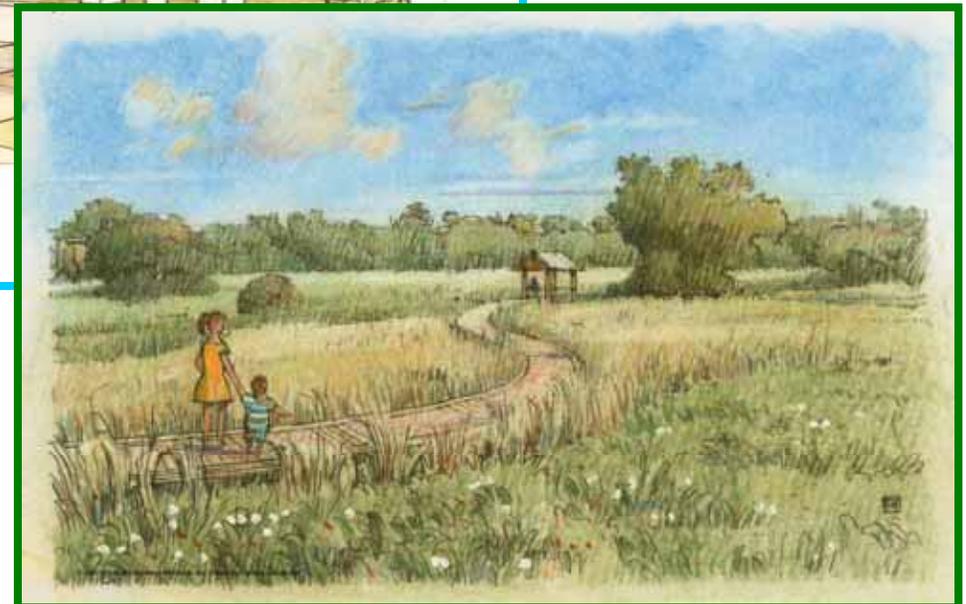
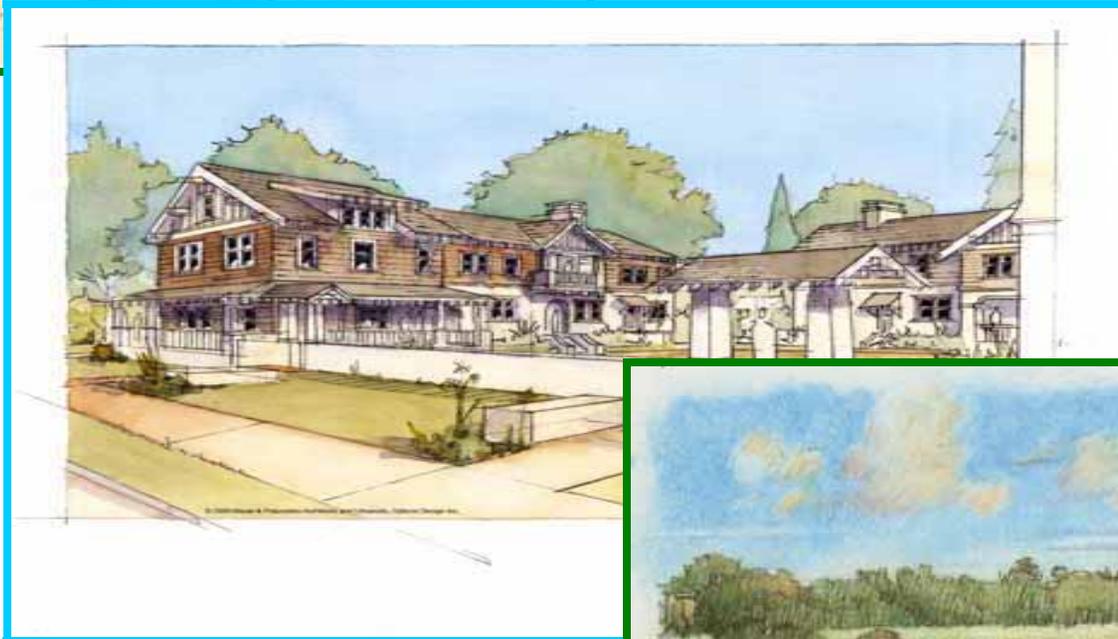


CITY OF EL PASO DE ROBLES California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009

Cover

Images and artwork provided by Moule & Polyzoides Architects and Urbanists and Opticos Design, Inc., (626) 844-2400, author's of the Downtown Specific Plan – Uptown & Town Center. This Specific Plan is a zoning tool that enables a community to define a clear and specific vision for the future evolution of a specified planning area. For areas such as Uptown and the Town Center – areas that have evolved and continue to evolve over time, the Specific Plan guides public and private reinvestment and construction in a highly coordinated and integrated way in order to yield specific types of urban places that are the result of discussion, debate and consensus by a majority of the community.

Comprehensive Annual Financial Report

For The

Fiscal Year Ended June 30, 2009

City of El Paso de Robles

California

Duane Picanco, Mayor
Fred Strong, Mayor Pro Tempore
Nick Gilman, Councilmember
John Hamon, Councilmember
Ed Steinbeck, 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, 2009**

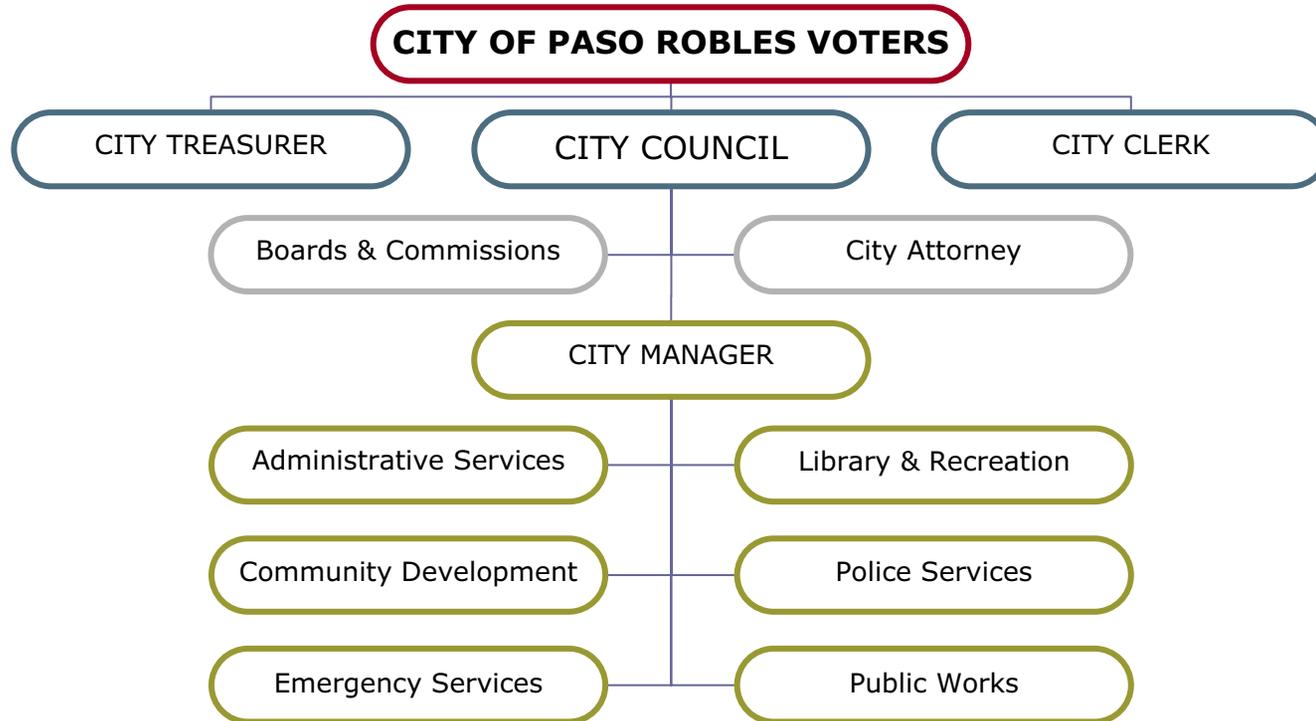
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**CITY OF EL PASO DE ROBLES
ORGANIZATION OF CITY GOVERNMENT**



California Society of Municipal Finance Officers

Certificate of Award

*Outstanding Financial Reporting for the Fiscal
Year ending June 30, 2008*

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 systems from which the reports were prepared.*

June 2009



Thomas Fil, President

*Jesse Takahashi, Co-Chair
Professional & Technical Standards Committee*

Dedicated Excellence in Municipal Financial Management



December 22, 2009

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 2008-09

INTRODUCTION

The City of El Paso de Robles' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009 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 29,950 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. In 2008, Bon Appetit magazine voted Paso Robles as the 2nd "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 2nd largest show in the nation.

Given the above events and attractions, tourism has become an important industry in Paso Robles. Transient occupancy tax collections, viewed as an indicator of tourism success, increased by 6.3% 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. A new high high-end RV Motor Resort with 380 spaces is in the beginning stages of construction.

During the year, over \$18.6 million in new commercial construction valuation was completed. This consisted of the new Lowes shopping center and ancillary buildings, restaurant buildings and office buildings. Total new square footage added in commercial/industrial was approximately 275,000 square feet.

The potential for Industrial and Commercial construction within the city continues to be vibrant, but with a slight slowdown. Currently, there is approximately 430,000/sf of proposed commercial and industrial projects that should soon move forward in FY2010. 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. Locally, the housing construction market has slowed drastically this last year. During fiscal year 2009, Paso Robles issued building permits for 19 housing residential housing units with a total valuation of \$5.1 million. The median home price of a home in the County in FY2009 was \$365,000. Sluggish home sales and minor new residential home construction has resulted in significant decrease in building fees.

Property tax collections, for all categories, is expected to decrease by approximately (3.03)% or \$271,000, to \$8,676,000 in 2010 as compared to \$8,947,200 in FY 2009. While the passage of Proposition 1A Receivables Program generally eliminates State raids on local government property tax 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 ACHIEVEMENTS 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.

For fiscal year 2009, with the exception of fiscal year 2004 due to the San Simeon Quake, the General Fund posted its first negative financial results since fiscal year 1998. This unfavorable result was actually half of an estimated year-end forecast that was presented earlier in the year to the City Council. This decrease is due to the aggressive cost-cutting measures taken during the year. The City has completed its most recent four-year forecast and its results show that by judiciously using General Fund reserve funds, the City will be able to survive this economic recession without more extreme cost-cutting measures. Currently, the City has reduced costs by approximately \$6,000,000 per year. The majority of these initiatives come through labor savings. Currently, the General Fund staffing has been reduced by over 22%. Other cost saving measures include temporary and contractual service cuts, reduced maintenance expenditures and future building development fund set-asides. Even with these reductions, the following four years will be monitored carefully. Should the economy not turn around or turn around at a slower than predicted pace, more reductions will be necessary. However, the City of Paso Robles enjoys the fact that it is surviving the economic recession much more effectively than most California cities. This is due to the ever increasing tourism industry, owing in part to the partnerships between, the City, wineries, hotels and other travel related industries. By working together to promote the City and surrounding area, the City of Paso Robles is poised to be successful both in terms of financial stability and its growing tourism industry.

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 122 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, 2008 through July 1, 2011. 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 \$211,830,582. There is a \$5,000 deductible per occurrence. 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.

Airport Insurance - The City of Paso Robles purchases Airport Insurance through Alliant Services, which uses Old Republic Insurance Company and Underwriters at Lloyds for excess coverage. Coverage is on an occurrence basis and covers items such as; bodily injury, personal liability, premises liability, non-owned aircraft liability and Hangarkeeper's to name but a few. Limits range from \$25,000 for medical payments to \$ \$15,000,000 for bodily injury claims. Premiums are paid annually and are not subject to retroactive payments.

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, 2009. 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.

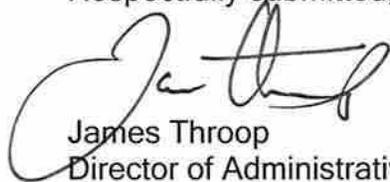
CERTIFICATE OF AWARD

The California Society of Municipal Finance Officers awarded its Certificate for Outstanding Financial Reporting to the City for the 2008 CAFR. This was the tenth 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, **Jody Dauth**, Administrative Coordinator and **Lori Barnes**, Administrative Assistant, 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,

A handwritten signature in black ink, appearing to read 'James Throop', is written over a printed name and title.

James Throop
Director of Administrative Services

CITY OF EL PASO DE ROBLES



FINANCIAL SECTION



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
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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, 2009, 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, 2009, 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, 2008, the City of El Paso de Robles adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employees for Postemployment Benefits Other than Pensions*, GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards*.

The Management's Discussion and Analysis on pages 14 through 24, and the required supplementary information on page 75, are 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 11, 2009, 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

A handwritten signature in cursive script that reads "Moss, Levy & Hartzheim LLP".

December 11, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2009

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, 2009. 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 2009 fiscal year by over \$257 million. Of this amount, \$71.1 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$7.6 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 \$31.7 million, compared to \$30.4 million in the prior fiscal year.
- Approximately 31% of the combined fund balances, \$9.8 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 decreased by \$1,974,151 during the current fiscal year due to normal amortization.
- The City's total business-type funds debt decreased by \$161,747 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, 2009

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, transient occupancy tax, 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, 2009

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, Customer Deposits, and Tourism and Lodging Business Improvement District. 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 2.9% from \$250 million at June 30, 2008 to \$257 million at June 30, 2009. 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, 2009

CITY OF EL PASO DE ROBLES' NET ASSETS

| | Governmental activities | | Business-type activities | | Total | |
|---|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2008-09 | 2007-08 | 2008-09 | 2007-08 | 2008-09 | 2007-08 |
| Current and other assets | \$ 37,664,547 | \$ 37,629,559 | \$ 36,965,280 | \$ 43,931,877 | \$ 74,629,827 | \$ 81,561,436 |
| Capital assets | 171,579,965 | 168,299,753 | 74,554,620 | 64,951,221 | 246,134,585 | 233,250,974 |
| Total assets | <u>209,244,512</u> | <u>205,929,312</u> | <u>111,519,900</u> | <u>108,883,098</u> | <u>320,764,412</u> | <u>314,812,410</u> |
| Long-term liabilities outstanding | 47,202,989 | 49,071,330 | 7,268,077 | 7,434,824 | 54,471,066 | 56,506,154 |
| Other liabilities | 6,991,200 | 6,681,771 | 1,696,047 | 1,639,655 | 8,687,247 | 8,321,426 |
| Total liabilities | <u>54,194,189</u> | <u>55,753,101</u> | <u>8,964,124</u> | <u>9,074,479</u> | <u>63,158,313</u> | <u>64,827,580</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 126,146,832 | 123,267,038 | 58,908,864 | 57,702,782 | 185,055,696 | 180,969,820 |
| Restricted | 1,423,908 | 1,168,175 | | | 1,423,908 | 1,168,175 |
| Unrestricted | 27,479,583 | 25,740,998 | 43,646,912 | 42,105,837 | 71,126,495 | 67,846,835 |
| Total Net Assets | <u>\$ 155,050,323</u> | <u>\$ 150,176,211</u> | <u>\$ 102,555,776</u> | <u>\$ 99,808,619</u> | <u>\$ 257,606,099</u> | <u>\$ 249,984,830</u> |

The City's net assets increased \$7.6 million over the prior fiscal year. Current and other assets decreased \$6.9 million while capital assets increased \$12.9 million. Long-term liabilities decreased \$1.7 million due to normal amortization.

GOVERNMENTAL ACTIVITIES

The City's net assets from governmental activities increased \$4,874,112, accounting for 64% of the total growth in net assets of the City of El Paso de Robles. The cost of all governmental activities this fiscal year was \$38.3 million. As shown in the statement of activities, the amount that the taxpayers ultimately financed for these activities was \$31.6 million because some of the cost was paid by those who directly benefited from the programs (\$4.1 million). Capital grants and contributions of \$2.6 million provided capital asset infrastructure by building development. The City paid for the remaining "public benefit" portion of governmental activities with \$30.15 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, 2009

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 \$150.2 million, program revenues of \$6.7 million and general revenues of \$36.5 million. Total expenses for governmental activities during the fiscal year were \$38.3 million.

BUSINESS TYPE ACTIVITIES

The City's net assets from business-type activities increased \$2.7 million which accounts for 36% of the total increase in the City of El Paso Robles' net assets.

The cost of all Proprietary (business-type) activities this year was \$12 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 million. Revenues from other agencies accounted for \$1.4 million and earnings from uses of money and property were \$1.6 million.

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued

Fiscal Year Ended June 30, 2009

CITY OF EL PASO DE ROBLES CHANGES IN NET ASSETS

| | Governmental activities | | Business-type activities | | Total | |
|---|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | 2008-09 | 2007-08 | 2008-09 | 2007-08 | 2008-09 | 2007-08 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 4,106,846 | \$ 5,649,972 | \$ 8,774,818 | \$ 8,805,307 | \$ 12,881,664 | \$ 14,455,279 |
| Operating grants and contributions | - | - | - | - | - | - |
| Capital grants and contributions | 2,581,818 | 4,765,465 | 2,977,958 | 3,548,974 | 5,559,776 | 8,314,439 |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | 18,423,566 | 17,795,597 | 49,304 | 52,457 | 18,472,870 | 17,848,054 |
| Sales tax | 6,702,166 | 7,691,562 | | | 6,702,166 | 7,691,562 |
| Other taxes | 5,027,312 | 5,182,504 | | | 5,027,312 | 5,182,504 |
| Licenses and permits | 432,448 | 420,059 | | | 432,448 | 420,059 |
| From other agencies | 2,610,537 | 2,972,863 | 1,384,327 | 908,754 | 3,994,864 | 3,881,617 |
| Investment earnings | 1,870,103 | 2,573,339 | 1,636,168 | 1,999,423 | 3,506,271 | 4,572,762 |
| Miscellaneous | 1,255,776 | 1,582,640 | 90,646 | 82,961 | 1,346,422 | 1,665,601 |
| Total revenues | 43,010,572 | 48,634,001 | 14,913,221 | 15,397,876 | 57,923,793 | 64,031,877 |
| Expenses: | | | | | | |
| General government | 2,664,573 | 4,205,603 | | | 2,664,573 | 4,205,603 |
| Public safety | 14,644,352 | 13,825,505 | | | 14,644,352 | 13,825,505 |
| Public works | 10,372,489 | 10,665,983 | | | 10,372,489 | 10,665,983 |
| Library and recreation services | 4,380,035 | 4,455,244 | | | 4,380,035 | 4,455,244 |
| Community development | 3,812,797 | 4,752,684 | | | 3,812,797 | 4,752,684 |
| Interest on long term debt | 2,389,710 | 2,588,398 | | | 2,389,710 | 2,588,398 |
| Water operations | | | 5,482,678 | 4,399,286 | 5,482,678 | 4,399,286 |
| Sewer operations | | | 4,374,113 | 4,130,267 | 4,374,113 | 4,130,267 |
| Airport operations | | | 779,181 | 748,673 | 779,181 | 748,673 |
| Transit operations | | | 1,402,596 | 1,149,988 | 1,402,596 | 1,149,988 |
| Total expenses | 38,263,956 | 40,493,417 | 12,038,568 | 10,428,214 | 50,302,524 | 50,921,631 |
| Increase in net assets before transfers | 4,746,616 | 8,140,584 | 2,874,653 | 4,969,662 | 7,621,269 | 13,110,246 |
| Transfers | 127,496 | 102,396 | (127,496) | (102,396) | | |
| Increase (decrease) in net assets | 4,874,112 | 8,242,980 | 2,747,157 | 4,867,266 | 7,621,269 | 13,110,246 |
| Net assets July 1 | 150,176,211 | 149,469,889 | 99,808,619 | 94,941,353 | 249,984,830 | 244,411,242 |
| Prior period adjustments | | (7,536,658) | | | - | (7,536,658) |
| Net assets June 30 | \$ 155,050,323 | \$ 150,176,211 | \$ 102,555,776 | \$ 99,808,619 | \$ 257,606,099 | \$ 249,984,830 |

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued
Fiscal Year Ended June 30, 2009

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The fund balance at fiscal year-end for the City's general fund of \$8.4 million is an overall decrease of \$213,589 over last year.

