b>\$ 87,976</b>	<b>\$ 2,061,268</b>	<b>\$ 227,716</b>	<b>\$ 1,008,340</b>	<b>\$ -</b>	<b>\$ 480,089</b>	<b>\$ -</b>	<b>\$ 15,168,814</b>

**NON-MAJOR GOVERNMENTAL FUNDS**

	SPECIAL REVENUE FUNDS											
	Capital Replacement	Building Education	City/School Facility Improvement	Citizens Option Public Safety	Police Grants	State Gas Tax	Transportation Development Act	Community Development Block Grant	Youth Scholarship	Landscape and Lighting District	Landfill Closure/ Postclosure	Redevelopment Agency
Revenues:												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,405,054	\$ -	\$ 762,568
Uses of money and property	105,044	5,144	6,964	8,515		38,576	6,194		1,982		68,165	118,631
From other agencies				100,000	164,057	552,194	290,679	703,779				
Charges for current services		5,269										
Other	650,868								10,022			5,000
<b>Total Revenues</b>	<b>755,912</b>	<b>10,413</b>	<b>6,964</b>	<b>108,515</b>	<b>164,057</b>	<b>590,770</b>	<b>296,873</b>	<b>703,779</b>	<b>12,004</b>	<b>1,405,054</b>	<b>68,165</b>	<b>886,199</b>
Expenditures:												
General government	271,781											
Public safety	55,115			15,936	132,770							
Public works	67,211	9,522				10	22,104			1,178,149		
Library & recreation services	2,840								5,614			
Community development	2,840							353,355				1,316,386
Debt service												
Capital outlay				54,443		1,026,991		639,407				
<b>Total Expenditures</b>	<b>399,787</b>	<b>9,522</b>		<b>70,379</b>	<b>132,770</b>	<b>1,027,001</b>	<b>22,104</b>	<b>992,762</b>	<b>5,614</b>	<b>1,178,149</b>		<b>1,316,386</b>
Excess revenues over (under) expenditures	356,125	891	6,964	38,136	31,287	(436,231)	274,769	(288,983)	6,390	226,905	68,165	(430,187)
Other financing sources (uses):												
Operating transfers in						599,038		285,705			73,200	811,320
Operating transfers out				(71,805)		(354,468)	(199,042)					(285,705)
<b>Total other financing sources (uses)</b>				<b>(71,805)</b>		<b>244,570</b>	<b>(199,042)</b>	<b>285,705</b>			<b>73,200</b>	<b>525,615</b>
Excess revenues and other sources over (under) expenditures and other uses	356,125	891	6,964	(33,669)	31,287	(191,661)	75,727	(3,278)	6,390	226,905	141,365	95,428
Fund Balances - July 1	1,932,383	111,158	37,348	217,642	(24,050)	1,461,881	(3,633)	274,528	38,078	(184,586)	1,373,146	799,500
Fund Balances - June 30	\$ 2,288,508	\$ 112,049	\$ 44,312	\$ 183,973	\$ 7,237	\$ 1,270,220	\$ 72,094	\$ 271,250	\$ 44,468	\$ 42,319	\$ 1,514,511	\$ 894,928

\*Other Funds includes General Emergency and Reserve Fund, Economic Incentive Fund, City Facility Repair Fund, Solidwaste Contingency Fund, General Services Community Facilities District, Art in Public Places, Downtown Parking in Lieu and Bike and Pedestrian Path Facilities.

**NON-MAJOR GOVERNMENTAL FUNDS**

	CAPITAL PROJECTS FUNDS							DEBT SVC FUND		Total Non-Major Governmental Funds
	Building Department Special Fees	Other Funds*	Capital Projects Reserve	Bridge Development	Park Development	Storm Drain Development	Specific Plans	Airport Road PSR	1993 Public Facilities Debt Service Fund	
Revenues:										
Taxes	\$ -	\$ 47,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,215,123
Uses of money and property		113,070	18,561	4,001	85,555	11,974	47,228		18,663	658,267
From other agencies		210,988	633,478							2,655,175
Charges for current services	60,384	24,473			344,585	112,216	83,160			630,087
Other		426,240					1,781			1,093,911
<b>Total Revenues</b>	<b>60,384</b>	<b>822,272</b>	<b>652,039</b>	<b>4,001</b>	<b>430,140</b>	<b>124,190</b>	<b>132,169</b>		<b>18,663</b>	<b>7,252,563</b>
Expenditures:										
General government		73,344								345,125
Public safety										203,821
Public works	34,947	842				7,994				1,320,779
Library & recreation services										8,454
Community development		38,829					248,369			1,959,779
Debt service							102,082	8,940	570,310	681,332
Capital outlay		789,647	68,493			265,929	18,736	2,231		2,865,877
<b>Total Expenditures</b>	<b>34,947</b>	<b>902,662</b>	<b>68,493</b>			<b>273,923</b>	<b>369,187</b>	<b>11,171</b>	<b>570,310</b>	<b>7,385,167</b>
Excess revenues over (under) expenditures	25,437	(80,390)	583,546	4,001	430,140	(149,733)	(237,018)	(11,171)	(551,647)	(132,604)
Other financing sources (uses):										
Operating transfers in		481,265							551,597	2,802,125
Operating transfers out		(464,132)								(1,375,152)
<b>Total other financing sources (uses)</b>		<b>17,133</b>							<b>551,597</b>	<b>1,426,973</b>
Excess revenues and other sources over (under) expenditures and other uses	25,437	(63,257)	583,546	4,001	430,140	(149,733)	(237,018)	(11,171)	(50)	1,294,369
Fund Balances - July 1	168,032	2,449,699	(31,068)	83,975	1,595,680	377,449	(780,426)	(160,436)	480,139	10,216,439
Fund Balances - June 30	\$ 193,469	\$ 2,386,442	\$ 552,478	\$ 87,976	\$ 2,025,820	\$ 227,716	\$ (1,017,444)	\$ (171,607)	\$ 480,089	\$ 11,510,808

**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, 2008**

	Capital Replacement Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 10,000	\$ 105,044	\$ 95,044
Other	625,000	650,868	25,868
Total Revenues	<u>635,000</u>	<u>755,912</u>	<u>120,912</u>
Expenditures:			
General government	312,300	271,781	40,519
Public safety	227,300	55,115	172,185
Public works	531,300	67,211	464,089
Library & recreation services	50,200	2,840	47,360
Community development	16,900	2,840	14,060
Total Expenditures	<u>1,138,000</u>	<u>399,787</u>	<u>738,213</u>
Excess revenues over (under) expenditures	(503,000)	356,125	859,125
Fund Balance - July 1	<u>1,932,383</u>	<u>1,932,383</u>	
Fund Balance - June 30	<u>\$ 1,429,383</u>	<u>\$ 2,288,508</u>	<u>\$ 859,125</u>

**CITY OF EL PASO DE ROBLES**  
**NON-MAJOR FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the fiscal year ended June 30, 2008**

	Building Education Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 1,000	\$ 5,144	\$ 4,144
Charges for current services	5,500	5,269	(231)
Total Revenues	<u>6,500</u>	<u>10,413</u>	<u>3,913</u>
Expenditures:			
Public works	25,000	9,522	15,478
Total Expenditures	<u>25,000</u>	<u>9,522</u>	<u>15,478</u>
Excess revenues over (under) expenditures	(18,500)	891	19,391
Fund Balance - July 1	<u>111,158</u>	<u>111,158</u>	
Fund Balance - June 30	<u><u>\$ 92,658</u></u>	<u><u>\$ 112,049</u></u>	<u><u>\$ 19,391</u></u>

**CITY OF EL PASO DE ROBLES**  
**NON-MAJOR FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the fiscal year ended June 30, 2008**

	City/School Facility Improvement Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 5,500	\$ 6,964	\$ 1,464
Total Revenues	5,500	6,964	1,464
Fund Balance - July 1	37,348	37,348	
Fund Balance - June 30	\$ 42,848	\$ 44,312	\$ 1,464

**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, 2008**

	Citizens Option Public Safety Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 8,515	\$ 8,515
From other agencies	100,000	100,000	
Total Revenues	100,000	108,515	8,515
Expenditures:			
Public safety	100,000	15,936	84,064
Capital outlay	122,000	54,443	67,557
Total Expenditures	222,000	70,379	151,621
Excess revenues over (under) expenditures	(122,000)	38,136	160,136
Other financing sources (uses):			
Operating transfers out	(95,000)	(71,805)	23,195
Total other financing sources (uses)	(95,000)	(71,805)	23,195
Excess revenues and other sources over (under) expenditures and other uses	(217,000)	(33,669)	183,331
Fund Balance - July 1	217,642	217,642	
Fund Balance - June 30	\$ 642	\$ 183,973	\$ 183,331

**CITY OF EL PASO DE ROBLES**  
**NON-MAJOR FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the fiscal year ended June 30, 2008**