The Traffic Mitigation Development fund shows an increase in fund balance of \$142,524 from the prior fiscal year.

The Public Facilities Development fund shows an increase in fund balance of \$356,080.

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 an increase of \$420,903 in fund balance, as a result of tax receipts exceeding debt service obligations.

The Redevelopment Agency debt service fund shows an increase of \$987,155 in fund balance from the prior fiscal year resulting from property tax receipts.

DEBT ADMINISTRATION

Debt considered a liability of governmental activities decreased in FY 2008-09 by \$1,974,151 due to normal amortization, compensated absences decreased \$17,017, and closure/postclosure liability increased \$154,188. Per capita debt outstanding decreased to \$1,645 for FY 2008-09 down from \$1,767 for FY 2007-08.

Debt considered a liability of business-type activities decreased in FY 2008-09 by \$161,747 due to normal amortization. Per capita debt outstanding decreased to \$249 for FY 2008-09 down from \$263 for FY 2007-08.

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued
Fiscal Year Ended June 30, 2009

A schedule of outstanding debt is presented below.

| | Balance July 1, 2008 | Incurred or Issued | Satisfied or Matured | Balance June 30, 2009 |
|---------------------------------------|---------------------------------|-------------------------------|---------------------------------|----------------------------------|
| Governmental Activities: | | | | |
| Leases payable | \$ 5,264,982 | \$ - | \$ 290,349 | \$ 4,974,633 |
| Compensated absences | 2,249,275 | | 17,017 | 2,232,258 |
| Closure/postclosure liability | 1,438,921 | 154,188 | | 1,593,109 |
| General obligation bonds payable | 36,159,473 | | 1,630,973 | 34,528,500 |
| Redevelopment bonds payable | 6,120,000 | | 190,000 | 5,930,000 |
| Total governmental activities | \$ 51,232,651 | \$ 154,188 | \$ 2,128,339 | \$ 49,258,500 |
| Business-type Activities: | | | | |
| Compensated absences | \$ 139,824 | \$ 28,253 | \$ - | \$ 168,077 |
| Revenue bonds payable | 7,485,000 | | 190,000 | 7,295,000 |
| Total business-type activities | \$ 7,624,824 | \$ 28,253 | \$ 190,000 | \$ 7,463,077 |

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, 2009

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, 2009, net capital assets of the governmental activities totaled \$169 million and the net capital assets of the business-type activities totaled \$74.6 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 capital assets.

| | Original Cost | Accumulated Depreciation | Book Value |
|--|------------------|-----------------------------|----------------|
| Capital Assets - Governmental Activities: | | | |
| Land, Buildings, Equipment, CIP, and Infrastructure | \$ 223,264,759 | \$ 54,056,993 | \$ 169,207,766 |
| Capital Assets - Business-type Activities: | | | |
| Land, Buildings, Equipment, CIP, and Infrastructure | \$ 118,557,237 | \$ 44,002,617 | \$ 74,554,620 |

CITY OF EL PASO DE ROBLES

Management’s Discussion and Analysis, continued
Fiscal Year Ended June 30, 2009

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the FY 09 original budget (or adopted) general fund budget amount of \$29 million to the final budget amount of \$30 million shows a net increase of \$977,000. Included in this figure is \$110,700 in prior year carry forward, \$54,500 in funds to complete the design for repair of the city hall parking lot, \$445,000 Carnegie Library earthquake repairs, and \$366,800 for installation of a monitoring well at the landfill and landfill master plan. City Council approved all budget supplemental changes to the original budget.

| | | | | |
|-----------------|---|----------------------|---|---------------|
| Original Budget | + | Supplemental Changes | = | Final Budget |
| \$ 29,028,900 | + | \$ 977,000 | = | \$ 30,005,900 |

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The key assumptions in the general fund revenue forecast for fiscal year 2008-09 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 \$200,000 annually in FY2009
- Implementation of City layoff prevention plan including a city-wide hiring freeze

The City’s year end results of the last nine fiscal years (2001 through 2009) have increased the general fund’s fund balance by nearly \$5.6 million. The City’s FY 10 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 and retirement incentive
- 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, 2009

- 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.

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, 2009

| | Governmental Activities | Business-type Activities | Total |
|---|-------------------------|--------------------------|----------------|
| ASSETS | | | |
| Cash and investments | \$ 35,484,074 | \$ 30,277,024 | \$ 65,761,098 |
| Accounts receivable | 4,451,138 | 1,706,764 | 6,157,902 |
| Interest receivable | 361,798 | | 361,798 |
| Inventory | | 68,468 | 68,468 |
| Loan contracts receivable | 1,530,473 | | 1,530,473 |
| Internal balances | (4,686,415) | 4,686,415 | |
| Prepaid expenses | 523,479 | | 523,479 |
| Land | 16,287,573 | 8,389,465 | 24,677,038 |
| Buildings and improvements | 47,945,236 | 89,445,702 | 137,390,938 |
| Equipment | 7,679,461 | 4,582,401 | 12,261,862 |
| Construction in progress | 4,217,568 | 16,139,669 | 20,357,237 |
| Infrastructure | 147,134,921 | | 147,134,921 |
| Accumulated depreciation | (54,056,993) | (44,002,617) | (98,059,610) |
| Bond issuance deferred charges | 2,372,199 | 226,609 | 2,598,808 |
| | <hr/> | <hr/> | <hr/> |
| Total Assets | 209,244,512 | 111,519,900 | 320,764,412 |
| LIABILITIES | | | |
| Accounts payable | 1,226,697 | 1,154,463 | 2,381,160 |
| Accrued payroll expenses | 895,629 | 197,257 | 1,092,886 |
| Interest payable | 798,154 | 27,524 | 825,678 |
| Customer deposits | 204,300 | 121,803 | 326,103 |
| Deferred revenue | 1,598,483 | | 1,598,483 |
| Prepaid revenues | 212,426 | | 212,426 |
| Long term debt | | | |
| Due within one year | 2,055,511 | 195,000 | 2,250,511 |
| Due in more than one year | 47,202,989 | 7,268,077 | 54,471,066 |
| | <hr/> | <hr/> | <hr/> |
| Total Liabilities | 54,194,189 | 8,964,124 | 63,158,313 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 126,146,832 | 67,486,229 | 193,633,061 |
| Restricted for low and moderate housing | 2,170,711 | | 2,170,711 |
| Unrestricted | 26,732,780 | 35,069,547 | 61,802,327 |
| | <hr/> | <hr/> | <hr/> |
| Total net assets | \$ 155,050,323 | \$ 102,555,776 | \$ 257,606,099 |

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, 2009

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|------------------------------|-----------------------|
| | Expenditures | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants | Primary Government | | |
| | | | | | Net Governmental Activities | Net Business-type Activities | Total |
| Governmental Activities: | | | | | | | |
| General government | \$ 2,664,573 | \$ 39,648 | \$ - | \$ - | \$ (2,624,925) | \$ - | \$ (2,624,925) |
| Public safety | 14,644,352 | 922,764 | | 3,662 | (13,717,926) | | (13,717,926) |
| Public works | 10,372,489 | 340,091 | | 2,578,156 | (7,454,242) | | (7,454,242) |
| Library and recreation services | 4,380,035 | 710,085 | | | (3,669,950) | | (3,669,950) |
| Community development | 3,812,797 | 2,094,258 | | | (1,718,539) | | (1,718,539) |
| Interest on long-term debt | 2,389,710 | | | | (2,389,710) | | (2,389,710) |
| Total Governmental Activities | 38,263,956 | 4,106,846 | | 2,581,818 | (31,575,292) | | (31,575,292) |
| Business-type Activities: | | | | | | | |
| Water operations | 5,482,678 | 4,008,362 | | 2,707,230 | | 1,232,914 | 1,232,914 |
| Sewer operations | 4,374,113 | 4,495,292 | | 270,728 | | 391,907 | 391,907 |
| Airport operations | 779,181 | 121,382 | | | | (657,799) | (657,799) |
| Transit operations | 1,402,596 | 149,782 | | | | (1,252,814) | (1,252,814) |
| Total Business-type Activities | 12,038,568 | 8,774,818 | | 2,977,958 | | (285,792) | (285,792) |
| Total primary government | \$ 50,302,524 | \$ 12,881,664 | \$ - | \$ 5,559,776 | (31,575,292) | (285,792) | (31,861,084) |
| General Revenues and Transfers: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | | 18,423,566 | 49,304 | 18,472,870 |
| Sales taxes | | | | | 6,702,166 | | 6,702,166 |
| Other taxes | | | | | 5,027,312 | | 5,027,312 |
| From other agencies | | | | | 2,610,537 | 1,384,327 | 3,994,864 |
| Licenses and permits | | | | | 432,448 | | 432,448 |
| Other | | | | | 1,255,776 | 90,646 | 1,346,422 |
| Uses of money and property | | | | | 1,870,103 | 1,636,168 | 3,506,271 |
| Transfers in/(out) | | | | | 127,496 | (127,496) | |
| Total general revenues and transfers | | | | | 36,449,404 | 3,032,949 | 39,482,353 |
| Change in net assets | | | | | 4,874,112 | 2,747,157 | 7,621,269 |
| Net assets beginning of fiscal year | | | | | 150,176,211 | 99,808,619 | 249,984,830 |
| Net assets end of fiscal year | | | | | \$ 155,050,323 | \$ 102,555,776 | \$ 257,606,099 |

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

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, 2009

| | 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 |
|--|----------------------|---|--|---|--|--|--------------------------------|----------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 5,000,665 | \$ 1,441,524 | \$ 7,086,410 | \$ - | \$ 6,699,648 | \$ 819,986 | \$ 13,146,489 | \$ 34,194,722 |
| Cash and investments with fiscal agent | | | | | | 877,218 | 412,134 | 1,289,352 |
| Accounts receivable | 2,946,217 | | | | 196,003 | 164,457 | 1,144,461 | 4,451,138 |
| Interest receivable | 361,798 | | | | | | | 361,798 |
| Loan contracts receivable | 2,261,833 | 9,658,330 | 8,154,214 | | | | 1,530,473 | 21,604,850 |
| Prepaid items | 70,410 | | | | | 205,000 | | 275,410 |
| Total Assets | \$ 10,640,923 | \$ 11,099,854 | \$ 15,240,624 | \$ - | \$ 6,895,651 | \$ 2,066,661 | \$ 16,233,557 | \$ 62,177,270 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 465,750 | \$ 72,546 | \$ 1,453 | \$ 13,808 | \$ - | \$ - | \$ 673,140 | \$ 1,226,697 |
| Accrued payroll expenses | 852,971 | | | | | | 42,658 | 895,629 |
| Compensated absences | 50,000 | | | | | | | 50,000 |
| Deposits due to others | 204,300 | | | | | | | 204,300 |
| Loan contracts payable | | 4,686,415 | | 9,560,374 | | 8,154,214 | 2,359,789 | 24,760,792 |
| Deferred revenues | 496,341 | 1,056,866 | | | | | 1,575,749 | 3,128,956 |
| Prepaid revenues | 212,426 | | | | | | | 212,426 |
| Total Liabilities | 2,281,788 | 5,815,827 | 1,453 | 9,574,182 | | 8,154,214 | 4,651,336 | 30,478,800 |
| Fund Balances: | | | | | | | | |
| Reserved: | | | | | | | | |
| Loan contracts receivable | 2,261,833 | 9,658,330 | 8,154,214 | | | | 1,530,473 | 21,604,850 |
| Prepaid items | 70,410 | | | | | 205,000 | | 275,410 |
| Unreserved/Designated | | | 7,084,957 | | | | | 7,084,957 |
| Unreserved/Undesignated | 6,026,892 | (4,374,303) | | (9,574,182) | 6,895,651 | (6,292,553) | 10,051,748 | 2,733,253 |
| Total Fund Balances | 8,359,135 | 5,284,027 | 15,239,171 | (9,574,182) | 6,895,651 | (6,087,553) | 11,582,221 | 31,698,470 |
| Total Liabilities and Fund Balances | \$ 10,640,923 | \$ 11,099,854 | \$ 15,240,624 | \$ - | \$ 6,895,651 | \$ 2,066,661 | \$ 16,233,557 | \$ 62,177,270 |

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, 2009

| | | |
|--|--|-----------------------|
| Fund balances of governmental funds | | \$ 31,698,470 |
| 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 | | 169,207,766 |
| Other post employment benefits prepaid expense | | 248,069 |
| Deferred revenue | | 1,530,473 |
| Accrued closure and postclosure costs added to long term debt | | (1,593,109) |
| Bond issuance deferred charges | | 2,372,199 |
| Interest payable | | (798,154) |
| Lease contracts payable | | (1,329,633) |
| Bonds and certificates of participation payable | | (44,103,500) |
| Compensated absences | | <u>(2,182,258)</u> |
| Net assets of governmental activities | | <u>\$ 155,050,323</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, 2009

| | 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 |
|--|-------------------|---|--|---|--|--|--------------------------------|-------------------|
| Revenues: | | | | | | | | |
| Taxes | \$ 20,575,294 | \$ - | \$ - | \$ - | \$ 3,301,421 | \$ 3,914,071 | \$ 2,362,258 | \$ 30,153,044 |
| Licenses and permits | 770,006 | | | | | | | 770,006 |
| Fines and forfeitures | 335,345 | | | | | | | 335,345 |
| Uses of money and property | 1,018,030 | 68,380 | 226,465 | | 199,612 | 81,373 | 448,702 | 2,042,562 |
| From other agencies | 1,391,011 | | | | 65,609 | | 2,604,623 | 4,061,243 |
| Charges for current services | 1,405,734 | 1,250,383 | 241,719 | | | | 315,208 | 3,213,044 |
| Other | 164,455 | | | | | 340,015 | 749,503 | 1,253,973 |
| Total Revenues | 25,659,875 | 1,318,763 | 468,184 | | 3,566,642 | 4,335,459 | 6,480,294 | 41,829,217 |
| Expenditures: | | | | | | | | |
| General government | 2,190,142 | | | | | | 141,240 | 2,331,382 |
| Public safety | 13,464,082 | | | | | | 458,842 | 13,922,924 |
| Public works | 4,537,945 | | 109,163 | | | | 2,036,851 | 6,683,959 |
| Library and recreation services | 3,964,380 | | | | | | 76,034 | 4,040,414 |
| Community development | 1,281,373 | | | 189,499 | | 118,262 | 1,100,664 | 2,689,798 |
| Interest | 63,901 | | | 294,692 | 1,512,139 | 315,894 | 203,421 | 2,390,047 |
| Principal | 195,349 | | | | 1,630,973 | 190,000 | 95,000 | 2,111,322 |
| Paying agent fees | | | | | 2,627 | 3,000 | 2,250 | 7,877 |
| Capital outlay | 1,563,187 | 1,176,239 | 2,941 | | | | 2,057,060 | 4,799,427 |
| Fiscal agreements payments | | | | | | 1,699,267 | | 1,699,267 |
| Total Expenditures | 27,260,359 | 1,176,239 | 112,104 | 484,191 | 3,145,739 | 2,326,423 | 6,171,362 | 40,676,417 |
| Excess revenues over (under) expenditures | (1,600,484) | 142,524 | 356,080 | (484,191) | 420,903 | 2,009,036 | 308,932 | 1,152,800 |
| Other financing sources (uses): | | | | | | | | |
| Operating transfers in | 1,633,050 | | | | | | 2,399,414 | 4,032,464 |
| Operating transfers out | (246,155) | | | | | (1,021,881) | (2,636,932) | (3,904,968) |
| Total Other Financing Sources (Uses) | 1,386,895 | | | | | (1,021,881) | (237,518) | 127,496 |
| Net Change in Fund Balances | (213,589) | 142,524 | 356,080 | (484,191) | 420,903 | 987,155 | 71,414 | 1,280,296 |
| Fund Balances - July 1 | 8,572,724 | 5,141,503 | 14,883,091 | (9,089,991) | 6,474,748 | (7,074,708) | 11,510,807 | 30,418,174 |
| Fund Balances - June 30 | \$ 8,359,135 | \$ 5,284,027 | \$ 15,239,171 | \$ (9,574,182) | \$ 6,895,651 | \$ (6,087,553) | \$ 11,582,221 | \$ 31,698,470 |

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, 2009

Net change in fund balances - total governmental funds \$ 1,280,296

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

Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the costs of those assets are not included but instead increase the capital assets on the statement of net assets 6,003,672

Loss on disposal of capital assets (2,049)

Governmental funds do not report depreciation as an expense. However, in the Statement of Activities, depreciation is recorded as an expense (5,093,610)

In governmental funds, net OPEB asset has not been included in financial resources we amortized over the bond life in the statement of activities 248,069

Repayment of long-term debt (bond principal, certificates of participation, and capital lease) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets 2,111,322

CDBG / RDA increase in loans receivables 600,000

Interest payable increase 3,124

Postclosure change in long term liability (154,188)

Current year bond issuance amortization (139,541)

To record as an expense the net changes in compensated absences in the Statement of Activities 17,017

Change in net assets of governmental activities \$ 4,874,112

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, 2009**

| | Budgeted Amounts | | | Variance with Final Budget Positive/(Negative) |
|--|---------------------|---------------------|---------------------|--|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Taxes | \$ 24,465,300 | \$ 24,465,300 | \$ 20,575,294 | \$ (3,890,006) |
| Licenses and permits | 1,054,500 | 1,054,500 | 770,006 | (284,494) |
| Fines and forfeitures | 323,000 | 323,000 | 335,345 | 12,345 |
| Uses of money and property | 428,100 | 794,900 | 1,018,030 | 223,130 |
| From other agencies | 1,000,800 | 1,000,800 | 1,391,011 | 390,211 |
| Charges for current services | 1,643,400 | 1,643,400 | 1,405,734 | (237,666) |
| Other | 50,000 | 50,000 | 164,455 | 114,455 |
| Total Revenues | <u>28,965,100</u> | <u>29,331,900</u> | <u>25,659,875</u> | <u>(3,672,025)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 2,185,600 | 2,260,500 | 2,190,142 | 70,358 |
| Public safety | 15,226,400 | 15,226,400 | 13,464,082 | 1,762,318 |
| Public works | 5,201,000 | 5,663,300 | 4,537,945 | 1,125,355 |
| Library & recreation services | 4,527,600 | 4,527,600 | 3,964,380 | 563,220 |
| Community development | 1,554,200 | 1,569,400 | 1,281,373 | 288,027 |
| Debt service | 259,200 | 259,200 | 259,250 | (50) |
| Capital outlay | 74,900 | 499,500 | 1,563,187 | (1,063,687) |
| Total Expenditures | <u>29,028,900</u> | <u>30,005,900</u> | <u>27,260,359</u> | <u>2,745,541</u> |
| Excess revenues over (under) expenditures | <u>(63,800)</u> | <u>(674,000)</u> | <u>(1,600,484)</u> | <u>(926,484)</u> |
| Other financing sources (uses): | | | | |
| Operating transfers in | 769,400 | 1,048,900 | 1,633,050 | 584,150 |
| Operating transfers out | (536,700) | (536,700) | (246,155) | 290,545 |
| Total other financing sources (uses) | <u>232,700</u> | <u>512,200</u> | <u>1,386,895</u> | <u>874,695</u> |
| Excess revenues and other sources over (under) expenditures and other uses | 168,900 | (161,800) | (213,589) | (51,789) |
| Fund Balance - July 1 | <u>8,572,724</u> | <u>8,572,724</u> | <u>8,572,724</u> | |
| Fund Balance - June 30 | <u>\$ 8,741,624</u> | <u>\$ 8,410,924</u> | <u>\$ 8,359,135</u> | <u>\$ (51,789)</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, Nacimientto water project, and Nacimientto 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, 2009**

| | Business-type Activities - Enterprise Funds | | | | Totals |
|---|---|----------------------|-----------------------|-----------------------|-----------------------|
| | Water Operations | Sewer Operations | Airport Operations | Transit Operations | |
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents | \$ 22,525,003 | \$ 5,949,198 | \$ 1,547,468 | \$ 255,353 | \$ 30,277,022 |
| Cash and investments with fiscal agent | | 2 | | | 2 |
| Accounts receivable | 655,954 | 781,411 | 30,724 | 238,675 | 1,706,764 |
| Inventory | 68,468 | | | | 68,468 |
| Total Current Assets | 23,249,425 | 6,730,611 | 1,578,192 | 494,028 | 32,052,256 |
| Capital Assets: | | | | | |
| Plant, property and equipment | 44,389,231 | 53,178,568 | 19,855,683 | 1,133,755 | 118,557,237 |
| Less accumulated depreciation | 16,419,576 | 19,815,728 | 7,225,619 | 541,694 | 44,002,617 |
| Net Book Value | 27,969,655 | 33,362,840 | 12,630,064 | 592,061 | 74,554,620 |
| Long-term Assets: | | | | | |
| Unamortized bond discount and issue costs | | 226,609 | | | 226,609 |
| Loans receivable - non current portion | | 4,686,415 | | | 4,686,415 |
| Total Long-term Assets | | 4,913,024 | | | 4,913,024 |
| Total Assets | \$ 51,219,080 | \$ 45,006,475 | \$ 14,208,256 | \$ 1,086,089 | \$ 111,519,900 |

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, 2009**

| | Business-type Activities - Enterprise Funds | | | | Totals |
|--|---|----------------------|-----------------------|-----------------------|-----------------------|
| | Water Operations | Sewer Operations | Airport Operations | Transit Operations | |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | \$ 309,006 | \$ 742,111 | \$ 24,552 | \$ 78,794 | \$ 1,154,463 |
| Accrued payroll expenses | 108,048 | 73,681 | 10,653 | 4,875 | 197,257 |
| Accrued interest expense | | 27,524 | | | 27,524 |
| Customer deposits | 117,570 | 4,233 | | | 121,803 |
| Bond principal payable - current portion | | 195,000 | | | 195,000 |
| Total Current Liabilities | <u>534,624</u> | <u>1,042,549</u> | <u>35,205</u> | <u>83,669</u> | <u>1,696,047</u> |
| Long-term Liabilities: | | | | | |
| Compensated absences | 78,583 | 72,325 | 15,669 | 1,500 | 168,077 |
| Bond principal payable, net - less current portion | | 7,100,000 | | | 7,100,000 |
| Total Long-term Liabilities | <u>78,583</u> | <u>7,172,325</u> | <u>15,669</u> | <u>1,500</u> | <u>7,268,077</u> |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 27,969,655 | 26,294,449 | 12,630,064 | 592,061 | 67,486,229 |
| Unrestricted | 22,636,218 | 10,497,152 | 1,527,318 | 408,859 | 35,069,547 |
| Total Net Assets | <u>\$ 50,605,873</u> | <u>\$ 36,791,601</u> | <u>\$ 14,157,382</u> | <u>\$ 1,000,920</u> | <u>\$ 102,555,776</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, 2009**

| | Business-type Activities - Enterprise Funds | | | | |
|---|---|----------------------|-----------------------|---------------------|-----------------------|
| | Water Operations | Sewer Operations | Airport Operations | Transit Operations | Totals |
| Operating Revenues: | | | | | |
| Charges for current services | \$ 3,957,618 | \$ 4,495,292 | \$ 121,382 | \$ 149,782 | \$ 8,724,074 |
| Rents and leases | | | 549,815 | | 549,815 |
| Other | 27,787 | 113,603 | | | 141,390 |
| Total operating revenues | 3,985,405 | 4,608,895 | 671,197 | 149,782 | 9,415,279 |
| Operating expenses: | | | | | |
| Maintenance, operations, and administration | 4,535,373 | 2,929,406 | 413,562 | 1,084,975 | 8,963,316 |
| Depreciation and amortization | 947,305 | 1,109,724 | 365,619 | 116,405 | 2,539,053 |
| Total operating expenses | 5,482,678 | 4,039,130 | 779,181 | 1,201,380 | 11,502,369 |
| Operating income (loss) | (1,497,273) | 569,765 | (107,984) | (1,051,598) | (2,087,090) |
| Non-operating revenues (expenses): | | | | | |
| Taxes | | | 49,304 | | 49,304 |
| Revenues from other agencies | | 304,040 | 94,132 | 986,155 | 1,384,327 |
| Interest revenue | 787,756 | 246,712 | 48,287 | 3,598 | 1,086,353 |
| Loss on disposal of capital assets | | | | (5,193) | (5,193) |
| Contributions to other agencies | | | | (196,023) | (196,023) |
| Interest expense | | (334,983) | | | (334,983) |
| Total non-operating revenues (expenses) | 787,756 | 215,769 | 191,723 | 788,537 | 1,983,785 |
| Income before transfers and capital contributions | (709,517) | 785,534 | 83,739 | (263,061) | (103,305) |
| Transfers out | (36,498) | (90,998) | | | (127,496) |
| Capital contributions | 29,120 | 30,180 | | | 59,300 |
| Capital contribution - Nacimiento project | 2,173,411 | | | | 2,173,411 |
| Capital contribution - Nacimiento water treatment | 41,575 | | | | 41,575 |
| Connection fees | 463,124 | 240,548 | | | 703,672 |
| Change in net assets | 1,961,215 | 965,264 | 83,739 | (263,061) | 2,747,157 |
| Total net assets - July 1 | 48,644,658 | 35,826,337 | 14,073,643 | 1,263,981 | 99,808,619 |
| Total net assets - June 30 | \$ 50,605,873 | \$ 36,791,601 | \$ 14,157,382 | \$ 1,000,920 | \$ 102,555,776 |

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, 2009**

| | Business-type Activities - Enterprise Funds | | | | |
|--|---|---------------------|-----------------------|-----------------------|----------------|
| | Water Operations | Sewer Operations | Airport Operations | Transit Operations | Totals |
| Cash Flows from Operating Activities: | | | | | |
| Receipts from customers and users | \$ 4,131,939 | \$ 4,285,107 | \$ 665,821 | \$ 150,719 | \$ 9,233,586 |
| Payments to suppliers | (3,341,858) | (1,138,654) | (226,692) | (978,722) | (5,685,926) |
| Payments to employees | (1,603,673) | (1,177,256) | (186,127) | (118,282) | (3,085,338) |
| Net cash provided (used) by operating activities | (813,592) | 1,969,197 | 253,002 | (946,285) | 462,322 |
| Cash Flows from Capital and Related Financing Activities: | | | | | |
| Revenues from other agencies | | 304,040 | 94,132 | 1,236,885 | 1,635,057 |
| Acquisitions of capital assets | (2,399,852) | (9,467,008) | (71,523) | (140,113) | (12,078,496) |
| Loan/lease principal paid | | (190,000) | | | (190,000) |
| Interest paid on long term debt | | (336,016) | | | (336,016) |
| Contributed capital received | 2,678,110 | 240,548 | | | 2,918,658 |
| Net cash provided (used) by capital and related financing activities | 278,258 | (9,448,436) | 22,609 | 1,096,772 | (8,050,797) |
| Cash Flows from Non-capital and Related Financing Activities: | | | | | |
| Operating transfers in/(out) | (36,498) | (90,998) | | | (127,496) |
| Taxes | | | 49,304 | | 49,304 |
| Contributions to others | | | | (196,022) | (196,022) |
| Net cash provided (used) by non-capital financing sources | (36,498) | (90,998) | 49,304 | (196,022) | (274,214) |
| Cash Flows from Investing Activities: | | | | | |
| Interest on investments | 787,756 | 246,712 | 48,287 | 3,598 | 1,086,353 |
| Loan contract receivable | | 625,191 | | | 625,191 |
| Net cash provided by investing financing activities | 787,756 | 871,903 | 48,287 | 3,598 | 1,711,544 |
| Net increase (decrease) in cash and cash equivalents | 215,924 | (6,698,334) | 373,202 | (41,937) | (6,151,145) |
| Cash and cash equivalents at beginning of year | 22,309,079 | 12,647,534 | 1,174,266 | 297,290 | 36,428,169 |
| Cash and cash equivalents at end of year | \$ 22,525,003 | \$ 5,949,200 | \$ 1,547,468 | \$ 255,353 | \$ 30,277,024 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities: | | | | | |
| Operating income (loss) | \$ (1,497,273) | \$ 569,765 | \$ (107,984) | \$ (1,051,598) | \$ (2,087,090) |
| Adjustments to reconcile net operating income (loss) | | | | | |
| Add depreciation and amortization | 947,305 | 1,109,724 | 365,619 | 116,405 | 2,539,053 |
| Change in operating assets and liabilities: | | | | | |
| (Increase) decrease in accounts receivable | 135,353 | (323,788) | (5,376) | | (193,811) |
| (Increase) decrease in inventory | (2,144) | | | | (2,144) |
| Increase (decrease) in accounts payable | (461,173) | 593,005 | (671) | (11,914) | 119,247 |
| Increase in accrued payroll expenses | 31,914 | 14,106 | 423 | 255 | 46,698 |
| Increase (decrease) in compensated absences | 21,246 | 6,385 | 991 | (370) | 28,252 |
| Increase (decrease) in customer deposits | 11,180 | | | 937 | 12,117 |
| Net cash provided (used) by operating activities | \$ (813,592) | \$ 1,969,197 | \$ 253,002 | \$ (946,285) | \$ 462,322 |

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, 2009

| | Agency Funds |
|---------------------------------------|--------------|
| Assets | |
| Cash and investments | \$ 1,195,381 |
| Accounts receivable | 49,311 |
| Total Assets | 1,244,692 |
| Liabilities | |
| Accounts payable | 64,177 |
| Accrued salaries and benefits payable | 5,377 |
| Customer deposits | 664,671 |
| Due to others | 510,467 |
| Total Liabilities | 1,244,692 |
| Net Assets | |
| Unrestricted | |
| Total Net Assets | \$ - |

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, 2009

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CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2009

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, 2009

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, 2009

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.

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

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2009

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 four funds: 1) to account for funds received and expended by the Senior Advisory Committee, 2) 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, 3) deposits from customers to be refunded when performance criteria is met or applied against future amounts due to the City from the customer and 4) to account for funds received and expended by the Tourism and Lodging Business Improvement District.

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, 2009

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 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, 2009

F. Compensated Absences

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

G. Cash and Cash Equivalents

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

H. Inventories and Prepaid Items

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

I. Property Taxes

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

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

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2009

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, 2009

M. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 45

For the fiscal year ended June 30, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employees for Postemployment Benefits Other than Plan Pensions". The Statement is effective for periods beginning after December 15, 2007 for a Phase II government. This Statement establishes standards for measurement, recognition, and display of *other postemployment benefits* (OPEB) expenses/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. Implementation of this Statement and the impact of the City's financial statements is explained in detail in Note 8, Post Employment Benefits Other Than Pensions.

Governmental Accounting Standards Board Statement No. 49

For the fiscal year ended June 30, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations". The Statement is effective for periods beginning after December 15, 2007. The Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and clean ups. The scope of the document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care and nuclear power plant decommissioning. Implementation of the GASB Statement No. 49, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2009.

Governmental Accounting Standards Board Statement No. 52

For the fiscal year ended June 30, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments". The Statement is effective for periods beginning after June 15, 2008. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. Implementation of the GASB Statement No. 52, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2009.

Governmental Accounting Standards Board Statement No. 55

For the fiscal year ended June 30, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". The Statement is effective as of

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2009

April 2, 2009. The objective of this Statement is to incorporate the hierarchy of Generally Accepted Accounting Principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the *preparation* of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. Implementation of the GASB Statement No. 55, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2009.

Governmental Accounting Standards Board Statement No. 56

For the fiscal year ended June 30, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards". The Statement is effective as of April 16, 2009. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statement on Auditing Standards. This Statement addresses three issues not included in the authority's literature that established *accounting* principles - related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature. Implementation of the GASB Statement No. 56, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2009.

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 average monthly effective yield for LAIF for June 2009 was 1.337% while the apportioned rate for the quarter ending June 30, 2009 was 1.51%. For the month ended June 30, 2009, the City recognized a weighted average daily rate of return of 2.540%. 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, 2009

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 \$250,000 by the Federal Deposit Insurance Corporation and in fact has waived the collateralization requirement for all deposits held by financial institutions at June 30, 2009.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2009

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 | \$ 20,659,685 | \$ - | \$ - | \$ 20,659,685 | \$ - |
| U.S. Agency Mortgaged Backed Securities | 10,718,627 | 2,817,327 | 3,051,648 | 3,102,788 | 1,746,864 |
| Corporate Notes | 987,590 | | | 987,590 | |
| Certificates of Deposit | 2,176,000 | 1,869,000 | 307,000 | - | |
| Local Agency Investment Fund (LAIF) Held by Bond Trustee: | 28,726,120 | 28,726,120 | | | |
| Money Market Funds | 1,289,354 | 1,289,354 | - | - | - |
| | <u>\$ 64,557,376</u> | <u>\$ 34,701,801</u> | <u>\$ 3,358,648</u> | <u>\$ 24,750,063</u> | <u>\$ 1,746,864</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, 2009

| | | Minimum Legal Rating | Exempt From Disclosure | Ratings as of Year End | | |
|---|----------------------|----------------------------|------------------------------|------------------------|-------------------|----------------------|
| | | | | AAA | AA | Not Rated |
| U.S. Agency Notes | \$ 20,659,685 | N/A | \$ - | \$ 20,659,685 | \$ - | \$ - |
| U.S. Agency Mortgaged Backed Securities | 10,718,627 | N/A | | 10,718,627 | | |
| Corporate Notes | 987,590 | A | | | 987,590 | |
| Certificates of Deposit | 2,176,000 | N/A | | | | 2,176,000 |
| Local Agency Investment Fund (LAIF) | 28,726,120 | N/A | | | | 28,726,120 |
| Held by Bond Trustee: | | | | | | |
| Money Market Funds | 1,289,354 | | | | | 1,289,354 |
| | <u>\$ 64,557,376</u> | | <u>\$ -</u> | <u>\$ 31,378,312</u> | <u>\$ 987,590</u> | <u>\$ 32,191,474</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 | \$ 8,954,808 |
| Federal Home Loan Mortgage Association | Federal agency securities | 14,524,469 |
| Federal National Mortgage Association | Federal agency securities | 8,886,625 |

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

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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 part of the Federal effort to strengthen the collapsing financial markets, the Federal Deposit Insurance Corporation (FDIC) raised their insured limit from \$100,000 to \$250,000. As of June 30, 2009, the City had no deposits or investments exceeding the FDIC insured limit.

H. Cash and Investments

The carrying amount of the City's cash and deposits was \$2,393,803 at June 30, 2009. Cash on hand was \$5,300 and bank balances, before reconciling items, were \$2,374,172 at June 30, 2009. At June 30, 2009, 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 | \$35,484,074 |
| Business activities | 30,277,024 |
| Fiduciary funds | <u>1,195,381</u> |
| Total Cash and Investments | <u>\$66,956,479</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 | \$64,471,744 |
| With fiscal agent | 1,289,354 |
| Fiduciary funds | <u>1,195,381</u> |
| Total Cash and Investments | <u>\$66,956,479</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.

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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 N.A., 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, 2009, the account in the name of the City held \$28,726,120 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, 2009. 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

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Notes to the Basic Financial Statements
June 30, 2009

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, 2009, consisted of the following:

| | Balance June 30, 2008 | Increases | Decreases | Balance June 30, 2009 |
|--|--------------------------|---------------------|-------------------|--------------------------|
| Governmental Activities: | | | | |
| Land | \$ 16,287,573 | \$ - | \$ - | \$ 16,287,573 |
| Buildings and improvements | 46,840,513 | 1,104,723 | | 47,945,236 |
| Equipment | 6,921,596 | 1,155,908 | 398,043 | 7,679,461 |
| Infrastructure and CIP Infrastructure | 144,281,608 | 2,853,313 | | 147,134,921 |
| Construction in progress | 3,327,840 | 1,837,616 | 947,888 | 4,217,568 |
| Less accumulated depreciation | (49,359,377) | (5,093,610) | (395,994) | (54,056,993) |
| Governmental activity capital assets, net | \$ 168,299,753 | \$ 1,857,950 | \$ 949,937 | \$ 169,207,766 |

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Notes to the Basic Financial Statements
June 30, 2009

| | Balance June 30, 2008 | Increases | Decreases | Balance June 30, 2009 |
|---|--------------------------|----------------------|----------------------|--------------------------|
| Business-type Activities: | | | | |
| Water | | | | |
| Buildings | \$ 732,488 | \$ 85,294 | \$ - | \$ 817,782 |
| Improvements other than buildings | 32,194,691 | 3,958,746 | 25,151 | 36,128,286 |
| Equipment | 1,282,225 | 177,716 | | 1,459,941 |
| Construction in progress | 7,757,618 | 1,682,305 | 3,456,701 | 5,983,222 |
| Less accumulated depreciation | (15,479,033) | (947,305) | (6,762) | (16,419,576) |
| Water activities capital assets, net | \$ 26,487,989 | \$ 4,956,756 | \$ 3,475,090 | \$ 27,969,655 |
| Sewer | | | | |
| Land | \$ 559,050 | \$ - | \$ - | \$ 559,050 |
| Buildings | 688,338 | | | 688,338 |
| Improvements other than buildings | 32,630,961 | 7,402,933 | | 40,033,894 |
| Equipment | 1,305,336 | 507,026 | | 1,812,362 |
| Construction in progress | 8,497,696 | 7,926,798 | 6,339,570 | 10,084,924 |
| Less accumulated depreciation | (18,715,857) | (1,099,871) | | (19,815,728) |
| Sewer activities capital assets, net | \$ 24,965,524 | \$ 14,736,886 | \$ 6,339,570 | \$ 33,362,840 |
| Airport | | | | |
| 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 | 176,344 | | | 176,344 |
| Construction in progress | | 71,523 | | 71,523 |
| Less accumulated depreciation | (6,860,000) | (365,619) | | (7,225,619) |
| Airport activities capital assets, net | \$ 12,924,160 | \$ (294,096) | \$ - | \$ 12,630,064 |
| Transit | | | | |
| Equipment | \$ 998,835 | \$ 140,113 | \$ 5,193 | \$ 1,133,755 |
| Less accumulated depreciation | (425,289) | (116,405) | | (541,694) |
| Transit activities capital assets, net | \$ 573,546 | \$ 23,708 | \$ 5,193 | \$ 592,061 |
| Business-type activity capital assets, net | \$ 64,951,219 | \$ 19,423,254 | \$ 9,819,853 | \$ 74,554,620 |
| Net capital assets, total government | \$ 233,250,973 | \$ 21,281,205 | \$ 10,769,790 | \$ 243,762,387 |