	Police Grants		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
From other agencies	\$ 127,500	\$ 164,057	\$ 36,557
Total Revenues	127,500	164,057	36,557
Expenditures:			
Public safety	76,400	132,770	(56,370)
Total Expenditures	76,400	132,770	(56,370)
Excess revenues over (under) expenditures	51,100	31,287	(19,813)
Fund Balance - July 1	(24,050)	(24,050)	
Fund Balance - June 30	\$ 27,050	\$ 7,237	\$ (19,813)

**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, 2008**

	State Gas Tax Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 38,576	\$ 38,576
From other agencies	586,000	552,194	(33,806)
Total Revenues	<u>586,000</u>	<u>590,770</u>	<u>4,770</u>
Expenditures:			
Public works	177,000	10	176,990
Capital outlay	1,747,800	1,026,991	720,809
Total Expenditures	<u>1,924,800</u>	<u>1,027,001</u>	<u>897,799</u>
Excess revenues over (under) expenditures	<u>(1,338,800)</u>	<u>(436,231)</u>	<u>902,569</u>
Other financing sources (uses):			
Operating transfers in	400,000	599,038	199,038
Operating transfers out	(430,000)	(354,468)	75,532
Total other financing sources (uses)	<u>(30,000)</u>	<u>244,570</u>	<u>274,570</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(1,368,800)</u>	<u>(191,661)</u>	<u>1,177,139</u>
Fund Balance - July 1	<u>1,461,881</u>	<u>1,461,881</u>	
Fund Balance - June 30	<u>\$ 93,081</u>	<u>\$ 1,270,220</u>	<u>\$ 1,177,139</u>

**CITY OF EL PASO DE ROBLES  
NON-MAJOR FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the fiscal year ended June 30, 2008**

	Transportation Development Act Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 6,194	\$ 6,194
From other agencies	55,000	290,679	235,679
Total Revenues	55,000	296,873	241,873
Expenditures:			
Public works		22,104	(22,104)
Capital outlay	35,000		35,000
Total Expenditures	35,000	22,104	12,896
Excess revenues over (under) expenditures	20,000	274,769	254,769
Other financing sources (uses):			
Operating transfers out		(199,042)	(199,042)
Total other financing sources (uses)		(199,042)	(199,042)
Excess revenues and other sources over (under) expenditures and other uses	20,000	75,727	55,727
Fund Balance - July 1	(3,633)	(3,633)	
Fund Balance - June 30	\$ 16,367	\$ 72,094	\$ 55,727

**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, 2008**

	Community Development Block Grant		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
From other agencies	\$ 360,000	\$ 703,779	\$ 343,779
Total Revenues	360,000	703,779	343,779
Expenditures:			
Community development	598,900	353,355	245,545
Capital outlay	1,087,900	639,407	448,493
Total Expenditures	1,686,800	992,762	694,038
Excess revenues over (under) expenditures	(1,326,800)	(288,983)	1,037,817
Other financing sources (uses):			
Operating transfers in	105,000	285,705	180,705
Total other financing sources (uses)	105,000	285,705	180,705
Excess revenues and other sources over (under) expenditures and other uses	(1,221,800)	(3,278)	1,218,522
Fund Balance - July 1	274,528	274,528	
Fund Balance - June 30	\$ (947,272)	\$ 271,250	\$ 1,218,522

**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, 2008**

	Youth Scholarship Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 1,982	\$ 1,982
Other	6,800	10,022	3,222
Total Revenues	<u>6,800</u>	<u>12,004</u>	<u>5,204</u>
Expenditures:			
Library & recreation services		5,614	(5,614)
Total Expenditures		<u>5,614</u>	<u>(5,614)</u>
Excess revenues over (under) expenditures	6,800	6,390	(410)
Fund Balance - July 1	<u>38,078</u>	<u>38,078</u>	
Fund Balance - June 30	<u>\$ 44,878</u>	<u>\$ 44,468</u>	<u>\$ (410)</u>

**CITY OF EL PASO DE ROBLES**  
**NON-MAJOR FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the fiscal year ended June 30, 2008**

	Landscape and Lighting District Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Taxes	\$ 878,900	\$ 1,405,054	\$ 526,154
Total Revenues	878,900	1,405,054	526,154
Expenditures:			
Public works	520,200	1,178,149	(657,949)
Total Expenditures	520,200	1,178,149	(657,949)
Excess revenues over (under) expenditures	358,700	226,905	(131,795)
Fund Balance - July 1	(184,586)	(184,586)	
Fund Balance - June 30	\$ 174,114	\$ 42,319	\$ (131,795)

**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, 2008**

	Landfill Closure/Postclosure Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 25,000	\$ 68,165	\$ 43,165
Total Revenues	25,000	68,165	43,165
Excess revenues over (under) expenditures	25,000	68,165	43,165
Other financing sources (uses):			
Operating transfers in	73,200	73,200	
Total other financing sources (uses)	73,200	73,200	
Excess revenues and other sources over (under) expenditures and other uses	98,200	141,365	43,165
Fund Balance - July 1	1,373,146	1,373,146	
Fund Balance - June 30	\$ 1,471,346	\$ 1,514,511	\$ 43,165

**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, 2008**

	Redevelopment Agency Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Taxes	\$ 580,000	\$ 762,568	\$ 182,568
Uses of money and property	5,000	118,631	113,631
Other		5,000	5,000
Total Revenues	<u>585,000</u>	<u>886,199</u>	<u>301,199</u>
Expenditures:			
Community development	<u>2,885,200</u>	<u>1,316,386</u>	<u>1,568,814</u>
Total Expenditures	<u>2,885,200</u>	<u>1,316,386</u>	<u>1,568,814</u>
Excess revenues over (under) expenditures	<u>(2,300,200)</u>	<u>(430,187)</u>	<u>1,870,013</u>
Other financing sources (uses):			
Operating transfers in	75,000	811,320	736,320
Operating transfers out	<u>(505,000)</u>	<u>(285,705)</u>	<u>219,295</u>
Total other financing sources (uses)	<u>(430,000)</u>	<u>525,615</u>	<u>955,615</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(2,730,200)</u>	<u>95,428</u>	<u>2,825,628</u>
Fund Balance - July 1	<u>799,500</u>	<u>799,500</u>	
Fund Balance - June 30	<u>\$ (1,930,700)</u>	<u>\$ 894,928</u>	<u>\$ 2,825,628</u>

**CITY OF EL PASO DE ROBLES**  
**NON-MAJOR FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the fiscal year ended June 30, 2008**

	Building Department Special Fees		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 14,000	\$ -	\$ (14,000)
Charges for current services	69,900	60,384	(9,516)
Total Revenues	83,900	60,384	(23,516)
Expenditures:			
Public works	35,000	34,947	53
Total Expenditures	35,000	34,947	53
Excess revenues over (under) expenditures	48,900	25,437	(23,463)
Fund Balance - July 1	168,032	168,032	
Fund Balance - June 30	\$ 216,932	\$ 193,469	\$ (23,463)

**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, 2008**

	General Emergency and Reserve		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 5,000	\$ 42,146	\$ 37,146
From other agencies	300,000	210,988	(89,012)
Total Revenues	<u>305,000</u>	<u>253,134</u>	<u>(51,866)</u>
Expenditures:			
General government	10,400	16,208	(5,808)
Community development	43,000	35,000	8,000
Capital outlay	2,194,500	270,923	1,923,577
Total Expenditures	<u>2,247,900</u>	<u>322,131</u>	<u>1,925,769</u>
Excess revenues over (under) expenditures	<u>(1,942,900)</u>	<u>(68,997)</u>	<u>1,873,903</u>
Other financing sources (uses):			
Operating transfers in	100,000	249,773	149,773
Operating transfers out	(270,000)	(199,992)	70,008
Total other financing sources (uses)	<u>(170,000)</u>	<u>49,781</u>	<u>219,781</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(2,112,900)</u>	<u>(19,216)</u>	<u>2,093,684</u>
Fund Balance - July 1	<u>1,091,366</u>	<u>1,091,366</u>	
Fund Balance - June 30	<u>\$ (1,021,534)</u>	<u>\$ 1,072,150</u>	<u>\$ 2,093,684</u>

**CITY OF EL PASO DE ROBLES**  
**NON-MAJOR FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the fiscal year ended June 30, 2008**

	Economic Incentive Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 5,000	\$ 10,686	\$ 5,686
Total Revenues	5,000	10,686	5,686
Expenditures:			
General government	75,000	57,136	17,864
Total Expenditures	75,000	57,136	17,864
Excess revenues over (under) expenditures	(70,000)	(46,450)	23,550
Fund Balance - July 1	258,682	258,682	
Fund Balance - June 30	\$ 188,682	\$ 212,232	\$ 23,550