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2009

For the fiscal year ended June 30, 2009, depreciation expense on capital assets was charged to the governmental functions as follows:

| | | |
|---------------------------------|----|------------------|
| General Government | \$ | 360,977 |
| Public Safety | | 627,635 |
| Public Works | | 3,701,687 |
| Library and Recreation Services | | 388,851 |
| Community Development | | <u>14,460</u> |
| Total Depreciation Expense | \$ | <u>5,093,610</u> |

Construction Commitments

As of June 30, 2009, the City had a number of construction projects in progress. The governmental activity projects had a total work in progress amount of \$4,217,568. The business-type activity projects included various water, sewer, and airport infrastructure improvements totaling \$16,139,669

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, 2009

| | <u>Loans Receivable</u> | <u>Loans Payable</u> |
|--|-----------------------------|--------------------------|
| Major Funds: | | |
| General Fund | \$ 2,261,833 | \$ - |
| Traffic Mitigation Development Fund | 9,658,330 | 4,686,415 |
| Public Facilities Development Fund | 8,154,214 | |
| Highway 101/46 West Community Facilities District Fund | | 9,560,374 |
| RDA Debt Service Fund | | 8,154,214 |
| Sewer Enterprise Fund | 4,686,415 | |
| Non-Major Funds: | | |
| Capital Projects Reserve Fund | | 38,204 |
| State Gax Tax | | 59,753 |
| Specific Plan Fund | | 2,084,693 |
| Airport Road PSR Fund | | 177,139 |
| | <hr/> | <hr/> |
| Totals | \$ 24,760,792 | \$ 24,760,792 |

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, 2009

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--|---------------------|----------------------|
| Major Funds: | | |
| General Fund | \$ 1,633,050 | \$ 246,155 |
| RDA Debt Service Fund | | 1,021,881 |
| Non-Major Funds: | | |
| General Emergency and Reserves Fund | | 299,988 |
| Citizens Option Public Safety Fund | | 37,500 |
| City Facility Repair Fund | 199,992 | 225,000 |
| Gas Tax Fund | 127,513 | 1,146,619 |
| Transportation Development Fund | | 127,513 |
| Community Development Block Grant Fund | 261,961 | 86,116 |
| Redevelopment Agency Fund | 868,738 | 661,961 |
| Landfill Contingency Fund | 73,200 | |
| Capital Projects Reserve Fund | 653,308 | |
| Electronic Archiving Fund | 61,559 | |
| Community Facilities District | | 52,235 |
| 1993 Public Facilities Debt Service Fund | 153,143 | |
| Enterprise Funds: | | |
| Sewer Fund | | 90,998 |
| Water Fund | | 36,498 |
| | <hr/> | <hr/> |
| Totals | \$ 4,032,464 | \$ 4,032,464 |
| | <hr/> <hr/> | <hr/> <hr/> |

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2009

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 122 entities. The Joint Powers Authority provides program administration, claim servicing, investigation services, legal counsel, and excess coverage to its members. For general and auto liability, the Joint Powers Authority provides coverage of \$50 million per occurrence and \$50 million aggregate. For workers' compensation, the coverage is statutory plus \$10 million per occurrence for employer's liability. The City also participates in the non-auto property program offered by the Joint Powers Authority which provides full replacement coverage for buildings and facilities. The City is self-insured for property damage to City owned equipment and vehicles except for major equipment; i.e. fire trucks for which the City participates with other public agencies in a special insurance pool. The City purchases specialty policies to cover airport liability and landfill liability & pollution coverage from other sources. Copies of the financial audit are available upon request from the City or the Joint Powers Authority, 8081 Moody Street, La Palma, Ca. 90623, or phone 800-229-2343.

With the dissolution of the Central Coast Cities Self Insurance Fund, the Joint Powers Authority agreed to manage the "tail" claims for general liability and workers' compensation for the Self Insurance Fund participants on a voluntarily participation basis. The "tail" claims for Liability have been completed and any remaining funds were transferred to the Worker's Compensation "tail" claims fund. The Joint Powers Authority manages the "tail" claims separately from its regular programs. Paso Robles has agreed to allow the Joint Powers Authority to manage said "tail" claims for workers' compensation.

In the case of workers' compensation, the 2009 actuarial study indicated that the City had a fund balance of \$824,830. This amount does not include \$332,600 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 2009. We anticipate the "Actuarial Review" will be updated in fiscal year 2010.

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 2009 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

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2009

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.

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.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
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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.

B. Changes in Long-Term Debt

As of June 30, 2009, the City had the following long-term obligations outstanding including the current portion:

| | Governmental Activities | | | | |
|--------------------------------------|--------------------------|-----------------------|-------------------------|--------------------------|---------------------|
| | Balance June 30, 2008 | Incurred or Issued | Satisfied or Matured | Balance June 30, 2009 | Current Portion |
| Governmental Activities: | | | | | |
| Capital Leases Payable | \$ 1,524,982 | \$ - | \$ (195,349) | \$ 1,329,633 | \$ 169,423 |
| Certificates of Participation | 3,740,000 | | (95,000) | 3,645,000 | 185,000 |
| General Obligation Bonds | 36,159,473 | | (1,630,973) | 34,528,500 | 1,446,088 |
| Redevelopment Tax Allocation Bonds | 6,120,000 | | (190,000) | 5,930,000 | 205,000 |
| Compensated Absences | 2,249,275 | | (17,017) | 2,232,258 | 50,000 |
| Closure/Postclosure Liability | 1,438,921 | 154,188 | | 1,593,109 | |
| Total Governmental Activities | \$ 51,232,651 | \$ 154,188 | \$ (2,128,339) | \$ 49,258,500 | \$ 2,055,511 |

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, 2009 are as follows:

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2009

| <u>Governmental Activities</u> | | |
|--------------------------------|----------------------|----------------------|
| <u>Year End</u> | | |
| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> |
| 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 | 1,843,765 |
| 2014 | 2,092,886 | 1,788,703 |
| 2015-2019 | 11,457,425 | 7,951,166 |
| 2020-2024 | 12,934,725 | 5,801,701 |
| 2025-2028 | 10,929,794 | 2,651,241 |
| | <u>\$ 45,433,133</u> | <u>\$ 25,846,640</u> |

D. Bond Requirements

At June 30, 2009, 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, 2009 were as follows:

| <u>GO Bond Issue</u> | |
|----------------------|----------------------|
| 1999 A | \$ 14,341,506 |
| 2002 C | <u>7,385,000</u> |
| | <u>\$ 21,726,506</u> |

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2009

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, 2009, the City had the following long-term obligations outstanding including the current portion:

| | Business Activities | | | | |
|---------------------------------------|----------------------------------|-------------------------------|---------------------------------|----------------------------------|----------------------------|
| | Balance June 30, 2008 | Incurred or Issued | Satisfied or Matured | Balance June 30, 2009 | Current Portion |
| Business-type Activities: | | | | | |
| Compensated Absences | \$ 139,824 | \$ 28,253 | \$ - | \$ 168,077 | \$ - |
| Revenue Bonds | 7,485,000 | | (190,000) | 7,295,000 | 195,000 |
| Total Business-type Activities | \$ 7,624,824 | \$ 28,253 | \$ (190,000) | \$ 7,463,077 | \$ 195,000 |

C. Annual Repayment Requirements of Long-Term Debt

The annual requirements to amortize all debts outstanding (excluding compensated absences) as of June 30, 2009 are as follows:

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2009

| Business Activities | | |
|-----------------------------|---------------------|---------------------|
| Year End June 30 | Principal | Interest |
| 2010 | \$ 195,000 | \$ 328,364 |
| 2011 | 205,000 | 322,319 |
| 2012 | 210,000 | 315,554 |
| 2013 | 215,000 | 308,204 |
| 2014 | 225,000 | 300,410 |
| 2015-2019 | 1,260,000 | 1,362,043 |
| 2020-2024 | 1,565,000 | 1,066,328 |
| 2025-2029 | 1,990,000 | 658,975 |
| 2030-2032 | 1,430,000 | 145,250 |
| | <u>\$ 7,295,000</u> | <u>\$ 4,807,446</u> |

D. Bond Requirements

At June 30, 2009, 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, 2009.

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, 2009

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, 2009, 2008, and 2007 were \$3,528,037, \$3,310,779, \$2,951,474, respectively, and equal 100% of the required contributions for each fiscal year.

The plans' provisions, benefits and contribution rates in effect at June 30, 2009 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 | 15.087% | 26.931% | 15.098% |
| Total current covered payroll | \$ 8,159,622 | \$ 3,199,771 | \$ 2,095,900 |
| Required employee contributions made | \$ 652,770 | \$ 287,989 | \$ 188,641 |
| Required employer contributions rate made | \$ 1,231,194 | \$ 851,250 | \$ 316,193 |

Total current payroll for covered employees for the year ended June 30, 2009 was \$13,455,293 and the total payroll for all employees was \$14,679,496.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2009

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.

The City is required to record the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate as a percent of annual covered payroll is to be determined.

For fiscal year 2008-09, the City's annual OPEB cost (expense) was \$170,886. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation of 2009-09 was as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>% of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> | <u>Annual Required Contributions</u> | <u>ICMA Trust Balance</u> | <u>Prepaid Expense</u> |
|--------------------------|-------------------------|--|----------------------------|--------------------------------------|---------------------------|------------------------|
| 6/30/2009 | \$ 170,886 | 142% | \$ 590,737 | \$ 590,737 | \$838,806 | \$248,069 |

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2009

The funded status of the plan as of June 30, 2009, is as follows:

| <u>Valuation Date</u> | <u>Actuarial Asset Value</u> | <u>Entry Age Actuarial Accrued Liability (AAL)</u> | <u>Unfunded Liability (Excess Assets)</u> | <u>Funded Ratio</u> | <u>Annual Required Contributions</u> | <u>ICMA Trust Balance</u> | <u>Prepaid Expense</u> |
|-----------------------|------------------------------|--|---|---------------------|--------------------------------------|---------------------------|------------------------|
| 6/30/2008 | \$ 652,905 | \$ 5,053,094 | \$ 4,400,189 | 1.00% | \$ 590,737 | \$ 838,806 | \$248,069 |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, shows whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

In the June 30, 2008, actuarial valuation, the Projected United Credit cost method was used. The actuarial assumptions included a six percent investment rate of return and the plan unfunded actuarial accrued liability is being amortized over a 30-year amortization period.

The City did pre-fund retiree healthcare costs and the City did establish an irrevocable trust for retiree healthcare costs with ICMA.

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

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2009

match up to \$2,500 in additional contributions for executive managers. For the fiscal year ended June 30, 2009, the total City contribution on behalf of eligible employees was \$188,234.04. 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 \$2,182,258 for governmental activities and \$168,077 for business-type activities at June 30, 2009, is expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the general fund and the proprietary funds.

NOTE 9 - NET ASSETS AND FUND BALANCES

A. Net Assets

GASB Statement No. 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis. In the Government-wide Financial Statements, net assets are classified in the following categories:

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2009

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, 2009, 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.

As of June 30, 2009 the Highway 101/46 West Community Facilities District Fund deficit fund balance of (\$9,574,182), the Redevelopment Agency Debt Service Fund deficit fund balance of (\$6,087,553), the Airport Road PSR Fund of (\$177,139), and Specific Plans Fund deficit fund balance of (\$1,010,878).

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2009

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 | \$ | 163,691 |
| Redevelopment Agency Debt Service Fund | | 1,810,923 |

Non-Major Funds:

| | | |
|---|--|---------|
| Capital Replacement Fund | | 498,788 |
| Citizens Option Public Safety Fund | | 18,790 |
| Police Grants Fund | | 129,720 |
| Landscape and Lighting District Fund | | 755,199 |
| Youth Scholarship Fund | | 14,265 |
| Community Facilities District Operations Fund | | 4,061 |
| Art in Public Places Fund | | 4,000 |
| Specific Plans Fund | | 60,291 |

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 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:

CITY OF EL PASO DE ROBLES
Notes to the Basic Financial Statements
June 30, 2009

| <u>Nacimiento Water Project</u> | |
|---------------------------------|------------------------------------|
| <u>Year End June 30</u> | <u>Net Annual Debt Service</u> |
| 2010 | \$ - |
| 2011 | 1,587,995 |
| 2012 | 4,224,589 |
| 2013 | 4,225,889 |
| 2014 | 4,226,839 |
| 2015-2019 | 21,133,721 |
| 2020-2024 | 21,132,946 |
| 2025-2029 | 21,123,695 |
| 2030-2034 | 21,120,320 |
| 2035-2039 | 21,129,672 |
| 2040 | 4,122,629 |
| | <u>\$ 124,028,295</u> |

NOTE 13 - SUBSEQUENT EVENT

Tax Allocation Bonds - On August 4, 2009, the Redevelopment Agency of the City of El Paso de Robles issued \$9,330,000 of 2009 Tax Allocation Bonds with interest rates ranging from 4.750% to 6.500% to currently refund prior 1996 Tax Allocation Bonds with interest rates ranging from 5.250% to 5.625% and a par value of \$2,320,000. The 1996 Tax Allocation Bonds mature annually on July 1 between 2010 and 2021. The 1996 Tax Allocation Bonds were called on September 4, 2009. The 2009 Tax Allocation Bonds were issued at a discount of (\$105,005) and, after paying issuance costs of \$134,771 and underwriter's discount of \$94,935, the net proceeds were \$8,995,289. A portion of the net proceeds from the issuance of the 2009 Tax Allocation Bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 1996 Tax Allocation Bonds were called on September 4, 2009. The current refunding met the requirements of an in-substance defeasance. As a result of the current refunding, Agency restructured its total debt service which resulted in an economic loss.

CITY OF EL PASO DE ROBLES



REQUIRED SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTAL INFORMATION (RSI)

Postemployment Healthcare Schedule of Funding Progress:

The following table provides required supplemental information regarding the City’s postemployment healthcare benefits.

| <u>Valuation Date</u> | <u>Actuarial Asset Value</u> | <u>Entry Age Actuarial Accrued Liability (AAL)</u> | <u>Unfunded Liability (Excess Assets)</u> | <u>Funded Ratio</u> | <u>Annual Required Contributions</u> | <u>ICMA Trust Balance</u> | <u>Prepaid Expense</u> |
|-----------------------|------------------------------|--|---|---------------------|--------------------------------------|---------------------------|------------------------|
| 6/30/2008 | \$ 652,905 | \$ 5,053,094 | \$ 4,400,189 | 1.00% | \$ 590,737 | \$ 838,806 | \$248,069 |

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.

Oak Tree Preservation Fund- to account for funds collected for oak tree preservation.

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.

Bike and Pedestrian Path- to account for the fees assessed and collected upon the issuance of a City building permit. Funds are used to construct bike and pedestrian paths throughout the City.

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 | 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 | Building Department Special Fees | |
| ASSETS | | | | | | | | | | | | | |
| Cash and investments | \$ 1,909,451 | \$ 50,976 | \$ 85,095 | \$ 2,872 | \$ 910,075 | \$ 1,571 | 203,463 | \$ 41,845 | \$ 181,479 | \$ 1,641,901 | \$ 1,423,907 | \$ 399,666 | |
| Cash and investments with fiscal agent | | | | | | | | | | | | | |
| Accounts receivable | | | 44,480 | 35,133 | 104,513 | | 12,749 | | 83,054 | | 64 | | |
| Loan contracts receivable | | | | | | | 783,733 | | | | 746,740 | | |
| Total Assets | \$ 1,909,451 | \$ 50,976 | \$ 129,575 | \$ 38,005 | \$ 1,014,588 | \$ 1,571 | \$ 999,945 | \$ 41,845 | \$ 264,533 | \$ 1,641,901 | \$ 2,170,711 | \$ 399,666 | |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | | |
| Accounts payable | \$ 28,730 | \$ - | \$ - | \$ 23,362 | \$ 20,941 | \$ - | 2,716 | \$ - | \$ 69,509 | \$ - | \$ 38,230 | \$ 6,971 | |
| Accrued payroll expenses | | | | | | | 32,591 | | 6,560 | | | | |
| Deferred revenues | | | | | | | 783,733 | | | | 746,740 | | |
| Loan contracts payable | | | | | 59,753 | | | | | | | | |
| Total Liabilities | 28,730 | | | 23,362 | 80,694 | | 819,040 | | 76,069 | | 784,970 | 6,971 | |
| Fund balances: | | | | | | | | | | | | | |
| Reserved | | | | | 150,000 | | | | | | 1,423,971 | | |
| Unreserved | 1,880,721 | 50,976 | 129,575 | 14,643 | 783,894 | 1,571 | 180,905 | 41,845 | 188,464 | 1,641,901 | (38,230) | 392,695 | |
| Total Fund Balances | 1,880,721 | 50,976 | 129,575 | 14,643 | 933,894 | 1,571 | 180,905 | 41,845 | 188,464 | 1,641,901 | 1,385,741 | 392,695 | |
| Total Liabilities and Fund Balances | \$ 1,909,451 | \$ 50,976 | \$ 129,575 | \$ 38,005 | \$ 1,014,588 | \$ 1,571 | \$ 999,945 | \$ 41,845 | \$ 264,533 | \$ 1,641,901 | \$ 2,170,711 | \$ 399,666 | |

*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, and Oak Tree Preservation.

NON-MAJOR GOVERNMENTAL FUNDS

| | CAPITAL PROJECTS FUNDS | | | | | | | | DEBT SVC FUND | | |
|--|------------------------|--------------------------|--------------------|---------------------|-------------------------|---------------------|------------------|--------------------------|--|------------------------------------|--|
| | Other Funds* | Capital Projects Reserve | Bridge Development | Park Development | Storm Drain Development | Specific Plans | Airport Road PSR | Bike and Pedestrian Path | 1993 Public Facilities Debt Service Fund | Total Non-Major Governmental Funds | |
| ASSETS | | | | | | | | | | | |
| Cash and investments | \$ 1,783,474 | \$ 826,924 | \$ 91,008 | \$ 2,260,936 | \$ 228,967 | \$ 1,087,168 | \$ - | \$ 15,711 | \$ - | \$ 13,146,489 | |
| Cash and investments with fiscal agent | | | | | | | | | 412,134 | 412,134 | |
| Accounts receivable | 3,822 | 860,646 | | | | | | | | 1,144,461 | |
| Loan contracts receivable | | | | | | | | | | 1,530,473 | |
| Total Assets | \$ 1,787,296 | \$ 1,687,570 | \$ 91,008 | \$ 2,260,936 | \$ 228,967 | \$ 1,087,168 | \$ - | \$ 15,711 | \$ 412,134 | \$ 16,233,557 | |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | | |
| Accounts payable | \$ 11,807 | \$ 451,510 | \$ 14,446 | \$ - | \$ 1,393 | \$ 3,525 | \$ - | \$ - | \$ - | \$ 673,140 | |
| Accrued payroll expenses | 3,507 | | | | | | | | | 42,658 | |
| Deferred revenues | | | | 35,448 | | 9,828 | | | | 1,575,749 | |
| Loan contracts payable | | 38,204 | | | | 2,084,693 | 177,139 | | | 2,359,789 | |
| Total Liabilities | 15,314 | 489,714 | 14,446 | 35,448 | 1,393 | 2,098,046 | 177,139 | | | 4,651,336 | |
| Fund balances: | | | | | | | | | | | |
| Reserved | | | | | | | | | | 1,573,971 | |
| Unreserved | 1,771,982 | 1,197,856 | 76,562 | 2,225,488 | 227,574 | (1,010,878) | (177,139) | 15,711 | 412,134 | 10,008,250 | |
| Total Fund Balances | 1,771,982 | 1,197,856 | 76,562 | 2,225,488 | 227,574 | (1,010,878) | (177,139) | 15,711 | 412,134 | 11,582,221 | |
| Total Liabilities and Fund Balances | \$ 1,787,296 | \$ 1,687,570 | \$ 91,008 | \$ 2,260,936 | \$ 228,967 | \$ 1,087,168 | \$ - | \$ 15,711 | \$ 412,134 | \$ 16,233,557 | |

NON-MAJOR GOVERNMENTAL FUNDS

| | SPECIAL REVENUE FUNDS | | | | | | | | | | | |
|--|-----------------------|----------------------------------|-------------------------------|----------------|--------------------|--------------------------------|-----------------------------------|-------------------|---------------------------------|------------------------------|----------------------|----------------------------------|
| | Capital Replacement | 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 | Building Department Special Fees |
| Revenues: | | | | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,427,744 | \$ - | \$ 883,614 | \$ - |
| Uses of money and property | 62,286 | 6,663 | 1,892 | | 44,228 | 3,279 | | 1,659 | | 54,190 | 39,036 | 11,186 |
| From other agencies | | | 100,000 | 152,126 | 762,575 | 53,711 | 236,800 | | | | | |
| Charges for current services | | | | | | | | | | | | 47,502 |
| Other | 662,215 | | | | 46,603 | | | 9,983 | | | | |
| Total Revenues | 724,501 | 6,663 | 101,892 | 152,126 | 853,406 | 56,990 | 236,800 | 11,642 | 1,427,744 | 54,190 | 922,650 | 58,688 |
| Expenditures: | | | | | | | | | | | | |
| General government | 69,393 | | | | | | | | | | | |
| Public safety | 314,208 | | 13,803 | 130,831 | | | | | | | | |
| Public works | 686,832 | | | | 152 | | | | 1,281,599 | | | 33,070 |
| Library & recreation services | 57,769 | | | | | | | 14,265 | | | | |
| Community development | 4,086 | | | | | | 446,578 | | | | 638,614 | |
| Debt service | | | | | | | | | | | | |
| Capital outlay | | | 104,987 | 13,889 | 170,474 | | 56,412 | | | | | |
| Total Expenditures | 1,132,288 | | 118,790 | 144,720 | 170,626 | | 502,990 | 14,265 | 1,281,599 | | 638,614 | 33,070 |
| Excess revenues over (under) expenditures | (407,787) | 6,663 | (16,898) | 7,406 | 682,780 | 56,990 | (266,190) | (2,623) | 146,145 | 54,190 | 284,036 | 25,618 |
| Other financing sources (uses): | | | | | | | | | | | | |
| Operating transfers in | | | | | 127,513 | | 261,961 | | | 73,200 | 868,738 | 61,559 |
| Operating transfers out | | | (37,500) | | (1,146,619) | (127,513) | (86,116) | | | | (661,961) | |
| Total other financing sources (uses) | | | (37,500) | | (1,019,106) | (127,513) | 175,845 | | | 73,200 | 206,777 | 61,559 |
| Excess revenues and other sources over (under) expenditures and other uses | (407,787) | 6,663 | (54,398) | 7,406 | (336,326) | (70,523) | (90,345) | (2,623) | 146,145 | 127,390 | 490,813 | 87,177 |
| Fund Balances - July 1 | 2,288,508 | 44,313 | 183,973 | 7,237 | 1,270,220 | 72,094 | 271,250 | 44,468 | 42,319 | 1,514,511 | 894,928 | 305,518 |
| Fund Balances - June 30 | \$ 1,880,721 | \$ 50,976 | \$ 129,575 | \$ 14,643 | \$ 933,894 | \$ 1,571 | \$ 180,905 | \$ 41,845 | \$ 188,464 | \$ 1,641,901 | \$ 1,385,741 | \$ 392,695 |

*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, Pedestrian Path Facilities, and Oak Tree Preservation.

NON-MAJOR GOVERNMENTAL FUNDS

| | CAPITAL PROJECTS FUNDS | | | | | | | DEBT SVC FUND | | Total Non-Major Governmental Funds |
|--|------------------------|--------------------------------|-----------------------|---------------------|-------------------------------|----------------|---------------------|--------------------------------|--|---|
| | Other Funds* | Capital Projects Reserve | Bridge Development | Park Development | Storm Drain Development | Specific Plans | Airport Road PSR | Bike and Pedestrian Path | 1993 Public Facilities Debt Service Fund | |
| Revenues: | | | | | | | | | | |
| Taxes | \$ 50,900 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 2,362,258 |
| Uses of money and property | 67,611 | 24,996 | 3,032 | 74,839 | 7,931 | 36,408 | | 444 | 9,022 | 448,702 |
| From other agencies | | 1,299,411 | | | | | | | | 2,604,623 |
| Charges for current services | 12,465 | | | 124,829 | 48,927 | 74,418 | | 7,067 | | 315,208 |
| Other | 28,871 | | | | | 1,831 | | | | 749,503 |
| Total Revenues | 159,847 | 1,324,407 | 3,032 | 199,668 | 56,858 | 112,657 | | 7,511 | 9,022 | 6,480,294 |
| Expenditures: | | | | | | | | | | |
| General government | 71,847 | | | | | | | | | 141,240 |
| Public safety | | | | | | | | | | 458,842 |
| Public works | 30,732 | | | | | 4,466 | | | | 2,036,851 |
| Library & recreation services | \$4,000 | | | | | | | | | 76,034 |
| Community development | 11,386 | | | | | | | | | 1,100,664 |
| Debt service | | | | | | 65,019 | 5,532 | 230,120 | | 300,671 |
| Capital outlay | 270,909 | 1,332,337 | 14,446 | | 57,000 | 36,606 | | | | 2,057,060 |
| Total Expenditures | 388,874 | 1,332,337 | 14,446 | | 57,000 | 106,091 | 5,532 | 230,120 | | 6,171,362 |
| Excess revenues over (under) expenditures | (229,027) | (7,930) | (11,414) | 199,668 | (142) | 6,566 | (5,532) | 7,511 | (221,098) | 308,932 |
| Other financing sources (uses): | | | | | | | | | | |
| Operating transfers in | 199,992 | 653,308 | | | | | | | 153,143 | 2,399,414 |
| Operating transfers out | (577,223) | | | | | | | | | (2,636,932) |
| Total other financing sources (uses) | (377,231) | 653,308 | | | | | | | 153,143 | (237,518) |
| Excess revenues and other sources over (under) expenditures and other uses | (606,258) | 645,378 | (11,414) | 199,668 | (142) | 6,566 | (5,532) | 7,511 | (67,955) | 71,414 |
| Fund Balances - July 1 | 2,378,240 | 552,478 | 87,976 | 2,025,820 | 227,716 | (1,017,444) | (171,607) | 8,200 | 480,089 | 11,510,807 |
| Fund Balances - June 30 | \$ 1,771,982 | \$ 1,197,856 | \$ 76,562 | \$ 2,225,488 | \$ 227,574 | \$ (1,010,878) | \$ (177,139) | \$ 15,711 | \$ 412,134 | \$ 11,582,221 |

**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, 2009**

| | Capital Replacement Fund | | |
|---|--------------------------|---------------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ 10,000 | \$ 62,286 | \$ 52,286 |
| Other | 650,000 | 662,215 | 12,215 |
| Total Revenues | <u>660,000</u> | <u>724,501</u> | <u>64,501</u> |
| Expenditures: | | | |
| General government | 48,500 | 69,393 | (20,893) |
| Public safety | 242,500 | 314,208 | (71,708) |
| Public works | 256,700 | 686,832 | (430,132) |
| Library & recreation services | 52,800 | 57,769 | (4,969) |
| Community development | 33,000 | 4,086 | 28,914 |
| Total Expenditures | <u>633,500</u> | <u>1,132,288</u> | <u>(498,788)</u> |
| Excess revenues over (under) expenditures | 26,500 | (407,787) | (434,287) |
| Fund Balance - July 1 | <u>2,288,508</u> | <u>2,288,508</u> | |
| Fund Balance - June 30 | <u>\$ 2,315,008</u> | <u>\$ 1,880,721</u> | <u>\$ (434,287)</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, 2009

| | City/School Facility Improvement Fund | | |
|----------------------------|---------------------------------------|-----------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ 5,000 | \$ 6,663 | \$ 1,663 |
| Total Revenues | 5,000 | 6,663 | 1,663 |
| Fund Balance - July 1 | 44,313 | 44,313 | |
| Fund Balance - June 30 | \$ 49,313 | \$ 50,976 | \$ 1,663 |

**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, 2009**

| | Citizens Option Public Safety Fund | | |
|---|------------------------------------|------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ - | \$ 1,892 | \$ 1,892 |
| From other agencies | 100,000 | 100,000 | |
| Total Revenues | 100,000 | 101,892 | 1,892 |
| Expenditures: | | | |
| Public safety | 100,000 | 13,803 | 86,197 |
| Capital outlay | | 104,987 | (104,987) |
| Total Expenditures | 100,000 | 118,790 | (18,790) |
| Excess revenues over (under) expenditures | - | (16,898) | (16,898) |
| Other financing sources (uses): | | | |
| Operating transfers out | (45,000) | (37,500) | 7,500 |
| Total other financing sources (uses) | (45,000) | (37,500) | 7,500 |
| Excess revenues and other sources over (under) expenditures and other uses | (45,000) | (54,398) | (9,398) |
| Fund Balance - July 1 | 183,973 | 183,973 | |
| Fund Balance - June 30 | \$ 138,973 | \$ 129,575 | \$ (9,398) |

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, 2009

| | Police Grants | | |
|---|---------------|------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| From other agencies | \$ 130,000 | \$ 152,126 | \$ 22,126 |
| Total Revenues | 130,000 | 152,126 | 22,126 |
| Expenditures: | | | |
| Public safety | 15,000 | 144,720 | (129,720) |
| Total Expenditures | 15,000 | 144,720 | (129,720) |
| Excess revenues over (under) expenditures | 115,000 | 7,406 | (107,594) |
| Fund Balance - July 1 | 7,237 | 7,237 | |
| Fund Balance - June 30 | \$ 122,237 | \$ 14,643 | \$ (107,594) |

**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, 2009**

| | State Gas Tax Fund | | |
|--|-----------------------|--------------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ - | \$ 44,228 | \$ 44,228 |
| From other agencies | 898,500 | 762,575 | (135,925) |
| Other | | 46,603 | 46,603 |
| Total Revenues | <u>898,500</u> | <u>853,406</u> | <u>(45,094)</u> |
| Expenditures: | | | |
| Public works | 177,000 | 152 | 176,848 |
| Capital outlay | 1,747,800 | 170,474 | 1,577,326 |
| Total Expenditures | <u>1,924,800</u> | <u>170,626</u> | <u>1,754,174</u> |
| Excess revenues over (under) expenditures | <u>(1,026,300)</u> | <u>682,780</u> | <u>1,709,080</u> |
| Other financing sources (uses): | | | |
| Operating transfers in | | 127,513 | 127,513 |
| Operating transfers out | (1,280,000) | (1,146,619) | 133,381 |
| Total other financing sources (uses) | <u>(1,280,000)</u> | <u>(1,019,106)</u> | <u>260,894</u> |
| Excess revenues and other sources over (under) expenditures and other uses | <u>(2,306,300)</u> | <u>(336,326)</u> | <u>1,969,974</u> |
| Fund Balance - July 1 | <u>1,270,220</u> | <u>1,270,220</u> | |
| Fund Balance - June 30 | <u>\$ (1,036,080)</u> | <u>\$ 933,894</u> | <u>\$ 1,969,974</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, 2009

| | Transportation Development Act Fund | | |
|---|-------------------------------------|-----------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ - | \$ 3,279 | \$ 3,279 |
| From other agencies | 55,000 | 53,711 | (1,289) |
| Total Revenues | 55,000 | 56,990 | 1,990 |
| Other financing sources (uses): | | | |
| Operating transfers out | | (127,513) | (127,513) |
| Total other financing sources (uses) | | (127,513) | (127,513) |
| Excess revenues and other sources over (under) expenditures and other uses | 55,000 | (70,523) | (125,523) |
| Fund Balance - July 1 | 72,094 | 72,094 | |
| Fund Balance - June 30 | \$ 127,094 | \$ 1,571 | \$ (125,523) |

**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, 2009**

| | Community Development Block Grant | | |
|--|-----------------------------------|------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| From other agencies | \$ 394,200 | \$ 236,800 | \$ (157,400) |
| Total Revenues | 394,200 | 236,800 | (157,400) |
| Expenditures: | | | |
| Community development | 488,100 | 446,578 | 41,522 |
| Capital outlay | 722,700 | 56,412 | 666,288 |
| Total Expenditures | 1,210,800 | 502,990 | 707,810 |
| Excess revenues over (under) expenditures | (816,600) | (266,190) | 550,410 |
| Other financing sources (uses): | | | |
| Operating transfers in | 110,000 | 261,961 | 151,961 |
| Operating transfers out | | (86,116) | (86,116) |
| Total other financing sources (uses) | 110,000 | 175,845 | 65,845 |
| Excess revenues and other sources over (under) expenditures and other uses | (706,600) | (90,345) | 616,255 |
| Fund Balance - July 1 | 271,250 | 271,250 | |
| Fund Balance - June 30 | \$ (435,350) | \$ 180,905 | \$ 616,255 |

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, 2009

| | Youth Scholarship Fund | | |
|---|------------------------|-----------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ - | \$ 1,659 | \$ 1,659 |
| Other | | 9,983 | 9,983 |
| Total Revenues | | 11,642 | 11,642 |
| Expenditures: | | | |
| Library & recreation services | | 14,265 | (14,265) |
| Total Expenditures | | 14,265 | (14,265) |
| Excess revenues over (under) expenditures | | (2,623) | (2,623) |
| Fund Balance - July 1 | 44,468 | 44,468 | |
| Fund Balance - June 30 | \$ 44,468 | \$ 41,845 | \$ (2,623) |

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2009

| | Landscape and Lighting District Fund | | |
|---|--------------------------------------|--------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Taxes | \$ 1,250,000 | \$ 1,427,744 | \$ 177,744 |
| Total Revenues | 1,250,000 | 1,427,744 | 177,744 |
| Expenditures: | | | |
| Public works | 526,400 | 1,281,599 | (755,199) |
| Total Expenditures | 526,400 | 1,281,599 | (755,199) |
| Excess revenues over (under) expenditures | 723,600 | 146,145 | (577,455) |
| Fund Balance - July 1 | 42,319 | 42,319 | |
| Fund Balance - June 30 | \$ 765,919 | \$ 188,464 | \$ (577,455) |

**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, 2009**

| | Landfill Closure/Postclosure Fund | | |
|---|-----------------------------------|--------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ 58,000 | \$ 54,190 | \$ (3,810) |
| Total Revenues | 58,000 | 54,190 | (3,810) |
| Excess revenues over (under) expenditures | 58,000 | 54,190 | (3,810) |
| 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 | 131,200 | 127,390 | (3,810) |
| Fund Balance - July 1 | 1,514,511 | 1,514,511 | |
| Fund Balance - June 30 | \$ 1,645,711 | \$ 1,641,901 | \$ (3,810) |

**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, 2009**

| | Redevelopment Agency Fund | | |
|--|---------------------------|---------------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Taxes | \$ 611,300 | \$ 883,614 | \$ 272,314 |
| Uses of money and property | 5,000 | 39,036 | 34,036 |
| Total Revenues | <u>616,300</u> | <u>922,650</u> | <u>306,350</u> |
| Expenditures: | | | |
| Community development | <u>1,536,900</u> | <u>638,614</u> | <u>898,286</u> |
| Total Expenditures | <u>1,536,900</u> | <u>638,614</u> | <u>898,286</u> |
| Excess revenues over (under) expenditures | <u>(920,600)</u> | <u>284,036</u> | <u>1,204,636</u> |
| Other financing sources (uses): | | | |
| Operating transfers in | 75,000 | 868,738 | 793,738 |
| Operating transfers out | <u>(110,000)</u> | <u>(661,961)</u> | <u>(551,961)</u> |
| Total other financing sources (uses) | <u>(35,000)</u> | <u>206,777</u> | <u>241,777</u> |
| Excess revenues and other sources over (under) expenditures and other uses | <u>(955,600)</u> | <u>490,813</u> | <u>1,446,413</u> |
| Fund Balance - July 1 | <u>894,928</u> | <u>894,928</u> | |
| Fund Balance - June 30 | <u>\$ (60,672)</u> | <u>\$ 1,385,741</u> | <u>\$ 1,446,413</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, 2009**

| | Building Department Special Fees | | |
|---|----------------------------------|-------------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ 14,000 | \$ 11,186 | \$ (2,814) |
| Charges for current services | 69,900 | 47,502 | (22,398) |
| Total Revenues | <u>83,900</u> | <u>58,688</u> | <u>(25,212)</u> |
| Expenditures: | | | |
| Public works | <u>35,000</u> | <u>33,070</u> | <u>1,930</u> |
| Total Expenditures | <u>35,000</u> | <u>33,070</u> | <u>1,930</u> |
| Excess revenues over (under) expenditures | <u>48,900</u> | <u>25,618</u> | <u>(23,282)</u> |
| Other financing sources (uses): | | | |
| Operating transfers in | | <u>61,559</u> | <u>61,559</u> |
| Total other financing sources (uses) | | <u>61,559</u> | <u>61,559</u> |
| Excess revenues and other sources over (under) expenditures and other uses | <u>48,900</u> | <u>87,177</u> | <u>38,277</u> |
| Fund Balance - July 1 | <u>305,518</u> | <u>305,518</u> | |
| Fund Balance - June 30 | <u>\$ 354,418</u> | <u>\$ 392,695</u> | <u>\$ 38,277</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, 2009**

| | General Emergency and Reserve | | |
|---|-------------------------------|------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ 5,000 | \$ 30,493 | \$ 25,493 |
| Total Revenues | 5,000 | 30,493 | 25,493 |
| Expenditures: | | | |
| Community development | 43,000 | 7,325 | 35,675 |
| Capital outlay | 2,722,800 | 53,831 | 2,668,969 |
| Total Expenditures | 2,765,800 | 61,156 | 2,704,644 |
| Excess revenues over (under) expenditures | (2,760,800) | (30,663) | 2,730,137 |
| Other financing sources (uses): | | | |
| Operating transfers out | (300,000) | (299,988) | 12 |
| Total other financing sources (uses) | (300,000) | (299,988) | 12 |
| Excess revenues and other sources over (under) expenditures and other uses | (3,060,800) | (330,651) | 2,730,149 |
| Fund Balance - July 1 | 1,072,150 | 1,072,150 | |
| Fund Balance - June 30 | \$ (1,988,650) | \$ 741,499 | \$ 2,730,149 |

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, 2009

| | Economic Incentive Fund | | |
|---|-------------------------|------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ 5,000 | \$ 5,365 | \$ 365 |
| Total Revenues | 5,000 | 5,365 | 365 |
| Expenditures: | | | |
| General government | 75,000 | 71,847 | 3,153 |
| Total Expenditures | 75,000 | 71,847 | 3,153 |
| Excess revenues over (under) expenditures | (70,000) | (66,482) | 3,518 |
| Fund Balance - July 1 | 212,232 | 212,232 | |
| Fund Balance - June 30 | \$ 142,232 | \$ 145,750 | \$ 3,518 |