**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, 2008**

	City Facility Repair Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 25,000	\$ 41,973	\$ 16,973
Charges for current services	16,000	16,273	273
Total Revenues	<u>41,000</u>	<u>58,246</u>	<u>17,246</u>
Expenditures:			
Public works	150,000	842	149,158
Capital outlay	888,700	518,724	369,976
Total Expenditures	<u>1,038,700</u>	<u>519,566</u>	<u>519,134</u>
Excess revenues over (under) expenditures	<u>(997,700)</u>	<u>(461,320)</u>	<u>536,380</u>
Other financing sources (uses):			
Operating transfers in	331,500	231,492	(100,008)
Operating transfers out		(199,992)	(199,992)
Total other financing sources (uses)	<u>331,500</u>	<u>31,500</u>	<u>(300,000)</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(666,200)</u>	<u>(429,820)</u>	<u>236,380</u>
Fund Balance - July 1	<u>991,069</u>	<u>991,069</u>	
Fund Balance - June 30	<u>\$ 324,869</u>	<u>\$ 561,249</u>	<u>\$ 236,380</u>

**CITY OF EL PASO DE ROBLES**  
**NON-MAJOR FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the fiscal year ended June 30, 2008**

	Landfill Contingency Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 10,000	\$ 1,956	\$ (8,044)
Total Revenues	10,000	1,956	(8,044)
Expenditures:			
Public works	17,000		17,000
Capital outlay	39,000		39,000
Total Expenditures	56,000		56,000
Excess revenues over (under) expenditures	(46,000)	1,956	47,956
Fund Balance - July 1	41,066	41,066	
Fund Balance - June 30	\$ (4,934)	\$ 43,022	\$ 47,956

**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, 2008**

	Community Facilities District Operations Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Taxes	\$ 40,000	\$ 47,501	\$ 7,501
Uses of money and property		2,462	2,462
Total Revenues	40,000	49,963	9,963
Expenditures:			
Community development		3,829	(3,829)
Total Expenditures		3,829	(3,829)
Excess revenues over (under) expenditures	40,000	46,134	6,134
Other financing sources (uses):			
Operating transfers out		(64,148)	(64,148)
Total other financing sources (uses)		(64,148)	(64,148)
Excess revenues and other sources over (under) expenditures and other uses	40,000	(18,014)	(58,014)
Fund Balance - July 1	25,726	25,726	
Fund Balance - June 30	\$ 65,726	\$ 7,712	\$ (58,014)

**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, 2008**

	Art in Public Places Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 132	\$ 132
Fund Balance - July 1	4,467	4,467	
Fund Balance - June 30	\$ 4,467	\$ 4,599	\$ 132

**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, 2008**

	Downtown Parking in Lieu Fee		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 13,715	\$ 13,715
Other		426,240	426,240
Total Revenues		439,955	439,955
Fund Balance - July 1	37,323	37,323	
Fund Balance - June 30	\$ 37,323	\$ 477,278	\$ 439,955

**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, 2008**

	Bike and Pedestrian Path Facilities		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Other	\$ -	\$ 8,200	\$ 8,200
Total Revenues		8,200	8,200
Fund Balance - July 1			
Fund Balance - June 30	\$ -	\$ 8,200	\$ 8,200

**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, 2008**

	Capital Projects Reserve Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 2,500	\$ 18,561	\$ 16,061
From other agencies	633,500	633,478	(22)
Total Revenues	<u>636,000</u>	<u>652,039</u>	<u>16,039</u>
Expenditures:			
Capital outlay	<u>2,087,400</u>	<u>68,493</u>	<u>2,018,907</u>
Total Expenditures	<u>2,087,400</u>	<u>68,493</u>	<u>2,018,907</u>
Excess revenues over (under) expenditures	(1,451,400)	583,546	2,034,946
Fund Balance - July 1	<u>(31,068)</u>	<u>(31,068)</u>	
Fund Balance - June 30	<u>\$ (1,482,468)</u>	<u>\$ 552,478</u>	<u>\$ 2,034,946</u>

**CITY OF EL PASO DE ROBLES**  
**NON-MAJOR FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the fiscal year ended June 30, 2008**

	Bridge Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 4,001	\$ 4,001
Total Revenues		4,001	4,001
Excess revenues over (under) expenditures		4,001	4,001
Fund Balance - July 1	83,975	83,975	
Fund Balance - June 30	\$ 83,975	\$ 87,976	\$ 4,001

**CITY OF EL PASO DE ROBLES**  
**NON-MAJOR FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the fiscal year ended June 30, 2008**

	Park Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 8,000	\$ 85,555	\$ 77,555
Charges for current services	434,300	344,585	(89,715)
Total Revenues	442,300	430,140	(12,160)
Expenditures:			
Library and recreation services	25,000		25,000
Capital outlay	650,000		650,000
Total Expenditures	675,000		675,000
Excess revenues over (under) expenditures	(232,700)	430,140	662,840
Fund Balance - July 1	1,595,680	1,595,680	
Fund Balance - June 30	\$ 1,362,980	\$ 2,025,820	\$ 662,840

**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, 2008**

	Storm Drain Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 5,000	\$ 11,974	\$ 6,974
Charges for current services	228,600	112,216	(116,384)
Total Revenues	<u>233,600</u>	<u>124,190</u>	<u>(109,410)</u>
Expenditures:			
Public works	66,200	7,994	58,206
Capital outlay	500,000	265,929	234,071
Total Expenditures	<u>566,200</u>	<u>273,923</u>	<u>292,277</u>
Excess revenues over (under) expenditures	(332,600)	(149,733)	182,867
Fund Balance - July 1	<u>377,449</u>	<u>377,449</u>	
Fund Balance - June 30	<u>\$ 44,849</u>	<u>\$ 227,716</u>	<u>\$ 182,867</u>

**CITY OF EL PASO DE ROBLES**  
**NON-MAJOR FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the fiscal year ended June 30, 2008**

	Specific Plans Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 12,000	\$ 47,228	\$ 35,228
Charges for current services	196,600	83,160	(113,440)
Other	7,700	1,781	(5,919)
Total Revenues	<u>216,300</u>	<u>132,169</u>	<u>(84,131)</u>
Expenditures:			
Community development	324,600	248,368	76,232
Debt service		102,082	(102,082)
Capital outlay		18,736	(18,736)
Total Expenditures	<u>324,600</u>	<u>369,186</u>	<u>(44,586)</u>
Excess revenues over (under) expenditures	(108,300)	(237,017)	(128,717)
Fund Balance - July 1	<u>(780,426)</u>	<u>(780,426)</u>	
Fund Balance - June 30	<u>\$ (888,726)</u>	<u>\$ (1,017,443)</u>	<u>\$ (128,717)</u>

**CITY OF EL PASO DE ROBLES**  
**NON-MAJOR FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**For the fiscal year ended June 30, 2008**

	Airport Road PSR Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ -	\$ -
Total Revenues			
Expenditures:			
Debt service		8,940	(8,940)
Capital outlay	205,000	2,231	202,769
Total Expenditures	205,000	11,171	193,829
Excess revenues over (under) expenditures	(205,000)	(11,171)	193,829
Fund Balance - July 1	(160,436)	(160,436)	
Fund Balance - June 30	\$ (365,436)	\$ (171,607)	\$ 193,829

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, 2008

	1993 Public Facilities Debt Service Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 18,000	\$ 18,663	\$ 663
Total Revenues	<u>18,000</u>	<u>18,663</u>	<u>663</u>
Expenditures:			
Debt service:			
Principal	430,000	430,000	
Interest	138,100	138,120	(20)
Paying agent fees	6,100	2,190	3,910
Total Expenditures	<u>574,200</u>	<u>570,310</u>	<u>3,890</u>
Excess revenues over (under) expenditures	<u>(556,200)</u>	<u>(551,647)</u>	<u>4,553</u>
Other financing sources (uses):			
Operating transfers in	<u>273,600</u>	<u>551,597</u>	<u>277,997</u>
Total other financing sources (uses)	<u>273,600</u>	<u>551,597</u>	<u>277,997</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(282,600)</u>	<u>(50)</u>	<u>282,550</u>
Fund Balance - July 1	<u>480,139</u>	<u>480,139</u>	
Fund Balance - June 30	<u>\$ 197,539</u>	<u>\$ 480,089</u>	<u>\$ 282,550</u>

CITY OF EL PASO DE ROBLES  
NON-MAJOR FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the fiscal year ended June 30, 2008

	TOTALS		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Taxes	\$ 1,498,900	\$ 2,215,123	\$ 716,223
Uses of money and property	151,000	658,267	507,267
Charges for current services	950,900	630,087	(320,813)
From other agencies	2,162,000	2,655,175	493,175
Other	639,500	1,093,911	454,411
Total Revenues	<u>5,402,300</u>	<u>7,252,563</u>	<u>1,850,263</u>
Expenditures:			
General government	397,700	345,125	52,575
Public safety	403,700	203,821	199,879
Public works	1,486,700	1,320,779	165,921
Library & recreation services	75,200	8,454	66,746
Community development	3,903,600	1,959,779	1,943,821
Debt service	574,200	681,332	(107,132)
Capital outlay	9,557,300	2,865,877	6,691,423
Total Expenditures	<u>16,398,400</u>	<u>7,385,167</u>	<u>9,013,233</u>
Excess revenues over (under) expenditures	<u>(10,996,100)</u>	<u>(132,604)</u>	<u>10,863,496</u>
Other financing sources (uses):			
Operating transfers in	1,358,300	2,802,125	1,443,825
Operating transfers out	(1,300,000)	(1,375,152)	(75,152)
Total other financing sources (uses)	<u>58,300</u>	<u>1,426,973</u>	<u>1,368,673</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(10,937,800)</u>	<u>1,294,369</u>	<u>12,232,169</u>
Fund Balances - July 1	<u>10,216,439</u>	<u>10,216,439</u>	
Fund Balances - June 30	<u>\$ (721,361)</u>	<u>\$ 11,510,808</u>	<u>\$ 12,232,169</u>

## **MAJOR FUNDS**

### **Traffic Mitigation Development Fund**

This fund accounts for fees assessed and collected upon the issuance of a City building permit. Funds are used for bridge, road and signal improvements needed to serve new growth.

### **Public Facilities Development Fund**

This fund accounts for fees assessed and collected upon the issuance of a City certificate of occupancy. Funds are used to construct public facilities.

### **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  
TRAFFIC MITIGATION DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ending June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/(Negative)
	Original	Final		
Revenues:				
Uses of money and property	\$ -	\$ -	121,909	\$ 121,909
Charges for current services	2,794,400	2,794,400	1,738,664	(1,055,736)
Miscellaneous			6,968	6,968
Total Revenues	2,794,400	2,794,400	1,867,541	(926,859)
Expenditures:				
Public works	60,000	60,000	21,166	38,834
Capital outlay	5,016,300	6,356,429	2,109,702	4,246,727
Total Expenditures	5,076,300	6,416,429	2,130,868	4,285,561
Excess revenues over (under) expenditures	(2,281,900)	(3,622,029)	(263,327)	3,358,702
Other financing sources (uses):				
Transfers out			(6,700)	(6,700)
Total other financing sources (uses)			(6,700)	(6,700)
Excess revenues and other sources over (under) expenditures and other uses	(2,281,900)	(3,622,029)	(270,027)	3,352,002
Fund Balance - July 1	5,411,530	5,411,530	5,411,530	
Fund Balance - June 30	\$ 3,129,630	\$ 1,789,501	\$ 5,141,503	\$ 3,352,002

**CITY OF EL PASO DE ROBLES  
PUBLIC FACILITIES DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For The Fiscal Year Ending June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/(Negative)
	Original	Final		
Revenues:				
Uses of money and property	\$ 74,000	\$ 74,000	\$ 291,961	\$ 217,961
Charges for current services	605,500	605,500	500,478	(105,022)
Total Revenues	679,500	679,500	792,439	112,939
Expenditures:				
Community development	75,000	75,000		75,000
Public works		70,000	73,898	(3,898)
Capital outlay		740,000	617,367	122,633
Total Expenditures	75,000	885,000	691,265	193,735
Excess revenues over (under) expenditures	604,500	(205,500)	101,174	306,674
Fund Balance - July 1	14,781,917	14,781,917	14,781,917	
Fund Balance - June 30	\$ 15,386,417	\$ 14,576,417	\$ 14,883,091	\$ 306,674

**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, 2008**

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Uses of money and property	\$ -	\$ -	\$ -	\$ -
Total Revenues				
Expenditures:				
Community development		465,000	80,669	384,331
Debt service:				
Interest			469,757	(469,757)
Capital outlay			7,470	(7,470)
Total Expenditures		465,000	557,896	(92,896)
Excess revenues over (under) expenditures		(465,000)	(557,896)	(92,896)
Other financing sources (uses):				
Transfers in			6,700	6,700
Total other financing sources (uses)			6,700	6,700
Excess revenues and other sources over (under) expenditures and other uses		(465,000)	(551,196)	(86,196)
Fund Balance - July 1	(8,538,795)	(8,538,795)	(8,538,795)	
Fund Balance - June 30	\$ (8,538,795)	\$ (9,003,795)	\$ (9,089,991)	\$ (86,196)

**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, 2008**

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 3,085,000	\$ 3,085,000	\$ 3,535,436	\$ 450,436
Uses of money and property	150,000	150,000	241,156	91,156
Total Revenues	3,235,000	3,235,000	3,776,592	541,592
Expenditures:				
General government			48	(48)
Debt service:				
Interest	1,178,200	1,178,200	1,473,090	(294,890)
Principal	1,988,300	1,988,300	1,988,291	9
Paying agent fees	5,000	5,000	2,250	2,750
Total Expenditures	3,171,500	3,171,500	3,463,679	(292,179)
Excess revenues over (under) expenditures	63,500	63,500	312,913	249,413
Other financing sources (uses):				
Bond proceeds			31,435,000	31,435,000
Bond premium			963,102	963,102
Payments to refunded debt			(33,387,102)	(33,387,102)
Total other financing sources (uses)			(989,000)	(989,000)
Excess revenues and other sources over (under) expenditures and other uses	63,500	63,500	(676,087)	(739,587)
Fund Balance - July 1	7,150,835	7,150,835	7,150,835	
Fund Balance - June 30	\$ 7,214,335	\$ 7,214,335	\$ 6,474,748	\$ (739,587)

**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, 2008**

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 2,704,000	\$ 2,704,000	\$ 3,408,946	\$ 704,946
Uses of money and property	25,000	25,000	103,430	78,430
Total Revenues	2,729,000	2,729,000	3,512,376	783,376
Expenditures:				
Community development			98,435	(98,435)
Debt service:				
Interest	329,700	329,700	325,096	4,604
Principal	195,000	195,000	195,000	
Paying agent fees	5,000	5,000	3,000	2,000
Fiscal agreement payments			1,215,983	(1,215,983)
Total Expenditures	529,700	529,700	1,837,514	(1,307,814)
Excess revenues over (under) expenditures	2,199,300	2,199,300	1,674,862	(524,438)
Other financing sources (uses):				
Operating transfers out	(348,600)	(348,600)	(1,362,917)	(1,014,317)
Total other financing sources (uses)	(348,600)	(348,600)	(1,362,917)	(1,014,317)
Excess revenues and other sources over (under) expenditures and other uses	1,850,700	1,850,700	311,945	(1,538,755)
Fund Balance - July 1	(7,386,653)	(7,386,653)	(7,386,653)	
Fund Balance - June 30	\$ (5,535,953)	\$ (5,535,953)	\$ (7,074,708)	\$ (1,538,755)

### **FIDUCIARY FUNDS**

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.

Other Post Employment Benefits Trust Fund - to account for other post employment per Governmental Accounting Standards Board (GASB) 43 and 45.

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, 2008**

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<b><u>SENIOR CITIZEN</u></b>				
Assets:				
Cash and investments	\$ 294,773	\$ 24,994	\$ 21,357	\$ 298,410
Total Assets	<u>\$ 294,773</u>	<u>\$ 24,994</u>	<u>\$ 21,357</u>	<u>\$ 298,410</u>
Liabilities:				
Accrued salary & benefits payable	\$ 2,784	\$ 1,185	\$ 413	\$ 3,556
Due to others	291,989	23,809	20,944	294,854
Total Liabilities	<u>\$ 294,773</u>	<u>\$ 24,994</u>	<u>\$ 21,357</u>	<u>\$ 298,410</u>
<b><u>HOSPITAL SCHOLARSHIP</u></b>				
Assets:				
Cash and investments	\$ 106,878	\$ 5,269	\$ 177	\$ 111,970
Total Assets	<u>\$ 106,878</u>	<u>\$ 5,269</u>	<u>\$ 177</u>	<u>\$ 111,970</u>
Liabilities:				
Due to others	\$ 106,878	\$ 5,269	\$ 177	\$ 111,970
Total Liabilities	<u>\$ 106,878</u>	<u>\$ 5,269</u>	<u>\$ 177</u>	<u>\$ 111,970</u>
<b><u>OTHER POST EMPLOYMENT BENEFITS</u></b>				
Assets:				
Cash and investments	\$ 422,600	\$ 581,290	\$ 380,286	\$ 623,604
Due from others		137,910	108,609	29,301
Total Assets	<u>\$ 422,600</u>	<u>\$ 719,200</u>	<u>\$ 488,895</u>	<u>\$ 652,905</u>
Liabilities:				
Accounts payable	\$ -	\$ 117,087	\$ 113,900	\$ 3,187
Due to others	422,600	602,113	374,995	649,718
Total Liabilities	<u>\$ 422,600</u>	<u>\$ 719,200</u>	<u>\$ 488,895</u>	<u>\$ 652,905</u>

**CITY OF EL PASO DE ROBLES**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS**  
**For The Fiscal Year Ended June 30, 2008**