**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, 2009**

| | City Facility Repair Fund | | |
|--|---------------------------|------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ 25,000 | \$ 12,678 | \$ (12,322) |
| Charges for current services | 16,000 | 12,465 | (3,535) |
| Total Revenues | 41,000 | 25,143 | (15,857) |
| Expenditures: | | | |
| Capital outlay | 263,300 | 217,078 | 46,222 |
| Total Expenditures | 263,300 | 217,078 | 46,222 |
| Excess revenues over (under) expenditures | (222,300) | (191,935) | 30,365 |
| Other financing sources (uses): | | | |
| Operating transfers in | 331,500 | 199,992 | (131,508) |
| Operating transfers out | (225,000) | (225,000) | |
| Total other financing sources (uses) | 106,500 | (25,008) | (131,508) |
| Excess revenues and other sources over (under) expenditures and other uses | (115,800) | (216,943) | (101,143) |
| Fund Balance - July 1 | 561,249 | 561,249 | |
| Fund Balance - June 30 | \$ 445,449 | \$ 344,306 | \$ (101,143) |

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, 2009

| | Landfill Contingency Fund | | |
|---|---------------------------|-----------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ - | \$ 503 | \$ 503 |
| Total Revenues | | 503 | 503 |
| Expenditures: | | | |
| Public works | 31,000 | 30,732 | 268 |
| Total Expenditures | 31,000 | 30,732 | 268 |
| Excess revenues over (under) expenditures | (31,000) | (30,229) | 771 |
| Fund Balance - July 1 | 43,022 | 43,022 | |
| Fund Balance - June 30 | \$ 12,022 | \$ 12,793 | \$ 771 |

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, 2009

| | Community Facilities District Operations Fund | | |
|--|---|-----------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Taxes | \$ 50,000 | \$ 50,900 | \$ 900 |
| Uses of money and property | | 1,330 | 1,330 |
| Total Revenues | <u>50,000</u> | <u>52,230</u> | <u>2,230</u> |
| Expenditures: | | | |
| Community development | | 4,061 | (4,061) |
| Total Expenditures | | <u>4,061</u> | <u>(4,061)</u> |
| Excess revenues over (under) expenditures | <u>50,000</u> | <u>48,169</u> | <u>(1,831)</u> |
| Other financing sources (uses): | | | |
| Operating transfers out | | (52,235) | (52,235) |
| Total other financing sources (uses) | | <u>(52,235)</u> | <u>(52,235)</u> |
| Excess revenues and other sources over (under) expenditures and other uses | <u>50,000</u> | <u>(4,066)</u> | <u>(54,066)</u> |
| Fund Balance - July 1 | <u>7,712</u> | <u>7,712</u> | |
| Fund Balance - June 30 | <u>\$ 57,712</u> | <u>\$ 3,646</u> | <u>\$ (54,066)</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, 2009

| | Art in Public Places Fund | | |
|---|---------------------------|---------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ - | \$ - | \$ - |
| Total Revenues | | | |
| Expenditures: | | | |
| Library and recreation services | | 4,000 | (4,000) |
| Total Expenditures | | 4,000 | (4,000) |
| Excess revenues over (under) expenditures | - | (4,000) | (4,000) |
| Fund Balance - July 1 | 4,599 | 4,599 | |
| Fund Balance - June 30 | \$ 4,599 | \$ 599 | \$ (4,000) |

CITY OF EL PASO DE ROBLES
NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the fiscal year ended June 30, 2009

| | Downtown Parking in Lieu Fee | | |
|----------------------------|------------------------------|------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ - | \$ 17,242 | \$ 17,242 |
| Other | | 27,840 | 27,840 |
| Total Revenues | | 45,082 | 45,082 |
| Fund Balance - July 1 | 477,276 | 477,276 | |
| Fund Balance - June 30 | \$ 477,276 | \$ 522,358 | \$ 45,082 |

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, 2009

| | Oak Tree Preservation | | |
|------------------------|-----------------------|----------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Other revenues | \$ - | \$ 1,031 | \$ 1,031 |
| Total Revenues | | 1,031 | 1,031 |
| Fund Balance - July 1 | | | |
| Fund Balance - June 30 | \$ - | \$ 1,031 | \$ 1,031 |

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, 2009

| | Capital Projects Reserve Fund | | |
|---|-------------------------------|--------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ - | \$ 24,996 | \$ 24,996 |
| From other agencies | 2,267,200 | 1,299,411 | (967,789) |
| Total Revenues | 2,267,200 | 1,324,407 | (942,793) |
| Expenditures: | | | |
| Capital outlay | 4,342,700 | 1,332,337 | 3,010,363 |
| Total Expenditures | 4,342,700 | 1,332,337 | 3,010,363 |
| Excess revenues over (under) expenditures | (2,075,500) | (7,930) | 2,067,570 |
| Other financing sources (uses): | | | |
| Operating transfers in | 840,000 | 653,308 | (186,692) |
| Total other financing sources (uses) | 840,000 | 653,308 | (186,692) |
| Excess revenues and other sources over (under) expenditures and other uses | (1,235,500) | 645,378 | 1,880,878 |
| Fund Balance - July 1 | 552,478 | 552,478 | |
| Fund Balance - June 30 | \$ (683,022) | \$ 1,197,856 | \$ 1,880,878 |

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, 2009

| | Bridge Development Fund | | |
|---|-------------------------|-----------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ - | \$ 3,032 | \$ 3,032 |
| Total Revenues | | 3,032 | 3,032 |
| Expenditures: | | | |
| Capital outlay | 35,800 | 14,446 | 21,354 |
| Total Expenditures | 35,800 | 14,446 | 21,354 |
| Excess revenues over (under) expenditures | (35,800) | (11,414) | 24,386 |
| Fund Balance - July 1 | 87,976 | 87,976 | |
| Fund Balance - June 30 | \$ 52,176 | \$ 76,562 | \$ 24,386 |

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, 2009

| | Park Development Fund | | |
|---|-----------------------|---------------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ 8,000 | \$ 74,839 | \$ 66,839 |
| Charges for current services | 757,200 | 124,829 | (632,371) |
| Total Revenues | <u>765,200</u> | <u>199,668</u> | <u>(565,532)</u> |
| Expenditures: | | | |
| Library and recreation services | 25,000 | | 25,000 |
| Capital outlay | 650,000 | | 650,000 |
| Total Expenditures | <u>675,000</u> | | <u>675,000</u> |
| Excess revenues over (under) expenditures | 90,200 | 199,668 | 109,468 |
| Fund Balance - July 1 | <u>2,025,820</u> | <u>2,025,820</u> | |
| Fund Balance - June 30 | <u>\$ 2,116,020</u> | <u>\$ 2,225,488</u> | <u>\$ 109,468</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, 2009

| | Storm Drain Development Fund | | |
|---|------------------------------|------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ 5,000 | \$ 7,931 | \$ 2,931 |
| Charges for current services | 113,200 | 48,927 | (64,273) |
| Total Revenues | 118,200 | 56,858 | (61,342) |
| Expenditures: | | | |
| Public works | 58,200 | | 58,200 |
| Capital outlay | | 57,000 | (57,000) |
| Total Expenditures | 58,200 | 57,000 | 1,200 |
| Excess revenues over (under) expenditures | 60,000 | (142) | (60,142) |
| Fund Balance - July 1 | 227,716 | 227,716 | |
| Fund Balance - June 30 | \$ 287,716 | \$ 227,574 | \$ (60,142) |

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, 2009

| | Specific Plans Fund | | |
|---|---------------------|-----------------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ 13,000 | \$ 36,408 | \$ 23,408 |
| Charges for current services | 93,100 | 74,418 | (18,682) |
| Other | 4,900 | 1,831 | (3,069) |
| Total Revenues | <u>111,000</u> | <u>112,657</u> | <u>1,657</u> |
| Expenditures: | | | |
| Community development | 4,500 | | 4,500 |
| Public works | | 4,466 | (4,466) |
| Debt service | | 65,019 | (65,019) |
| Capital outlay | 41,300 | 36,606 | 4,694 |
| Total Expenditures | <u>45,800</u> | <u>106,091</u> | <u>(60,291)</u> |
| Excess revenues over (under) expenditures | 65,200 | 6,566 | (58,634) |
| Fund Balance - July 1 | <u>(1,017,444)</u> | <u>(1,017,444)</u> | |
| Fund Balance - June 30 | <u>\$ (952,244)</u> | <u>\$ (1,010,878)</u> | <u>\$ (58,634)</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, 2009

| | Airport Road PSR Fund | | |
|---|-----------------------|--------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ - | \$ - | \$ - |
| Total Revenues | | | |
| Expenditures: | | | |
| Debt service | | 5,532 | (5,532) |
| Capital outlay | 58,000 | | 58,000 |
| Total Expenditures | 58,000 | 5,532 | 52,468 |
| Excess revenues over (under) expenditures | (58,000) | (5,532) | 52,468 |
| Fund Balance - July 1 | (171,607) | (171,607) | |
| Fund Balance - June 30 | \$ (229,607) | \$ (177,139) | \$ 52,468 |

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, 2009

| | Bike and Pedestrian Path Facilities | | |
|------------------------------|-------------------------------------|-----------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ - | \$ 444 | \$ 444 |
| Charges for current services | | 7,067 | 7,067 |
| Total Revenues | | 7,511 | 7,511 |
| Fund Balance - July 1 | 8,200 | 8,200 | |
| Fund Balance - June 30 | \$ 8,200 | \$ 15,711 | \$ 7,511 |

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, 2009

| | 1993 Public Facilities Debt Service Fund | | |
|--|--|-------------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Uses of money and property | \$ 18,000 | \$ 9,022 | \$ (8,978) |
| Total Revenues | <u>18,000</u> | <u>9,022</u> | <u>(8,978)</u> |
| Expenditures: | | | |
| Debt service: | | | |
| Principal | 95,000 | 95,000 | |
| Interest | 132,800 | 132,870 | (70) |
| Paying agent fees | 6,100 | 2,250 | 3,850 |
| Total Expenditures | <u>233,900</u> | <u>230,120</u> | <u>3,780</u> |
| Excess revenues over (under) expenditures | <u>(215,900)</u> | <u>(221,098)</u> | <u>(5,198)</u> |
| Other financing sources (uses): | | | |
| Operating transfers in | <u>111,400</u> | <u>153,143</u> | <u>41,743</u> |
| Total other financing sources (uses) | <u>111,400</u> | <u>153,143</u> | <u>41,743</u> |
| Excess revenues and other sources over (under) expenditures and other uses | <u>(104,500)</u> | <u>(67,955)</u> | <u>36,545</u> |
| Fund Balance - July 1 | <u>480,089</u> | <u>480,089</u> | |
| Fund Balance - June 30 | <u>\$ 375,589</u> | <u>\$ 412,134</u> | <u>\$ 36,545</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, 2009

| | TOTALS | | |
|--|---------------------|----------------------|---------------------------------|
| | Final Budget | Actual | Variance positive (negative) |
| Revenues: | | | |
| Taxes | \$ 1,911,300 | \$ 2,362,258 | \$ 450,958 |
| Uses of money and property | 171,500 | 448,702 | 277,202 |
| Charges for current services | 3,844,900 | 2,604,623 | (1,240,277) |
| From other agencies | 1,049,400 | 315,208 | (734,192) |
| Other | 654,900 | 749,503 | 94,603 |
| Total Revenues | <u>7,632,000</u> | <u>6,480,294</u> | <u>(1,151,706)</u> |
| Expenditures: | | | |
| General government | 123,500 | 141,240 | (17,740) |
| Public safety | 357,500 | 458,842 | (101,342) |
| Public works | 1,049,300 | 2,036,851 | (987,551) |
| Library & recreation services | 77,800 | 76,034 | 1,766 |
| Community development | 2,140,500 | 1,100,664 | 1,039,836 |
| Debt service | 233,900 | 300,671 | (66,771) |
| Capital outlay | 10,584,400 | 2,057,060 | 8,527,340 |
| Total Expenditures | <u>14,566,900</u> | <u>6,171,362</u> | <u>8,395,538</u> |
| Excess revenues over (under) expenditures | <u>(6,934,900)</u> | <u>308,932</u> | <u>7,243,832</u> |
| Other financing sources (uses): | | | |
| Operating transfers in | 1,541,100 | 2,399,414 | 858,314 |
| Operating transfers out | (1,960,000) | (2,636,932) | (676,932) |
| Total other financing sources (uses) | <u>(418,900)</u> | <u>(237,518)</u> | <u>181,382</u> |
| Excess revenues and other sources over (under) expenditures and other uses | <u>(7,353,800)</u> | <u>71,414</u> | <u>7,425,214</u> |
| Fund Balances - July 1 | <u>11,511,838</u> | <u>11,510,807</u> | |
| Fund Balances - June 30 | <u>\$ 4,158,038</u> | <u>\$ 11,582,221</u> | <u>\$ 7,425,214</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, 2009**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive/(Negative) |
|---|------------------|--------------|--------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| Uses of money and property | \$ - | \$ - | 68,380 | \$ 68,380 |
| Charges for current services | 3,502,900 | 3,502,900 | 1,250,383 | (2,252,517) |
| Total Revenues | 3,502,900 | 3,502,900 | 1,318,763 | (2,184,137) |
| Expenditures: | | | | |
| Public works | | 4,977,500 | | 4,977,500 |
| Capital outlay | | 1,900,000 | 1,176,239 | 723,761 |
| Total Expenditures | | 6,877,500 | 1,176,239 | 5,701,261 |
| Excess revenues over (under) expenditures | 3,502,900 | (3,374,600) | 142,524 | 3,517,124 |
| Fund Balance - July 1 | 5,141,503 | 5,141,503 | 5,141,503 | |
| Fund Balance - June 30 | \$ 8,644,403 | \$ 1,766,903 | \$ 5,284,027 | \$ 3,517,124 |

**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, 2009**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive/(Negative) |
|---|------------------|---------------|---------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| Uses of money and property | \$ 79,000 | \$ 79,000 | \$ 226,465 | \$ 147,465 |
| Charges for current services | 1,161,700 | 1,161,700 | 241,719 | (919,981) |
| Total Revenues | 1,240,700 | 1,240,700 | 468,184 | (772,516) |
| Expenditures: | | | | |
| General government | 100,000 | 100,000 | | 100,000 |
| Public works | | | 109,163 | (109,163) |
| Community development | 150,000 | 150,000 | | 150,000 |
| Capital outlay | - | | 2,941 | (2,941) |
| Total Expenditures | 250,000 | 250,000 | 112,104 | 137,896 |
| Excess revenues over (under) expenditures | 990,700 | 990,700 | 356,080 | (634,620) |
| Other financing sources (uses): | | | | |
| Transfers in | 220,600 | 220,600 | | (220,600) |
| Total other financing sources (uses) | 220,600 | 220,600 | | (220,600) |
| Excess revenues and other sources over (under) expenditures and other uses | 1,211,300 | 1,211,300 | 356,080 | (855,220) |
| Fund Balance - July 1 | 14,883,091 | 14,883,091 | 14,883,091 | |
| Fund Balance - June 30 | \$ 16,094,391 | \$ 16,094,391 | \$ 15,239,171 | \$ (855,220) |

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, 2009

| | Budgeted Amounts | | | Variance with Final Budget Positive/(Negative) |
|--|------------------|----------------|----------------|--|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Uses of money and property | \$ - | \$ - | \$ - | \$ - |
| Total Revenues | | | | |
| Expenditures: | | | | |
| Community development | | 320,500 | 189,499 | 131,001 |
| Debt service: | | | | |
| Interest | | | 294,692 | (294,692) |
| Total Expenditures | | 320,500 | 484,191 | (163,691) |
| Excess revenues over (under) expenditures | | (320,500) | (484,191) | (163,691) |
| Excess revenues and other sources over (under) expenditures and other uses | | (320,500) | (484,191) | (163,691) |
| Fund Balance - July 1 | (9,089,991) | (9,089,991) | (9,089,991) | |
| Fund Balance - June 30 | \$ (9,089,991) | \$ (9,410,491) | \$ (9,574,182) | \$ (163,691) |

**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, 2009**

| | Budgeted Amounts | | | Variance with Final Budget Positive/(Negative) |
|---|------------------|--------------|--------------|--|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Taxes | \$ 3,085,000 | \$ 3,085,000 | \$ 3,301,421 | \$ 216,421 |
| From other agencies | | | 65,609 | 65,609 |
| Uses of money and property | 150,000 | 150,000 | 199,612 | 49,612 |
| Total Revenues | 3,235,000 | 3,235,000 | 3,566,642 | 331,642 |
| Expenditures: | | | | |
| Debt service: | | | | |
| Interest | 1,259,300 | 1,259,300 | 1,512,140 | (252,840) |
| Principal | 1,918,400 | 1,918,400 | 1,630,972 | 287,428 |
| Paying agent fees | 5,000 | 5,000 | 2,627 | 2,373 |
| Total Expenditures | 3,182,700 | 3,182,700 | 3,145,739 | 36,961 |
| Excess revenues over (under) expenditures | 52,300 | 52,300 | 420,903 | 368,603 |
| Fund Balance - July 1 | 6,474,748 | 6,474,748 | 6,474,748 | |
| Fund Balance - June 30 | \$ 6,527,048 | \$ 6,527,048 | \$ 6,895,651 | \$ 368,603 |

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, 2009

| | Budgeted Amounts | | | Variance with Final Budget Positive/(Negative) |
|--|------------------|----------------|----------------|--|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Taxes | \$ 3,031,100 | \$ 3,031,100 | \$ 3,914,071 | \$ 882,971 |
| Uses of money and property | 25,000 | 25,000 | 81,373 | 56,373 |
| Miscellaneous | | | 340,015 | 340,015 |
| Total Revenues | 3,056,100 | 3,056,100 | 4,335,459 | 1,279,359 |
| Expenditures: | | | | |
| Community development | | | 118,262 | (118,262) |
| Debt service: | | | | |
| Interest | 320,500 | 320,500 | 315,894 | 4,606 |
| Principal | 190,000 | 190,000 | 190,000 | |
| Paying agent fees | 5,000 | 5,000 | 3,000 | 2,000 |
| Fiscal agreement payments | | | 1,699,267 | (1,699,267) |
| Total Expenditures | 515,500 | 515,500 | 2,326,423 | (1,810,923) |
| Excess revenues over (under) expenditures | 2,540,600 | 2,540,600 | 2,009,036 | (531,564) |
| Other financing sources (uses): | | | | |
| Operating transfers out | (186,400) | (186,400) | (1,021,881) | (835,481) |
| Total other financing sources (uses) | (186,400) | (186,400) | (1,021,881) | (835,481) |
| Excess revenues and other sources over (under) expenditures and other uses | 2,354,200 | 2,354,200 | 987,155 | (1,367,045) |
| Fund Balance - July 1 | (7,074,708) | (7,074,708) | (7,074,708) | |
| Fund Balance - June 30 | \$ (4,720,508) | \$ (4,720,508) | \$ (6,087,553) | \$ (1,367,045) |

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.

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.

Tourism and Lodging Business Improvement District (BID) - to account for the 2% additional TOT from hotels/motels to be used exclusively by the BID for tourism promotional activities.