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<b><u>CUSTOMER DEPOSITS</u></b>				
Assets:				
Cash and investments	\$ 851,623	\$ 1,938,430	\$ 1,989,568	\$ 800,485
Total Assets	<u>\$ 851,623</u>	<u>\$ 1,938,430</u>	<u>\$ 1,989,568</u>	<u>\$ 800,485</u>
Liabilities:				
Accounts payable	\$ 17,022	\$ 858,513	\$ 861,235	\$ 14,300
Customer deposits	833,381	1,079,917	1,127,113	786,185
Prepaid revenues	1,220		1,220	
Total Liabilities	<u>\$ 851,623</u>	<u>\$ 1,938,430</u>	<u>\$ 1,989,568</u>	<u>\$ 800,485</u>
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
Assets:				
Cash and investments	\$ 1,675,874	\$ 2,549,983	\$ 2,391,388	\$ 1,834,469
Due from others		137,910	108,609	29,301
Total Assets	<u>\$ 1,675,874</u>	<u>\$ 2,687,893</u>	<u>\$ 2,499,997</u>	<u>\$ 1,863,770</u>
Liabilities:				
Accounts payable	\$ 17,022	\$ 975,600	\$ 975,135	\$ 17,487
Accrued salary & benefits payable	2,784	1,185	413	3,556
Customer deposits	833,381	1,079,917	1,127,113	786,185
Prepaid revenues	1,220	-	1,220	
Due to others	821,467	631,191	396,116	1,056,542
Total Liabilities	<u>\$ 1,675,874</u>	<u>\$ 2,687,893</u>	<u>\$ 2,499,997</u>	<u>\$ 1,863,770</u>

# CITY OF EL PASO DE ROBLES



## STATISTICAL SECTION

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

	2005	2006	2007	2008
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 92,243,219	\$ 107,693,936	\$ 122,168,978	\$ 123,267,038
Restricted	8,452,803	829,674	1,286,753	1,168,175
Unrestricted	27,295,006	30,782,721	26,014,158	25,740,998
Total governmental activities net assets	<u>\$ 127,991,028</u>	<u>\$ 139,306,331</u>	<u>\$ 149,469,889</u>	<u>\$ 150,176,211</u>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 45,491,265	\$ 54,373,577	\$ 54,078,917	\$ 57,702,782
Restricted	375,697	479	-	-
Unrestricted	32,818,586	33,620,918	40,862,436	42,105,837
Total business-type activities net assets	<u>\$ 78,685,548</u>	<u>\$ 87,994,974</u>	<u>\$ 94,941,353</u>	<u>\$ 99,808,619</u>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 137,734,484	\$ 162,067,513	\$ 176,247,895	\$ 180,969,820
Restricted	8,828,500	830,153	1,286,753	1,168,175
Unrestricted	60,113,592	64,403,639	66,876,594	67,846,835
Total primary government net assets	<u>\$ 206,676,576</u>	<u>\$ 227,301,305</u>	<u>\$ 244,411,242</u>	<u>\$ 249,984,830</u>

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

	2005	2006	2007	2008
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,504,389	\$ 499,902	\$ 1,516,575	\$ 4,205,603
Public safety	9,691,844	11,715,883	13,846,830	13,825,505
Public works	7,014,786	8,347,720	9,922,306	10,665,983
Library and recreation services	4,345,380	4,560,785	4,960,652	4,455,244
Community development	3,664,177	7,124,605	4,600,339	4,752,684
Interest on long-term debt	828,825	1,709,387	2,265,878	2,588,398
Total governmental activities expenses	<u>28,049,401</u>	<u>33,958,282</u>	<u>37,112,580</u>	<u>40,493,417</u>
Business-type activities:				
Water operations	3,142,803	3,734,082	4,113,070	4,399,286
Sewer operations	3,400,779	3,621,438	3,672,572	4,130,267
Airport operations	703,939	681,207	765,078	748,673
Transit operations	893,664	1,088,576	1,246,765	1,149,988
Total business-type activities expenses	<u>8,141,185</u>	<u>9,125,303</u>	<u>9,797,485</u>	<u>10,428,214</u>
Total primary government expenses	<u>\$ 36,190,586</u>	<u>\$ 43,083,585</u>	<u>\$ 9,797,485</u>	<u>\$ 50,921,631</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 42,525	\$ 43,872	\$ 46,693	\$ 45,877
Public safety	496,314	620,003	760,126	1,025,247
Public works	67,541	20,944	7,626	1,612
Library and recreation services	802,756	791,830	827,976	795,118
Community development	6,486,650	5,777,450	5,399,402	3,782,118
Operating contributions and grants	570,620		300,000	-
Capital contributions and grants	4,877,944	7,129,023	3,634,416	4,765,465
Total governmental activities program revenues	<u>13,344,350</u>	<u>14,383,122</u>	<u>10,976,239</u>	<u>10,415,437</u>
Business-type activities:				
Charges for services:				
Water operations	3,378,686	3,590,654	4,312,130	4,227,593
Sewer operations	3,554,971	3,864,353	4,059,804	4,367,772
Airport operations	18,932	18,544	20,935	53,839
Transit operation	115,973	132,078	160,685	156,103
Capital contributions and grants	6,912,363	7,313,475	4,571,395	3,548,974
Total business-type activities program revenues	<u>13,980,925</u>	<u>14,919,104</u>	<u>13,124,949</u>	<u>12,354,281</u>
Total primary government program revenues	<u>\$ 27,325,275</u>	<u>\$ 29,302,226</u>	<u>\$ 24,101,188</u>	<u>\$ 22,769,718</u>

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

	2005	2006	2007	2008
Net (expense)/revenue				
Governmental activities	\$ (14,705,051)	\$ (19,575,160)	\$ (26,136,341)	\$ (30,077,980)
Business-type activities	5,839,740	5,793,801	3,327,464	1,926,067
Total primary government net expense	<u>\$ (8,865,311)</u>	<u>\$ (13,781,359)</u>	<u>\$ (22,808,877)</u>	<u>\$ (28,151,913)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 13,203,987	\$ 13,966,390	\$ 15,450,804	\$ 17,795,597
Sales taxes	5,414,505	6,183,527	8,237,072	7,691,562
Other taxes	4,249,273	4,640,054	4,933,674	5,182,504
From other agencies	2,975,864	3,953,811	3,837,498	2,972,863
Licenses and permits	330,120	341,034	376,088	420,059
Other	944,947	911,550	1,273,805	1,582,640
Uses of money and property	488,853	875,397	2,521,193	2,573,339
Transfers in/(out)	1,303,921	18,700	(330,235)	102,396
Asset impairment losses				
Total governmental activities	<u>28,911,470</u>	<u>30,890,463</u>	<u>36,299,899</u>	<u>38,320,960</u>
Business-type activities:				
Taxes	99,991	72,152	70,807	52,457
From other agencies	1,983,427	2,038,011	1,354,005	908,754
Other	(113,931)	54,746	8,148	82,961
Uses of money and property	1,062,244	1,369,416	1,855,720	1,999,423
Transfers in/(out)	(1,303,921)	(18,700)	330,235	(102,396)
Total business-type activities	<u>1,727,810</u>	<u>3,515,625</u>	<u>3,618,915</u>	<u>2,941,199</u>
Total primary government	<u>\$ 30,639,280</u>	<u>\$ 34,406,088</u>	<u>\$ 39,918,814</u>	<u>\$ 41,262,159</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 14,206,419	\$ 11,315,303	\$ 10,163,558	\$ 8,242,980
Business-type activities	7,567,550	9,309,426	6,946,379	4,867,266
Total primary government	<u>\$ 21,773,969</u>	<u>\$ 20,624,729</u>	<u>\$ 17,109,937</u>	<u>\$ 13,110,246</u>

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

	2005	2006	2007	2008
General fund				
Reserved	\$ 1,270,154	\$ 1,819,571	\$ 2,171,603	\$ 2,544,927
Unreserved	6,345,507	6,602,512	6,400,258	6,027,796
Total general fund	<u>\$ 7,615,661</u>	<u>\$ 8,422,083</u>	<u>\$ 8,571,861</u>	<u>\$ 8,572,723</u>
All other governmental funds				
Reserved	\$ 7,981,356	\$ 7,115,402	\$ 17,667,211	\$ 18,661,111
Unreserved, reported in:				
Special revenue funds	7,064,663	6,963,650	7,911,169	8,112,256
Capital projects funds	15,870,891	10,521,780	(3,977,038)	(4,618,045)
Debt service funds	(48,628)	1,474,597	33,930	(309,871)
Total all other governmental funds	<u>\$ 30,868,282</u>	<u>\$ 26,075,429</u>	<u>\$ 21,635,272</u>	<u>\$ 21,845,451</u>

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

	2005	2006	2007	2008
<b>Revenues</b>				
Taxes	\$ 22,867,765	\$ 24,789,972	\$ 28,660,022	\$ 30,672,302
Licenses and permits	1,505,948	1,531,411	924,967	853,515
Fines and forfeitures	271,611	307,138	321,533	379,876
Uses of money and property	1,207,993	1,193,603	2,690,477	1,882,106
From other agencies	3,614,646	4,477,647	3,777,991	4,758,566
Charges for current services	6,981,779	6,441,726	6,103,246	4,598,357
Other	681,691	911,549	1,273,806	1,581,564
<b>Total revenues</b>	<b>37,131,433</b>	<b>39,653,046</b>	<b>43,752,042</b>	<b>44,726,286</b>
<b>Expenditures</b>				
General government	1,788,934	194,652	1,271,921	2,294,079
Public safety	9,316,491	11,625,058	13,105,217	13,106,157
Public works	3,911,126	5,578,195	5,998,723	6,870,697
Library and recreation services	3,962,880	4,173,170	4,554,183	4,053,268
Community development	3,035,274	4,837,054	3,549,712	3,551,725
Interest	1,501,775	1,687,136	2,238,598	2,588,398
Principal	2,865,225	2,845,829	2,917,391	2,837,346
Paying agent fees	6,801	8,267	7,019	7,440
Arbitrage fees	3,000			
Capital outlay	12,294,772	13,497,123	13,144,260	7,103,548
Fiscal agreements payments	522,797	918,079	1,112,911	1,215,983
<b>Total expenditures</b>	<b>39,209,075</b>	<b>45,364,563</b>	<b>47,899,935</b>	<b>43,628,641</b>
Excess of revenues over (under) expenditures	(2,077,642)	(5,711,517)	(4,147,893)	1,097,645
Other financing sources (uses):				
Operating transfers in	18,898,369	12,983,207	6,639,069	3,665,614
Operating transfers out	(17,594,448)	(12,964,507)	(6,969,304)	(3,563,218)
Capital leases/bond proceeds	263,254	1,789,000		31,435,000
Bond premium				963,102
Payments to refunded debt				(33,387,102)
Proceeds from postclosure liability	135,544	154,126	187,749	-
<b>Total other financing sources (uses)</b>	<b>1,702,719</b>	<b>1,961,826</b>	<b>(142,486)</b>	<b>(886,604)</b>
<b>Net change in fund balances</b>	<b>(374,923)</b>	<b>(3,749,691)</b>	<b>(4,290,379)</b>	<b>211,041</b>
Fund balances July 1	38,858,866	38,483,943	34,497,512	30,207,133
Prior period adjustment		(236,740)		
<b>Fund balances June 30</b>	<b>\$ 38,483,943</b>	<b>\$ 34,497,512</b>	<b>\$ 30,207,133</b>	<b>\$ 30,418,174</b>

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

<b>Fiscal Year</b>	<b>Property <sup>a</sup></b>	<b>Sales &amp; Use <sup>b</sup></b>	<b>Occupancy</b>	<b>Franchise</b>	<b>Property Transfer</b>	<b>Other</b>	<b>Total</b>
<b>1999</b>	\$ 2,134,996	\$ 3,920,607	\$ 629,273	\$ 356,880	\$ 88,133	\$ 2,791,298	\$ 9,921,187
<b>2000</b>	2,287,644	4,536,210	759,264	377,404	93,468	3,170,804	11,224,794
<b>2001</b>	2,520,254	5,141,821	976,618	390,862	141,379	3,702,365	12,873,299
<b>2002</b>	2,833,986	5,408,997	1,040,692	1,543,510	159,474	2,092,768	13,079,427
<b>2003</b>	3,267,031	5,821,356	1,123,814	1,740,499	168,598	5,388,301	17,509,601
<b>2004</b>	3,513,445	6,229,299	1,296,972	2,020,347	239,085	6,725,850	20,024,998
<b>2005</b>	4,076,025	5,414,506	1,446,059	1,999,715	340,630	9,590,830	22,867,765
<b>2006</b>	4,952,372	6,183,527	1,614,347	2,197,861	332,074	9,509,791	24,789,972
<b>2007</b>	7,584,685	5,986,431	2,025,859	2,429,063	219,287	10,414,698	28,660,022
<b>2008</b>	8,638,732	5,723,861	2,549,065	2,185,058	146,972	7,928,053	27,171,741
<b>Percentage Change 1999-2008</b>	304.6%	46.0%	305.1%	512.3%	66.8%	184.0%	173.9%

Notes:

<sup>a</sup> Due to passage of Proposition 13, the maximum tax rate is set at 1% of assessed valuation unless otherwise approved by vote of electorate. 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.

<sup>b</sup> 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
<b>1999</b>	\$ 708,272,336	\$ 192,431,239	\$ 71,261,277	\$ (11,159,303)	\$ 960,805,549	1.00000	\$ 1,153,909,641	83.27%
<b>2000</b>	767,943,350	206,374,795	74,461,293	(11,534,799)	1,037,244,639	1.00000	1,246,338,932	83.22%
<b>2001</b>	832,482,817	232,468,535	76,680,343	(12,126,304)	1,129,505,391	1.00000	1,389,535,518	81.29%
<b>2002</b>	951,469,383	246,237,969	86,456,909	(13,318,285)	1,270,845,976	1.00000	1,601,282,486	79.36%
<b>2003</b>	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%
<b>2004</b>	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%
<b>2005</b>	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%
<b>2006</b>	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%
<b>2007</b>	1,930,820,904	345,382,147	111,510,547	(21,405,648)	2,409,119,246	1.00000	3,225,596,576	74.69%
<b>2008</b>	2,195,861,062	407,470,899	114,920,595	(23,917,027)	2,742,169,583	1.00000	3,592,822,457	76.32%

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 <sup>a</sup>	Unsecured <sup>b</sup>	Homeowners Exempt <sup>c</sup>	Total Taxable Assessed Value	Total Direct Tax Rate
<b>1999</b>	\$ 1,072,473,209	\$ 73,796,637	\$ (27,128,802)	\$ 1,119,141,044	1.00000
<b>2000</b>	1,156,283,946	82,691,459	(28,132,698)	1,210,842,707	1.00000
<b>2001</b>	1,280,017,282	102,172,032	(29,291,803)	1,352,897,511	1.00000
<b>2002</b>	1,469,498,589	109,356,793	(30,755,791)	1,548,099,591	1.00000
<b>2003</b>	1,676,286,480	108,117,503	(32,338,561)	1,752,065,422	1.00000
<b>2004</b>	1,927,106,815	114,310,291	(33,685,444)	2,007,731,662	1.00000
<b>2005</b>	2,209,220,841	116,769,665	(34,060,600)	2,291,929,906	1.00000
<b>2006</b>	2,602,130,386	120,324,144	(34,826,400)	2,687,628,130	1.00000
<b>2007</b>	3,077,152,015	127,044,894	(36,149,400)	3,168,047,509	1.00000
<b>2008</b>	3,434,872,893	141,592,656	(37,343,600)	3,539,121,949	1.00000

Notes:

<sup>a</sup> Secured property is generally real property, defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees, and vines.

<sup>b</sup> Unsecured property is generally personal property including machinery, equipment, office tools and supplies.

<sup>c</sup> Homeowners exemption

Source: San Luis Obispo County Assessor's Office

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Consumer Goods	\$ 99,775,400	\$ 111,928,200	\$ 122,075,800	\$ 133,365,200	\$ 146,375,300	\$ 157,790,700	\$ 170,463,100	\$ 185,474,900	\$ 191,799,000	\$184,760,900
Auto and Transportation	61,889,500	81,209,600	92,400,700	116,414,500	118,953,800	130,783,000	138,936,500	158,172,000	151,434,500	120,267,100
Fuel and Service Stations	38,794,900	48,396,600	55,659,000	50,378,300	57,384,900	58,343,600	73,442,500	92,815,700	91,988,100	112,027,000
Building and Construction	38,918,600	34,503,700	38,592,000	47,453,100	53,968,700	60,726,600	75,787,100	81,811,200	79,867,200	60,632,400
Restaurants and Hotels	31,532,100	35,283,000	47,184,400	47,258,900	51,483,900	59,128,900	63,677,100	70,684,200	78,978,300	87,414,800
Business and Industry	42,801,800	53,475,600	52,491,400	54,834,000	54,519,900	54,294,600	64,153,200	83,545,900	95,576,400	80,075,000
Food and Drugs	28,261,200	31,674,100	30,978,000	33,364,000	33,774,700	36,130,900	38,995,100	39,610,200	41,126,700	39,921,200
<b>Total</b>	<b>\$ 341,973,500</b>	<b>\$ 396,470,800</b>	<b>\$ 439,381,300</b>	<b>\$ 483,068,000</b>	<b>\$ 516,461,200</b>	<b>\$ 557,198,300</b>	<b>\$ 625,454,600</b>	<b>\$ 712,114,100</b>	<b>\$ 730,770,200</b>	<b>\$ 685,098,400</b>
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 Equalization  
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**

Fiscal Year	City Direct Rates			Overlapping Rates	Total Rate
	Basic Rate	General Obligation Debt Service	Total Direct Rate	SLO County Flood Control - State Water Project	
1999	1.00000	-	1.00000	0.00470	1.00470
2000	1.00000	-	1.00000	0.00350	1.00350
2001	1.00000	-	1.00000	0.00230	1.00230
2002	1.00000	-	1.00000	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
2007	1.00000	0.0952	1.0952	0.00221	1.09741
2008	1.00000	0.0888	1.0888	0.00220	1.09100

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 electorate. 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**

<b>Fiscal Year</b>	<b>City Direct Rate</b>	<b>San Luis Obispo County Rate</b>	<b>Total Rate</b>
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%
2007	1.00%	6.25%	7.25%
2008	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 electorate.