CITY OF EL PASO DE ROBLES
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
For The Fiscal Year Ended June 30, 2009

| | Balance July 1, 2008 | Additions | Deductions | Balance June 30, 2009 |
|------------------------------------|-------------------------|------------------|------------------|--------------------------|
| <u>SENIOR CITIZEN</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 298,410 | \$ 39,478 | \$ 67,482 | \$ 270,406 |
| Total Assets | <u>\$ 298,410</u> | <u>\$ 39,478</u> | <u>\$ 67,482</u> | <u>\$ 270,406</u> |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 10,000 | \$ 10,000 | \$ - |
| Accrued salary & benefits payable | 3,556 | 2,297 | 475 | 5,378 |
| Due to others | 294,854 | 27,181 | 57,007 | 265,028 |
| Total Liabilities | <u>\$ 298,410</u> | <u>\$ 39,478</u> | <u>\$ 67,482</u> | <u>\$ 270,406</u> |
| <u>HOSPITAL SCHOLARSHIP</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 111,970 | \$ 5,853 | \$ 3,038 | \$ 114,785 |
| Total Assets | <u>\$ 111,970</u> | <u>\$ 5,853</u> | <u>\$ 3,038</u> | <u>\$ 114,785</u> |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 1,000 | \$ 1,000 | \$ - |
| Due to others | 111,970 | 4,853 | 2,038 | 114,785 |
| Total Liabilities | <u>\$ 111,970</u> | <u>\$ 5,853</u> | <u>\$ 3,038</u> | <u>\$ 114,785</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, 2009

| | Balance July 1, 2008 | Additions | Deductions | Balance June 30, 2009 |
|--|-------------------------|---------------------|---------------------|--------------------------|
| <u>CUSTOMER DEPOSITS</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 800,485 | \$ 1,867,436 | \$ 1,991,817 | \$ 676,104 |
| Total Assets | <u>\$ 800,485</u> | <u>\$ 1,867,436</u> | <u>\$ 1,991,817</u> | <u>\$ 676,104</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 14,300 | \$ 931,049 | \$ 933,916 | \$ 11,433 |
| Customer deposits | 786,185 | 936,387 | 1,057,901 | 664,671 |
| Total Liabilities | <u>\$ 800,485</u> | <u>\$ 1,867,436</u> | <u>\$ 1,991,817</u> | <u>\$ 676,104</u> |
| <u>TOURISM AND LODGING BID</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ - | \$ 308,800 | \$ 174,714 | \$ 134,086 |
| Accounts receivable | | 49,311 | | 49,311 |
| Total Assets | <u>\$ -</u> | <u>\$ 358,111</u> | <u>\$ 174,714</u> | <u>\$ 183,397</u> |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 84,906 | \$ 32,162 | \$ 52,744 |
| Due to others | - | 273,205 | 142,552 | 130,653 |
| Total Liabilities | <u>\$ -</u> | <u>\$ 358,111</u> | <u>\$ 174,714</u> | <u>\$ 183,397</u> |
| <u>TOTAL - ALL AGENCY FUNDS</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 1,210,865 | \$ 2,221,567 | \$ 2,237,051 | \$ 1,195,381 |
| Accounts receivable | - | 49,311 | - | 49,311 |
| Total Assets | <u>\$ 1,210,865</u> | <u>\$ 2,270,878</u> | <u>\$ 2,237,051</u> | <u>\$ 1,244,692</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 14,300 | \$ 1,026,955 | \$ 977,078 | \$ 64,177 |
| Accrued salary & benefits payable | 3,556 | 2,297 | 475 | 5,378 |
| Customer deposits | 786,185 | 936,387 | 1,057,901 | 664,671 |
| Due to others | 406,824 | 305,239 | 201,597 | 510,466 |
| Total Liabilities | <u>\$ 1,210,865</u> | <u>\$ 2,270,878</u> | <u>\$ 2,237,051</u> | <u>\$ 1,244,692</u> |

CITY OF EL PASO DE ROBLES



STATISTICAL SECTION

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

| | 2006 | 2007 | 2008 | 2009 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | |
| Invested in capital assets, net of related debt | \$ 107,693,936 | \$ 122,168,978 | \$ 123,267,038 | 126,146,832 |
| Restricted | 829,674 | 1,286,753 | 1,168,175 | 2,170,711 |
| Unrestricted | 30,782,721 | 26,014,158 | 25,740,998 | 26,732,780 |
| Total governmental activities net assets | \$ 139,306,331 | \$ 149,469,889 | \$ 150,176,211 | \$ 155,050,323 |
| Business-type activities | | | | |
| Invested in capital assets, net of related debt | \$ 54,373,577 | \$ 54,078,917 | \$ 57,702,782 | 67,486,229 |
| Restricted | 479 | | | |
| Unrestricted | 33,620,918 | 40,862,436 | 42,105,837 | 35,069,547 |
| Total business-type activities net assets | \$ 87,994,974 | \$ 94,941,353 | \$ 99,808,619 | \$ 102,555,776 |
| Primary government | | | | |
| Invested in capital assets, net of related debt | \$ 162,067,513 | \$ 176,247,895 | \$ 180,969,820 | 193,633,061 |
| Restricted | 830,153 | 1,286,753 | 1,168,175 | 2,170,711 |
| Unrestricted | 64,403,639 | 66,876,594 | 67,846,835 | 61,802,327 |
| Total primary government net assets | \$ 227,301,305 | \$ 244,411,242 | \$ 249,984,830 | \$ 257,606,099 |

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

| | 2006 | 2007 | 2008 | 2009 |
|---|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 499,902 | \$ 1,516,575 | \$ 4,205,603 | \$ 2,664,573 |
| Public safety | 11,715,883 | 13,846,830 | 13,825,505 | 14,644,352 |
| Public works | 8,347,720 | 9,922,306 | 10,665,983 | 10,372,489 |
| Library and recreation services | 4,560,785 | 4,960,652 | 4,455,244 | 4,380,035 |
| Community development | 7,124,605 | 4,600,339 | 4,752,684 | 3,812,797 |
| Interest on long-term debt | 1,709,387 | 2,265,878 | 2,588,398 | 2,389,710 |
| Total governmental activities expenses | <u>33,958,282</u> | <u>37,112,580</u> | <u>40,493,417</u> | <u>38,263,956</u> |
| Business-type activities: | | | | |
| Water operations | 3,734,082 | 4,113,070 | 4,399,286 | 5,482,678 |
| Sewer operations | 3,621,438 | 3,672,572 | 4,130,267 | 4,374,113 |
| Airport operations | 681,207 | 765,078 | 748,673 | 779,181 |
| Transit operations | 1,088,576 | 1,246,765 | 1,149,988 | 1,402,596 |
| Total business-type activities expenses | <u>9,125,303</u> | <u>9,797,485</u> | <u>10,428,214</u> | <u>12,038,568</u> |
| Total primary government expenses | <u>\$ 43,083,585</u> | <u>\$ 9,797,485</u> | <u>\$ 50,921,631</u> | <u>\$ 50,302,524</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 43,872 | \$ 46,693 | \$ 45,877 | \$ 39,648 |
| Public safety | 620,003 | 760,126 | 1,025,247 | 922,764 |
| Public works | 20,944 | 7,626 | 1,612 | 340,091 |
| Library and recreation services | 791,830 | 827,976 | 795,118 | 710,085 |
| Community development | 5,777,450 | 5,399,402 | 3,782,118 | 2,094,258 |
| Operating contributions and grants | | 300,000 | | |
| Capital contributions and grants | 7,129,023 | 3,634,416 | 4,765,465 | 2,581,818 |
| Total governmental activities program revenues | <u>14,383,122</u> | <u>10,976,239</u> | <u>10,415,437</u> | <u>6,688,664</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water operations | 3,590,654 | 4,312,130 | 4,227,593 | 4,008,362 |
| Sewer operations | 3,864,353 | 4,059,804 | 4,367,772 | 4,495,292 |
| Airport operations | 18,544 | 20,935 | 53,839 | 121,382 |
| Transit operation | 132,078 | 160,685 | 156,103 | 149,782 |
| Capital contributions and grants | 7,313,475 | 4,571,395 | 3,548,974 | 2,977,958 |
| Total business-type activities program revenues | <u>14,919,104</u> | <u>13,124,949</u> | <u>12,354,281</u> | <u>11,752,776</u> |
| Total primary government program revenues | <u>\$ 29,302,226</u> | <u>\$ 24,101,188</u> | <u>\$ 22,769,718</u> | <u>\$ 18,441,440</u> |

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

| | 2006 | 2007 | 2008 | 2009 |
|---|------------------------|------------------------|------------------------|------------------------|
| Net (expense)/revenue | | | | |
| Governmental activities | \$ (19,575,160) | \$ (26,136,341) | \$ (30,077,980) | (31,575,292) |
| Business-type activities | 5,793,801 | 3,327,464 | 1,926,067 | (285,792) |
| Total primary government net expense | <u>\$ (13,781,359)</u> | <u>\$ (22,808,877)</u> | <u>\$ (28,151,913)</u> | <u>\$ (31,861,084)</u> |
| General Revenues and Other Changes in Net Assets | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | \$ 13,966,390 | \$ 15,450,804 | \$ 17,795,597 | 18,423,566 |
| Sales taxes | 6,183,527 | 8,237,072 | 7,691,562 | 6,702,166 |
| Other taxes | 4,640,054 | 4,933,674 | 5,182,504 | 5,027,312 |
| From other agencies | 3,953,811 | 3,837,498 | 2,972,863 | 2,610,537 |
| Licenses and permits | 341,034 | 376,088 | 420,059 | 432,448 |
| Other | 911,550 | 1,273,805 | 1,582,640 | 1,255,776 |
| Uses of money and property | 875,397 | 2,521,193 | 2,573,339 | 1,870,103 |
| Transfers in/(out) | 18,700 | (330,235) | 102,396 | 127,496 |
| Asset impairment losses | | | | |
| Total governmental activities | <u>30,890,463</u> | <u>36,299,899</u> | <u>38,320,960</u> | <u>36,449,404</u> |
| Business-type activities: | | | | |
| Taxes | 72,152 | 70,807 | 52,457 | 49,304 |
| From other agencies | 2,038,011 | 1,354,005 | 908,754 | 1,384,327 |
| Other | 54,746 | 8,148 | 82,961 | 90,646 |
| Uses of money and property | 1,369,416 | 1,855,720 | 1,999,423 | 1,636,168 |
| Transfers in/(out) | (18,700) | 330,235 | (102,396) | (127,496) |
| Total business-type activities | <u>3,515,625</u> | <u>3,618,915</u> | <u>2,941,199</u> | <u>3,032,949</u> |
| Total primary government | <u>\$ 34,406,088</u> | <u>\$ 39,918,814</u> | <u>\$ 41,262,159</u> | <u>\$ 39,482,353</u> |
| Change in Net Assets | | | | |
| Governmental activities | \$ 11,315,303 | \$ 10,163,558 | \$ 8,242,980 | 4,874,112 |
| Business-type activities | 9,309,426 | 6,946,379 | 4,867,266 | 2,747,157 |
| Total primary government | <u>\$ 20,624,729</u> | <u>\$ 17,109,937</u> | <u>\$ 13,110,246</u> | <u>\$ 7,621,269</u> |

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

| | 2006 | 2007 | 2008 | 2009 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| General fund | | | | |
| Reserved | \$ 1,819,571 | \$ 2,171,603 | \$ 2,544,927 | 2,332,243 |
| Unreserved | 6,602,512 | 6,400,258 | 6,027,797 | 6,026,892 |
| Total general fund | <u>\$ 8,422,083</u> | <u>\$ 8,571,861</u> | <u>\$ 8,572,724</u> | <u>\$ 8,359,135</u> |
| | | | | |
| All other governmental funds | | | | |
| Reserved | \$ 7,115,402 | \$ 17,667,211 | \$ 18,661,111 | \$ 19,548,017 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 6,963,650 | 7,911,169 | 8,112,255 | 7,084,440 |
| Capital projects funds | 10,521,780 | (3,977,038) | (4,618,045) | (4,308,354) |
| Debt service funds | 1,474,597 | 33,930 | (309,871) | 1,015,232 |
| Total all other governmental funds | <u>\$ 26,075,429</u> | <u>\$ 21,635,272</u> | <u>\$ 21,845,450</u> | <u>\$ 23,339,335</u> |

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

| | 2006 | 2007 | 2008 | 2009 |
|---|----------------------|----------------------|----------------------|-------------------|
| Revenues | | | | |
| Taxes | \$ 24,789,972 | \$ 28,660,022 | \$ 30,672,302 | \$ 30,153,044 |
| Licenses and permits | 1,531,411 | 924,967 | 853,515 | 770,006 |
| Fines and forfeitures | 307,138 | 321,533 | 379,876 | 335,345 |
| Uses of money and property | 1,193,603 | 2,690,477 | 1,882,106 | 2,042,562 |
| From other agencies | 4,477,647 | 3,777,991 | 4,758,566 | 4,061,243 |
| Charges for current services | 6,441,726 | 6,103,246 | 4,598,357 | 3,213,044 |
| Other | 911,549 | 1,273,806 | 1,581,564 | 1,253,973 |
| Total revenues | 39,653,046 | 43,752,042 | 44,726,286 | 41,829,217 |
| Expenditures | | | | |
| General government | 194,652 | 1,271,921 | 2,294,079 | 2,331,382 |
| Public safety | 11,625,058 | 13,105,217 | 13,106,157 | 13,922,924 |
| Public works | 5,578,195 | 5,998,723 | 6,870,697 | 6,683,959 |
| Library and recreation services | 4,173,170 | 4,554,183 | 4,053,268 | 4,040,414 |
| Community development | 4,837,054 | 3,549,712 | 3,551,725 | 2,689,798 |
| Interest | 1,687,136 | 2,238,598 | 2,588,398 | 2,390,047 |
| Principal | 2,845,829 | 2,917,391 | 2,837,346 | 2,111,322 |
| Paying agent fees | 8,267 | 7,019 | 7,440 | 7,877 |
| Arbitrage fees | | | | |
| Capital outlay | 13,497,123 | 13,144,260 | 7,103,548 | 4,799,427 |
| Fiscal agreements payments | 918,079 | 1,112,911 | 1,215,983 | 1,699,267 |
| Total expenditures | 45,364,563 | 47,899,935 | 43,628,641 | 40,676,417 |
| Excess of revenues over (under) expenditures | (5,711,517) | (4,147,893) | 1,097,645 | 1,152,800 |
| Other financing sources (uses): | | | | |
| Operating transfers in | 12,983,207 | 6,639,069 | 3,665,614 | 4,032,464 |
| Operating transfers out | (12,964,507) | (6,969,304) | (3,563,218) | (3,904,968) |
| Capital leases/bond proceeds | 1,789,000 | | 31,435,000 | |
| Bond premium | | | 963,102 | |
| Payments to refunded debt | | | (33,387,102) | |
| Proceeds from postclosure liability | 154,126 | 187,749 | | |
| Total other financing sources (uses) | 1,961,826 | (142,486) | (886,604) | 127,496 |
| Net change in fund balances | (3,749,691) | (4,290,379) | 211,041 | 1,280,296 |
| Fund balances July 1 | 38,483,943 | 34,497,512 | 30,207,133 | 30,418,174 |
| Prior period adjustment | (236,740) | | | |
| Fund balances June 30 | \$ 34,497,512 | \$ 30,207,133 | \$ 30,418,174 | 31,698,470 |

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

| Fiscal Year | Property ^a | Sales & Use ^b | Occupancy | Franchise | Property Transfer | Other | Total |
|--|------------------------------|-------------------------------------|------------------|------------------|--------------------------|--------------|---------------|
| 2000 | \$ 2,287,644 | \$ 4,536,210 | \$ 759,264 | \$ 377,404 | \$ 93,468 | \$ 3,170,804 | \$ 11,224,794 |
| 2001 | 2,520,254 | 5,141,821 | 976,618 | 390,862 | 141,379 | 3,702,365 | 12,873,299 |
| 2002 | 2,833,986 | 5,408,997 | 1,040,692 | 1,543,510 | 159,474 | 2,092,768 | 13,079,427 |
| 2003 | 3,267,031 | 5,821,356 | 1,123,814 | 1,740,499 | 168,598 | 5,388,301 | 17,509,601 |
| 2004 | 3,513,445 | 6,229,299 | 1,296,972 | 2,020,347 | 239,085 | 6,725,850 | 20,024,998 |
| 2005 | 4,076,025 | 5,414,506 | 1,446,059 | 1,999,715 | 340,630 | 9,590,830 | 22,867,765 |
| 2006 | 4,952,372 | 6,183,527 | 1,614,347 | 2,197,861 | 332,074 | 9,509,791 | 24,789,972 |
| 2007 | 7,584,685 | 5,986,431 | 2,025,859 | 2,429,063 | 219,287 | 10,414,698 | 28,660,022 |
| 2008 | 8,638,732 | 5,723,861 | 2,549,065 | 2,185,058 | 146,972 | 7,928,053 | 27,171,741 |
| 2009 | 8,845,816 | 4,753,451 | 2,692,915 | 1,964,038 | 95,767 | 7,284,996 | 25,636,983 |
| Percentage Change 2000-2009 | 286.7% | 4.8% | 254.7% | 420.4% | 2.5% | 129.8% | 128.4% |

Notes:

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

^b The growth in sales tax revenues is solely attributable to growth in retail sales.

Source: City of Paso Robles Finance Dept

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

| Fiscal Year | Residential Property | Commercial Property | Industrial Property | Less: Tax- Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Taxable Assessed Value as a Percentage of Actual Taxable Value |
|--------------------|---------------------------------|--------------------------------|--------------------------------|---|---|--------------------------------------|---|---|
| 2000 | \$ 767,943,350 | \$ 206,374,795 | \$ 74,461,293 | \$ (11,534,799) | \$ 1,037,244,639 | 1.00000 | \$ 1,246,338,932 | 83.22% |
| 2001 | 832,482,817 | 232,468,535 | 76,680,343 | (12,126,304) | 1,129,505,391 | 1.00000 | 1,389,535,518 | 81.29% |
| 2002 | 951,469,383 | 246,237,969 | 86,456,909 | (13,318,285) | 1,270,845,976 | 1.00000 | 1,601,282,486 | 79.36% |
| 2003 | 1,095,030,424 | 268,132,765 | 96,605,248 | (13,696,226) | 1,446,072,211 | 1.00000 | 1,816,055,597 | 79.63% |
| 2004 | 1,314,883,360 | 284,034,088 | 103,030,536 | (14,156,282) | 1,687,791,702 | 1.00000 | 2,070,380,257 | 81.52% |
| 2005 | 1,431,862,012 | 301,924,082 | 105,570,399 | (15,227,842) | 1,824,128,651 | 1.00000 | 2,336,844,323 | 78.06% |
| 2006 | 1,656,550,223 | 335,058,825 | 111,044,371 | (17,359,195) | 2,120,012,614 | 1.00000 | 2,744,186,720 | 77.25% |
| 2007 | 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% |
| 2008 | 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% |
| 2009 | 2,529,439,815 | 533,512,510 | 153,731,724 | (34,496,695) | 3,251,180,744 | 1.00000 | 3,793,427,118 | 85.71% |

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

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

| Fiscal Year | Secured ^a | Unsecured ^b | Homeowners Exempt ^c | Total Taxable Assessed Value | Total Direct Tax Rate |
|-------------|----------------------|------------------------|--------------------------------|------------------------------|-----------------------|
| 2000 | \$ 1,156,283,946 | \$ 82,691,459 | \$ (28,132,698) | \$ 1,210,842,707 | 1.00000 |
| 2001 | 1,280,017,282 | 102,172,032 | (29,291,803) | 1,352,897,511 | 1.00000 |
| 2002 | 1,469,498,589 | 109,356,793 | (30,755,791) | 1,548,099,591 | 1.00000 |
| 2003 | 1,676,286,480 | 108,117,503 | (32,338,561) | 1,752,065,422 | 1.00000 |
| 2004 | 1,927,106,815 | 114,310,291 | (33,685,444) | 2,007,731,662 | 1.00000 |
| 2005 | 2,209,220,841 | 116,769,665 | (34,060,600) | 2,291,929,906 | 1.00000 |
| 2006 | 2,602,130,386 | 120,324,144 | (34,826,400) | 2,687,628,130 | 1.00000 |
| 2007 | 3,077,152,015 | 127,044,894 | (36,149,400) | 3,168,047,509 | 1.00000 |
| 2008 | 3,434,872,893 | 141,592,656 | (37,343,600) | 3,539,121,949 | 1.00000 |
| 2009 | 3,612,661,077 | 164,939,855 | (37,632,000) | 3,739,968,932 | 1.00000 |

Notes:

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

^b Unsecured property is generally personal property including machinery, equipment, office tools and supplies.