Source: CA State Board of Equalization

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

Taxpayer	2008				1999			
	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
Kohl's Dept Stores	\$ 11,104,754	0.32%	\$ 89,283	1	\$ -	0.00%	\$ -	
Wal Mart Stores Inc	11,009,266	0.32%	88,516	2	8,973,258	0.84%	50,404	1
Harrods Inc. California Corp	19,851,497	0.58%	80,378	3		0.00%		
Martin Resorts Inc	9,411,502	0.27%	75,603	4		0.00%		
Albertsons Inc	9,349,743	0.27%	75,173	5	4,841,776	0.45%	27,197	2
First States Investors 926	7,977,690	0.23%	64,085	6		0.00%		
Dry Creek Apartments	19,509,992	0.57%	55,863	7	11,100,000	1.03%	18,348	6
Blacks Hatchery & Turkey Farm	6,234,426	0.18%	50,081	8		0.00%		
John A. Roush	5,794,394	0.17%	46,547	9		0.00%		
Black Oaks Inc	5,595,080	0.16%	44,945	10	2,669,367	0.25%	14,994	10
Melvin & Angela Dagovitz					3,000,000	0.28%	16,851	8
Woodland Plaza II					4,624,216	0.43%	25,975	3
JC Penny Properties					4,466,974	0.42%	25,091	4
Woodland Plaza LLC					4,099,733	0.38%	23,029	5
Glasjar Funding LP					3,119,160	0.29%	17,521	7
Central Coast Cinemas					2,824,898	0.26%	15,563	9
<b>Total Principal Taxpayers</b>	<b>105,838,344</b>	<b>3.08%</b>	<b>670,474</b>		<b>49,719,382</b>	<b>4.64%</b>	<b>234,973</b>	
<b>All Other Taxpayers</b>	<b>3,329,034,549</b>	<b>96.92%</b>	<b>4,252,354</b>		<b>1,022,753,827</b>	<b>95.36%</b>	<b>1,646,590</b>	
<b>Total Taxpayers</b>	<b>\$ 3,434,872,893</b>	<b>100.00%</b>	<b>\$ 4,922,828</b>		<b>\$ 1,072,473,209</b>	<b>100.00%</b>	<b>\$ 1,881,563</b>	

Notes:

Source: Hdl Coren & Cone, San Luis Obispo County Assessor 2007/08 Combined Tax Rolls

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

2008	1999
Tax Remitter	Tax Remitter
American Commercial Equities Three	Albertsons Inc
Black Oaks Inc	Atlantic Richfield Company
Blacks Hatchery & Turkey Farm	Black Oaks Inc
Colin & C Weyrick Family Trust	Blacks Hatchery & Turkey Farms
Dennis & Maria Spoolstra	Castle & Cook Commerical California Inc.
Dry Creek Apartments	Central Coast Cinemas
East Village Associates LLC	Dennis Perry Trust
Ebrahim & Fahimeh Madadi	Dry Creek Apartments
FAEC Holdings LLC	Ennis Business Forms Inc
First States Investors	Glasjar Funding LP
GJ Remainder LLC	JC Penney Properties
Harrods Inc of California	Longs Drug Store
Health Care Reit Inc	Martin Resorts Inc
JC Penney Properties	Melvin & Angela Dagovitz
John A. Roush	MSB Properties Inc
Kohls Depart Store	Paris Sales Company Inc
Longs Drug Store	Paso robles Business Park Partners
Martin Hotel Mgmt	Ronald & Mary Wolfe
New Albertsons	San Luis Tank Piping Construction Company
Timothy Pilg	Shirlene Raymond
Tri W Enterprieses Inc	Tri W Enterprises Inc
Wal Mart	Wal Mart
Woodland Plaza II	Wilkins Regulator Division Zurn Ind Inc
Woodland Plaza LLC	Woodland Plaza II
Zodiac Investment Inc	Woodland Plaza LLC
Top 25 accounts	Top 25 accounts

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
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%
2007	4,497,234	4,306,515	95.76%	144,667	4,451,182	98.98%
2008	4,922,828	4,527,838	91.98%	268,297	4,796,135	97.43%

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 DEBT PAYMENT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Assessed Value <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Redevelopment Bonds	Certificates of Participation	Capital Leases	Internal Notes Payable	Sewer Revenue Bonds	Internal Notes Payable			
1999	\$ -	\$ 292,730	\$ 663,036	\$ 78,364	\$ 2,254,609	\$ 567,675	\$ 194,150	\$ 4,050,564	0.39%	\$ 180
2000	-	297,780	665,284	139,471	587,045	573,055	194,150	2,456,785	0.22%	107
2001	-	349,069	666,541	148,504	127,753	577,055	157,138	2,026,061	0.16%	80
2002	-	694,350	666,601	148,504	127,753	579,415	75,644	2,292,268	0.16%	89
2003	297,970	470,288	660,434	244,819	127,753	1,026,336	75,644	2,903,243	0.17%	108
2004	2,772,294	509,720	658,079	292,976	127,753	1,024,689	75,644	5,461,154	0.30%	201
2005	2,891,825	512,939	651,569	246,648	127,753	1,032,289	-	5,463,024	0.26%	195
2006	2,990,888	510,699	570,070	254,565	3,159,884	934,489	-	5,457,762	0.26%	188
2007	3,088,075	503,152	573,798	265,124	16,690,230	1,041,389	-	22,161,768	0.70%	751
2008	3,166,531	524,709	568,120	168,809	16,589,162	1,046,201	-	22,063,532	0.62%	737

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

<sup>a</sup> See the "Assessed Value of Taxable Property" table for figures.

<sup>b</sup> 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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General bonded debt outstanding</b>										
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ 37,999,201	\$ 35,989,681	\$ 33,972,549	\$ 31,972,970	\$ 29,966,715	\$ 36,159,473
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37,999,201</b>	<b>\$ 35,989,681</b>	<b>\$ 33,972,549</b>	<b>\$ 31,972,970</b>	<b>\$ 29,966,715</b>	<b>\$ 36,159,473</b>
<b>Percentage of estimated actual assessed value <sup>a</sup></b>	-	-	-	-	1.89%	1.57%	1.26%	1.01%	0.95%	1.02%
<b>Per capita <sup>b</sup></b>	-	-	-	-	\$ 1,396	\$ 1,287	\$ 1,173	\$ 1,083	\$ 1,015	\$ 1,208
<b>Less: Amounts set aside to repay general debt <sup>c</sup></b>	-	-	-	-	2,827,313	3,910,516	5,785,833	6,465,576	7,128,829	6,277,461
<b>Total net debt applicable to debt limit</b>	-	-	-	-	35,171,888	32,079,165	28,186,716	25,507,394	22,837,886	29,882,012
<b>Legal debt limit <sup>d</sup></b>					75,289,937	85,947,371	100,786,055	118,801,782	118,801,782	132,717,073
<b>Legal debt margin</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,118,049</b>	<b>\$ 53,868,206</b>	<b>\$ 72,599,339</b>	<b>\$ 93,294,388</b>	<b>\$ 95,963,896</b>	<b>\$ 102,835,061</b>
<b>Legal debt margin as a percentage of the debt limit</b>	-	-	-	-	53.3%	62.7%	72.0%	78.5%	80.8%	77.5%

<sup>a</sup> See the "Assessed Value of Taxable Property" table for figures.

<sup>b</sup> See the "Demographic and Economic Statistics" table for population data.

<sup>c</sup> City has established an internal reserve for debt repayment in case of economic downturn.

<sup>d</sup> 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, 2008

<b>2007-08 Assessed Valuation:</b>	\$ 3,592,802,257
<b>Redevelopment Incremental Valuation:</b>	371,338,908
<b>Adjusted Assessed Valuation:</b>	<u>\$ 3,221,463,349</u>

<u>Direct and Overlapping Tax and Assessment Debt</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable (1)</u>	<u>City's Share of Debt 6/30/07</u>
Paso Robles Joint Unified School District	\$ 11,999,871	49.5%	\$ 5,940,056
City of Paso Robles	36,159,473	100.000%	36,159,473
<b>Total Direct and Overlapping Tax and Assessment Debt</b>			<u>42,099,529</u>
<u>Direct and Overlapping Tax General Fund Debt</u>			
San Luis Obispo County Certificates of Participation	\$ 43,510,000	8.675%	\$ 3,774,493
San Luis Obispo County Pension Obligations	129,034,398	8.675%	11,193,734
San Luis Obispo Community College District Certificates of Participation	12,990,000	8.644%	1,122,856
Paso Robles Joint Unified School District Certificates of Participation	2,100,000	49.501%	1,039,521
Paso Robles Union School District Certificates of Participation	645,000	60.090%	387,581
City of Paso Robles Certificates of Participaition	3,740,000	100.000%	3,740,000
<b>Total Direct and Overlapping Tax General Fund Debt</b>			<u>21,258,185</u>
<b>Combined Total Debt</b>			<u>\$ 63,357,714</u> (2)

**Ratios to 2007-08 Assessed Valuation:**

Direct Debt (\$36,159,473)	1.01%
Total Direct and Overlapping Tax and Assessment Debt	1.18%

**Ratios to Adjusted Assessed Valuation:**

Combined Direct Debt (\$39,899,473)	1.24%
Combined Total Debt	1.97%

State School Building Aid Repayable as of 6/30/08: \$0

(1) Percentage of overlapping city's assessed valuation located within boundaries of the city.

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

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

Fiscal Year	Tax Allocation Bonds				Sewer Revenue Bonds					
	Property Tax Increment <sup>(1)</sup>	Debt Service		Coverage	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
		Principal	Interest					Principal	Interest	
1999	\$ 493,170	\$ 105,000	\$ 187,730	3.21	\$ 1,773,569	\$ 1,101,114	\$ 672,455	\$ 360,000	\$ 207,675	1.18
2000	560,855	115,000	182,780	3.39	1,943,518	1,225,412	718,106	380,000	193,055	1.25
2001	717,422	120,000	229,069	3.84	1,869,486	1,310,208	559,278	400,000	177,055	0.97
2002	734,764	320,000	374,350	2.19	2,073,640	1,227,001	846,639	420,000	159,415	1.46
2003	808,971	105,000	365,288	3.01	2,510,233	1,442,371	1,067,862	780,000	246,336	1.04
2004	954,719	150,000		3.02	3,565,011	1,511,408	2,053,603	620,000	404,689	2.00
2005	1,165,757	160,000	352,939	3.82	3,412,963	1,911,324	1,501,639	640,000	392,289	1.45
2006	1,570,486	165,000	345,699	4.62	3,923,094	2,229,684	1,693,410	655,000	279,489	1.81
2007	1,752,963	165,000	338,153	3.48	4,094,968	2,269,625	1,825,343	675,000	366,389	1.75
2008	2,565,692	195,000	329,709	4.89	4,444,240	2,714,563	1,729,677	695,000	353,426	1.65

Source: City of Paso Robles Financial Reports

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.

<sup>(1)</sup> Net Tax Increment after deducting LMI set aside and fiscal agreement contributions

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

<b>Calendar Year</b>	<b>Population</b>	<b>Est. Median Household Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Total Employment, All Industries</b>	<b>K-12 School Enrollment</b>	<b>Median Home Price (\$ thousands)</b>	<b>County Unemployment Rate</b>
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	445.5	4.0%
2007	29,514	47,298	22,204	33	15,166	6,910	446.8	4.2%
2008	29,934	48,399	22,721	33	15,254	6,910	452.8	6.1%

**Source:** California Department of Finance and 2008/2009 Paso Robles Economic Forecast by UCSB

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

Employer	2008			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Paso Robles Public Schools	821	1	7.08%	614	1	5.39%
Cuesta College	383	2	3.30%			
California Youth Authority	325	3	2.80%	460	3	4.04%
Walmart	300	4	2.59%	263	5	2.31%
Twin Cities Hospital	293	5	2.53%	500	2	4.39%
Specialty Silicone Fabricators	220	6	1.90%	150	9	1.32%
Applied Technologies	220	7				
Target	220	8	1.90%			
Zurn Industries	217	9	1.87%	155	8	1.36%
Joslyn-Sunbank Corporation	210	10	1.81%	210	6	1.84%
Paris Precision Products				420	4	3.69%
California Mid State Fair				225	5	1.98%
San Luis Personnel				150	10	1.32%
Pro Forms				188	7	1.65%
M.A.T.E.S.						
<b>Total</b>	<u>3,209</u>		<u>25.77%</u>	<u>3,335</u>		<u>29.28%</u>
<b>Total City Employment</b>	<u>15,254</u>			<u>11,389</u>		

Source: 1999 data is from Paso Robles Chamber of Commerce.

2007 data is provided by the UCSB Economic Forecast Project and Paso Robles Chamber of Commerce

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

<u>Function/Program</u>	<u>Full-time-Equivalent Employees as of June 30</u>									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government										
City manager	N/A	N/A	N/A	3	3	5	4	4	4	4
Information technology	N/A	N/A	N/A	1	1	2	2	4	4	6
Human resources	N/A	N/A	N/A	1	1	2	2	3	3	3
Administrative services	N/A	N/A	N/A	8	8	9	9	10	11	11
Police department										
Officers	N/A	N/A	N/A	35	35	37	37	40	41	43
Others	N/A	N/A	N/A		9	10	10	12	12	12
Emergency services										
Firefighters	N/A	N/A	N/A	11	11	19	20	24	24	27
Others	N/A	N/A	N/A	1	1	1	1	1	1	1
Public works										
Maintenance services	N/A	N/A	N/A	28	28	32	32	36	33	36
Airport	N/A	N/A	N/A	1	1	1	1	1	1	1
Water	N/A	N/A	N/A	8	7	8	8	9	9	11
Wastewater	N/A	N/A	N/A	8	9	9	9	9	9	12
Building/Engineering									9	8
Library and recreation services										
Library services	N/A	N/A	N/A	5	5	5	5	5	5	5
Recreation services	N/A	N/A	N/A	10	11	11	11	11	11	10
Community development										
Planning	N/A	N/A	N/A	3	3	3	3	3	3	4
Housing	N/A	N/A	N/A	1	1	1	1	1	1	1
Engineering	N/A	N/A	N/A	2	2	2	2	2	2	2
Building	N/A	N/A	N/A	7	7	8	8	9	2	2
<b>Total</b>	-	-	-	133	143	165	165	184	185	199

Source: City Budget

Notes: A full-time employee is scheduled to work 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**

<u>Function/Program</u>	<u>Fiscal year</u>									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government										
Police department										
Physical arrests	N/A	N/A	N/A	N/A	1,241	1,443	1,486	1,673	1,694	1,575
Parking violations	N/A	N/A	N/A	N/A			1,160	963	1,124	1,019
Traffic violations	N/A	N/A	N/A	N/A	2,584	3,751	3,406	2,927	5,008	4,517
Emergency services										
Emergency responses	2,068	2,007	2,300		2,370	2,436	2,567	2679	2,803	2,821
Fires extinguished			147	162	166	147	121	125	129	115
Inspections									N/A	329
Public works										
Water										
New connections	N/A	N/A	N/A	N/A	N/A	N/A	N/A	328	54	35
Water main breaks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	2	N/A
Average daily production (millions of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6.6	7	N/A
Peak daily production (millions of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12.3	12.33	N/A
Wastewater										
Average daily sewage treatment (millions of gallons)	2.6676	2.8140	2.8584	2.7983	2.7871	2.8556	2.9590	2.7514	2.983	N/A
Library and recreation services										
Library services										
Volumes in collection	N/A	N/A	N/A	N/A	N/A	54,044	56,228	56,070	55,885	57,580
Total volumes borrowed	N/A	N/A	N/A	N/A	N/A	148,315	120,923	160,832	160,249	176,132
Recreation services										
Athletic field permits issued	N/A	N/A	N/A	N/A	N/A	1,418	1,472	2,508	2,595	1,564
Activity admissions	5,634	6,186	8,219	22,448	23,628	24,050	24,501	23,953	25,325	26,060
Community development										
Building permits issued	597	802	874	808	952	1,107	972	947	654	TBD
Building inspections conducted	4,396	6,642	7,038	7,434	7,772	8,387	8,603	7140	3,608	TBD

Source: City Budget

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

<u>Function/Program</u>	<u>Fiscal year</u>									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government										
Personal computers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	164	173	171
Police department										
Stations	N/A	N/A	N/A	N/A	1	1	1	1	1	1
Patrol units	9	11	11	12	15	14	12	11	12	13
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	140.0	160	173.5
Traffic signals	N/A	N/A	N/A	N/A	N/A	N/A	N/A	20	24	25
Bridges	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	4	4
Airport	1	1	1	1	1	1	1	1	1	1
Water										
Fire hydrants	N/A	N/A	N/A	N/A	875	890	900	900	900	1087
Storage tanks	N/A	N/A	N/A	N/A	4	4	4	4	4	4
Storage capacity (millions of gallons)	N/A	N/A	N/A	N/A	12.1	12.1	12.1	12.1	12.1	12.1
Water Mains (miles)	N/A	N/A	N/A	N/A	120	120	125	125	125	164
Wastewater										
Sanitary sewers (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	137.07	137.07	137.07
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	101.095	101.095	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	14	14	14	14	13	10	10
Baseball/softball diamonds	6	6	6	10	10	10	10	10	10	10
Soccer/football fields	4	4	4	6	6	6	6	6	6	6
Community centers	2	2	1	3	3	3	3	3	3	3

Source: City Budget