^c Homeowners exemption

Source: San Luis Obispo County Assessor's Office

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

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| General Consumer Goods | \$ 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 | \$178,468,000 |
| Auto and Transportation | 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 | 92,053,800 |
| Fuel and Service Stations | 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 | 106,805,400 |
| Building and Construction | 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 | 45,084,400 |
| Restaurants and Hotels | 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 | 85,521,900 |
| Business and Industry | 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 | 70,764,900 |
| Food and Drugs | 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 | 40,841,000 |
| Total | \$ 396,470,800 | \$ 439,381,300 | \$ 483,068,000 | \$ 516,461,200 | \$ 557,198,300 | \$ 625,454,600 | \$ 712,114,100 | \$ 730,770,200 | \$ 685,098,400 | \$619,539,400 |
| 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 | |
| 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 |
| 2009 | 1.00000 | 0.0839 | 1.0839 | 0.00220 | 1.08610 |

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**

| Fiscal Year | City Direct Rate | San Luis Obispo County Rate | Total Rate |
|--------------------|-----------------------------|--|-------------------|
| 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% |
| 2009 | 1.00% | 7.25% | 8.25% |

Note: The sales tax rate is uniformly set at 8.25% county wide. Of the 8.25%, 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 | 2009 | | | | 2000 | | | |
|----------------------------------|-------------------------|---|---------------------|------|-------------------------|---|---------------------|------|
| | 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 |
| American Commercial Equities | 13,142,700 | 0.36% | 117,595 | 1 | | | | |
| Martin Hotel Management Co | 12,694,118 | 0.35% | 113,582 | 2 | | | | |
| Zodiac Investment | 12,418,000 | 0.34% | 111,111 | 3 | | | | |
| Kohl's Department Stores | 11,352,134 | 0.31% | 101,574 | 4 | | | | |
| Walmart Stores Inc | 11,013,807 | 0.30% | 98,547 | 5 | 9,110,490 | 0.74% | 52,434 | 1 |
| Villa Del Rio Apartments | 10,781,292 | 0.30% | 96,466 | 6 | | | | |
| Colin G Weyrick Trust | 14,360,256 | 0.40% | 88,851 | 7 | | | | |
| First States Investors 926 LP | 9,486,000 | 0.26% | 84,877 | 8 | | | | |
| New Albertsons Inc | 9,425,146 | 0.26% | 84,332 | 9 | 4,830,402 | 0.38% | 27,800 | 2 |
| Blacks Hatchery and Turkey Farm | 6,446,246 | 0.18% | 57,678 | 10 | | | | |
| Dry Creek Apartments | | | | | 11,100,000 | 0.90% | 18,589 | 6 |
| Black Oaks Inc | | | | | 2,716,952 | 0.23% | 15,637 | 10 |
| Melvin & Angela Dagovitz | | | | | 3,000,000 | 0.24% | 17,266 | 8 |
| Woodland Plaza II | | | | | 4,709,762 | 0.38% | 27,106 | 3 |
| JC Penny Properties | | | | | 4,631,582 | 0.37% | 26,656 | 4 |
| Woodland Plaza LLC | | | | | 4,493,468 | 0.36% | 19,772 | 5 |
| Glasjar Funding LP | | | | | 3,176,864 | 0.26% | 18,284 | 7 |
| Central Coast Cinemas | | | | | 2,818,230 | 0.23% | 15,901 | 9 |
| Total Principal Taxpayers | 111,119,699 | 3.08% | 954,613 | | 50,587,750 | 4.09% | 239,444 | |
| All Other Taxpayers | 3,501,548,128 | 96.92% | 4,104,687 | | 1,183,527,342 | 95.52% | 1,751,005 | |
| Total Taxpayers | \$ 3,612,667,827 | 100.00% | \$ 5,059,300 | | \$ 1,234,115,092 | 99.61% | \$ 1,990,449 | |

Notes:

Source: Hdl Coren & Cone, San Luis Obispo County Assessor 2008/09 Combined Tax Rolls

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

| 2009 | 2000 |
|----------------------------------|--|
| Tax Remitter | Tax Remitter |
| Albertson's | AM PM Mini Mart |
| AM PM Mini Mart | ATV Agricultural Field Service |
| Arco AM PM | Albertson's |
| Big Creek Lumber | Artesia Ready Mix Concrete |
| Chevron | Bay Area Diablo Petroleum Co |
| Farm Supply | Beacon Oil Co |
| Food 4 Less | Big Creek Lumber Company |
| Golden Hill Mobil | Black Oak AM PM Mini Market |
| Jack in the Box | Fair City Ford Lincoln Mercury |
| JB Dewar | Homer T. Hayward Lumber Company |
| Kohls Department Store | J.B. Dewar, Inc |
| Orchard Supply Hardware | JC Penney Company Inc |
| Paso Robles Ford Lincoln Mercury | Jerry Reneau Chrysler Plymouth Dodge |
| Paso Robles GMC Truck | Longs Drug Stores |
| Pete Johnston GMC | Office Max |
| Reneau Chrysler Dodge | Paso Robles GMC Truck |
| Rite Aid | Pete Johnston GM |
| Ross Dress for Less | Ross Dress for Less |
| San Luis Bay Suzuki Kia | San Luis Bay Suzuki Kia |
| Santa Cruz Biotechnology | San Luis Obispo County Farm Supply Company |
| Sky River | Staples The Super Store |
| Target | Target Store T1120 |
| Valero Corner | Vons |
| Vons | Wal Mart 2099 |
| Wal Mart | Woodland Chevron |
| 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 |
| 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% |
| 2009 | 5,059,300 | 4,371,890 | 86.41% | 574,351 | 4,946,241 | 97.77% |

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 ^a | Per Capita ^b |
|-------------|--------------------------|---------------------|-------------------------------|----------------|------------------------|--------------------------|------------------------|--------------------------|---|-------------------------|
| | General Obligation Bonds | Redevelopment Bonds | Certificates of Participation | Capital Leases | Internal Notes Payable | Sewer Revenue Bonds | Internal Notes Payable | | | |
| 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 | 1,048,426 | - | 22,065,757 | 0.62% | 737 |
| 2009 | 3,143,112 | 510,495 | 227,870 | 120,652 | 16,508,621 | 523,826 | - | 21,034,576 | 0.56% | 725 |

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

^a See the "Assessed Value of Taxable Property" table for figures.

^b See the "Demographic and Economic Statistics" table for population data.

Source: City of Paso Robles

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

| | Fiscal Year | | | | | | | | | |
|---|-------------|------|------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| General bonded debt outstanding | | | | | | | | | | |
| General obligation bonds | \$ - | \$ - | \$ - | \$ 37,999,201 | \$ 35,989,681 | \$ 33,972,549 | \$ 31,972,970 | \$ 29,966,715 | \$ 36,159,473 | \$ 34,528,500 |
| Total | \$ - | \$ - | \$ - | \$ 37,999,201 | \$ 35,989,681 | \$ 33,972,549 | \$ 31,972,970 | \$ 29,966,715 | \$ 36,159,473 | \$ 34,528,500 |
| Percentage of estimated actual assessed value ^a | - | - | - | 2.17% | 1.79% | 1.48% | 1.19% | 0.95% | 1.02% | 0.92% |
| Per capita ^b | - | - | - | \$ 1,415 | \$ 1,322 | \$ 1,215 | \$ 1,104 | \$ 1,015 | \$ 1,208 | \$ 1,189 |
| Less: Amounts set aside to repay general debt ^c | - | - | - | 2,827,313 | 3,910,516 | 5,785,833 | 6,465,576 | 7,128,829 | 6,277,461 | 6,699,648 |
| Total net debt applicable to debt limit | - | - | - | 35,171,888 | 32,079,165 | 28,186,716 | 25,507,394 | 22,837,886 | 29,882,012 | 27,828,852 |
| Legal debt limit ^d | | | | 65,702,453 | 75,289,937 | 85,947,371 | 100,786,055 | 118,801,782 | 132,717,073 | 140,248,835 |
| Legal debt margin | \$ - | \$ - | \$ - | \$ 30,530,565 | \$ 43,210,772 | \$ 57,760,655 | \$ 75,278,661 | \$ 95,963,896 | \$ 102,835,061 | \$ 112,419,983 |
| Legal debt margin as a percentage of the debt limit | - | - | - | 46.5% | 57.4% | 67.2% | 74.7% | 80.8% | 77.5% | 80.2% |

^a See the "Assessed Value of Taxable Property" table for figures.

^b See the "Demographic and Economic Statistics" table for population data.

^c City has established an internal reserve for debt repayment in case of economic downturn.

^d Legal debt limit is calculated as 3.75% of assessed value - see 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, 2009

| | |
|---|-------------------------|
| 2008-09 Assessed Valuation: | \$ 3,793,400,168 |
| Redevelopment Incremental Valuation: | 438,475,560 |
| Adjusted Assessed Valuation: | <u>\$ 3,354,924,608</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 6/30/09</u> |
|--|-----------------------------|--------------------------------------|---|
| Paso Robles Joint Unified School District | \$ 11,999,871 | 49.3% | \$ 5,912,096 |
| City of Paso Robles | 34,528,501 | 100.000% | 34,528,501 |
| Total Direct and Overlapping Tax and Assessment Debt | | | <u>40,440,597</u> |
| | | | |
| <u>Direct and Overlapping Tax General Fund Debt</u> | | | |
| San Luis Obispo County Certificates of Participation | \$ 41,725,000 | 8.606% | \$ 3,590,854 |
| San Luis Obispo County Pension Obligations | 127,169,398 | 8.606% | 10,944,198 |
| San Luis Obispo Community College District Certificates of Participation | 12,730,000 | 8.573% | 1,091,343 |
| Paso Robles Joint Unified School District Certificates of Participation | 1,945,000 | 49.268% | 958,263 |
| Paso Robles Union School District Certificates of Participation | 495,000 | 59.721% | 295,619 |
| City of Paso Robles Certificates of Participaition | 3,645,000 | 100.000% | 3,645,000 |
| Total Direct and Overlapping Tax General Fund Debt | | | <u>20,525,277</u> |
| | | | |
| Combined Total Debt | | | <u><u>\$ 60,965,874</u></u> (2) |

Ratios to 2008-09 Assessed Valuation:

| | |
|--|-------|
| Direct Debt (\$34,528,501) | 0.91% |
| Total Direct and Overlapping Tax and Assessment Debt | 1.07% |

Ratios to Adjusted Assessed Valuation:

| | |
|-------------------------------------|-------|
| Combined Direct Debt (\$38,173,501) | 1.14% |
| Combined Total Debt | 1.82% |

State School Building Aid Repayable as of 6/30/09: \$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 ⁽¹⁾ | Debt Service | | Coverage | Utility Service Charges | Less: Operating Expenses | Net Available Revenue | Debt Service | | Coverage |
| | | Principal | Interest | | | | | Principal | Interest | |
| 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 |
| 2009 | 2,748,930 | 190,000 | 320,495 | 5.38 | 4,608,895 | 2,929,406 | 1,679,489 | 190,000 | 333,826 | 3.21 |

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.

⁽¹⁾ 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**

| Calendar Year | Population | Est. Median Household Income | Per Capita Personal Income | Median Age | Total Employment, All Industries | K-12 School Enrollment | Median Home Price (\$ thousands) | County Unemployment Rate |
|----------------------|-------------------|-------------------------------------|-----------------------------------|-------------------|---|-------------------------------|---|---------------------------------|
| 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% |
| 2009 | 29,032 | 52,226 | 24,073 | 33 | 14,390 | 6,910 | 299.8 | 9.2% |

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 | | | 2000 | | |
|--------------------------------|---------------|------|-------------------------------------|---------------|------|-------------------------------------|
| | 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 | 10 | 1.32% |
| Applied Technologies | 220 | 7 | | | | |
| Target | 220 | 8 | 1.90% | 160 | 8 | |
| Zum Industries | 217 | 9 | 1.87% | 155 | 9 | 1.36% |
| Joslyn-Sunbank Corporation | 210 | 10 | 1.81% | 210 | 6 | 1.84% |
| Paris Precision Products | | | | | | |
| California Mid State Fair | | | | 420 | 4 | 3.69% |
| San Luis Personnel | | | | 225 | 5 | 1.98% |
| Pro Forms | | | | 150 | 10 | 1.32% |
| Albertson's | | | | 150 | 10 | 1.32% |
| M.A.T.E.S. | | | | 188 | 7 | 1.65% |
| Total | <u>3,209</u> | | <u>25.77%</u> | <u>3,645</u> | | <u>30.60%</u> |
| Total City Employment | <u>14,390</u> | | | <u>12,282</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**

| Full-time-Equivalent Employees as of June 30 | | | | | | | | | | |
|---|------|------|------|------|------|------|------|------|------|------|
| <u>Function/Program</u> | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| General government | | | | | | | | | | |
| City manager | N/A | N/A | 3 | 3 | 5 | 4 | 4 | 4 | 4 | 4 |
| Information technology | N/A | N/A | 1 | 1 | 2 | 2 | 4 | 4 | 6 | 6 |
| Human resources | N/A | N/A | 1 | 1 | 2 | 2 | 3 | 3 | 3 | 3 |
| Administrative services | N/A | N/A | 8 | 8 | 9 | 9 | 10 | 11 | 11 | 11 |
| Police department | | | | | | | | | | |
| Officers | N/A | N/A | 35 | 35 | 37 | 37 | 40 | 41 | 43 | 45 |
| Others | N/A | N/A | | 9 | 10 | 10 | 12 | 12 | 12 | 12 |
| Emergency services | | | | | | | | | | |
| Firefighters | N/A | N/A | 11 | 11 | 19 | 20 | 24 | 24 | 27 | 30 |
| Others | N/A | N/A | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public works | | | | | | | | | | |
| Maintenance services | N/A | N/A | 28 | 28 | 32 | 32 | 36 | 33 | 36 | 38 |
| Airport | N/A | N/A | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water | N/A | N/A | 8 | 7 | 8 | 8 | 9 | 9 | 11 | 12 |
| Wastewater | N/A | N/A | 8 | 9 | 9 | 9 | 9 | 9 | 12 | 15 |
| Building/Engineering | | | | | | | | 9 | 8 | 8 |
| Library and recreation services | | | | | | | | | | |
| Library services | N/A | N/A | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Recreation services | N/A | N/A | 10 | 11 | 11 | 11 | 11 | 11 | 10 | 10 |
| Community development | | | | | | | | | | |
| Planning | N/A | N/A | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 |
| Housing | N/A | N/A | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Engineering | N/A | N/A | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Building | N/A | N/A | 7 | 7 | 8 | 8 | 9 | 2 | 2 | 2 |
| Total | - | - | 133 | 143 | 165 | 165 | 184 | 185 | 199 | 210 |

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> | | | | | | | | | |
|---|--------------------|--------|--------|--------|---------|---------|---------|---------|---------|---------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| General government | | | | | | | | | | |
| Police department | | | | | | | | | | |
| Physical arrests | N/A | N/A | N/A | 1,241 | 1,443 | 1,486 | 1,673 | 1,694 | 1,575 | 1688 |
| Parking violations | N/A | N/A | N/A | | | 1,160 | 963 | 1,124 | 1,019 | 953 |
| Traffic violations | N/A | N/A | N/A | 2,584 | 3,751 | 3,406 | 2,927 | 5,008 | 4,517 | 4165 |
| Emergency services | | | | | | | | | | |
| Emergency responses | 2,007 | 2,300 | | 2,370 | 2,436 | 2,567 | 2679 | 2,803 | 2,821 | 3018 |
| Fires extinguished | | 147 | 162 | 166 | 147 | 121 | 125 | 129 | 115 | 124 |
| Inspections | | | | | | | | N/A | 329 | 178 |
| Public works | | | | | | | | | | |
| Water | | | | | | | | | | |
| New connections | N/A | N/A | N/A | N/A | N/A | N/A | 328 | 54 | 35 | N/A |
| Water main breaks | N/A | N/A | N/A | N/A | N/A | N/A | 7 | 2 | N/A | N/A |
| Average daily production (millions of gallons) | N/A | N/A | N/A | N/A | N/A | N/A | 6.6 | 7 | N/A | N/A |
| Peak daily production (millions of gallons) | N/A | N/A | N/A | N/A | N/A | N/A | 12.3 | 12.33 | N/A | N/A |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (millions of gallons) | 2.8140 | 2.8584 | 2.7983 | 2.7871 | 2.8556 | 2.9590 | 2.7514 | 2.983 | 3.02 | 2.94 |
| Library and recreation services | | | | | | | | | | |
| Library services | | | | | | | | | | |
| Volumes in collection | N/A | N/A | N/A | N/A | 54,044 | 56,228 | 56,070 | 55,885 | 57,580 | 59,109 |
| Total volumes borrowed | N/A | N/A | N/A | N/A | 148,315 | 120,923 | 160,832 | 160,249 | 176,132 | 191,335 |
| Recreation services | | | | | | | | | | |
| Athletic field permits issued | N/A | N/A | N/A | N/A | 1,418 | 1,472 | 2,508 | 2,595 | 1,564 | 2,578 |
| Activity admissions | 6,186 | 8,219 | 22,448 | 23,628 | 24,050 | 24,501 | 23,953 | 25,325 | 26,060 | 36,921 |
| Community development | | | | | | | | | | |
| Building permits issued | 802 | 874 | 808 | 952 | 1,107 | 972 | 947 | 654 | 504 | TBD |
| Building inspections conducted | 6,642 | 7,038 | 7,434 | 7,772 | 8,387 | 8,603 | 7140 | 3,608 | 2563 | 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> | | | | | | | | | |
|--|--------------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| General government | | | | | | | | | | |
| Personal computers | N/A | N/A | N/A | N/A | N/A | N/A | 164 | 173 | 171 | 193 |
| Police department | | | | | | | | | | |
| Stations | N/A | N/A | N/A | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 11 | 11 | 12 | 15 | 14 | 12 | 11 | 12 | 13 | 14 |
| Emergency services | | | | | | | | | | |
| Fire stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 |
| Public works | | | | | | | | | | |
| Streets (miles) | N/A | N/A | N/A | N/A | N/A | N/A | 140.0 | 160 | 173.5 | 173.5 |
| Traffic signals | N/A | N/A | N/A | N/A | N/A | N/A | 20 | 24 | 25 | 26 |
| Bridges | N/A | N/A | N/A | N/A | N/A | N/A | 4 | 4 | 4 | 4 |
| Airport | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water | | | | | | | | | | |
| Fire hydrants | N/A | N/A | N/A | 875 | 890 | 900 | 900 | 900 | 1087 | 1087 |
| Storage tanks | N/A | N/A | N/A | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Storage capacity (millions of gallons) | N/A | N/A | N/A | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 | 12.1 |
| Water Mains (miles) | N/A | N/A | N/A | 120 | 120 | 125 | 125 | 125 | 164 | 164 |
| Wastewater | | | | | | | | | | |
| Sanitary sewers (miles) | N/A | N/A | N/A | N/A | N/A | N/A | 137.07 | 137.07 | 137.07 | 140 |
| 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 | 101.095 | 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 | 14 | 14 | 14 | 14 | 13 | 10 | 10 | 10 |
| Baseball/softball diamonds | 6 | 6 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Soccer/football fields | 4 | 4 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Community centers | 2 | 1 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

Source: City Budget