



City of El Paso de Robles, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2011



Cover

Amgen Tour photo courtesy of Caryn Jackson.
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Festival of the Arts photo courtesy of Image Paradigm Photography.

Comprehensive Annual Financial Report

For The

Fiscal Year Ended June 30, 2011

City of El Paso de Robles

California

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

James L. App, City Manager

Prepared by Department of Administrative Services
James Throop, Director of Administrative Services
Jennifer Sorenson, Finance Manager
Lori Barnes, Administrative Assistant

CITY OF EL PASO DE ROBLES



INTRODUCTORY SECTION

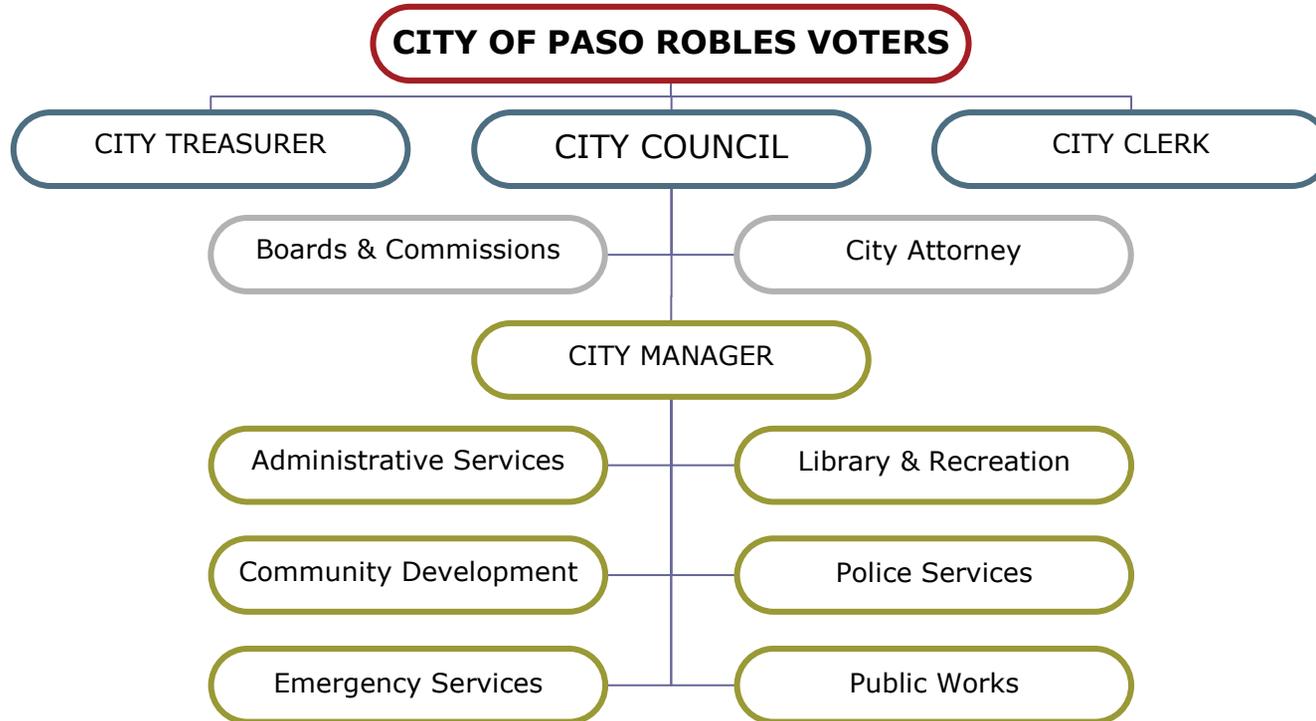
**CITY OF EL PASO DE ROBLES
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTORY SECTION	
Title Page	i
Table of Contents	ii
Organization Chart	1
CSMFO Certificate of Outstanding Financial Reporting	2
Letter of Transmittal	3
 FINANCIAL SECTION	
Independent Auditors' Report	13
Management's Discussion and Analysis	15
 Basic Financial Statements	
Government-wide Financial Statements	26
Statement of Net Assets	27
Statement of Activities	28
Fund Financial Statements	
Governmental Funds Financial Statements	29
Balance Sheet	30
Reconciliation of the Governmental Funds - Balance Sheet with the Statement of Net Assets	31
Statement of Revenues, Expenditures, and Changes in Fund Balances	32
Reconciliation of the Net Change in Fund Balances with the Statement of Activities	33
Proprietary Funds Financial Statements	35
Proprietary Funds Statement of Net Assets	36
Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets	38
Proprietary Funds Combining Statement of Cash Flows	39
Fiduciary Funds Statement of Assets and Liabilities	40
Notes to Basic Financial Statements	42
 REQUIRED SUPPLEMENTAL INFORMATION	
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	76
Postemployment Healthcare Schedule of Funding Progress	77

**CITY OF EL PASO DE ROBLES
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 TABLE OF CONTENTS**

	<u>Page</u>
SUPPLEMENTAL INFORMATION	
Non-Major Governmental Funds	78
Combining Balance Sheet	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	82
Combining Schedule of Revenues, Expenditures, and Changes In Fund Balances - Budget and Actual	84
Major Funds	110
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	111
Fiduciary Funds	117
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	118
 STATISTICAL SECTION - UNAUDITED	
Net Assets by Component	120
Changes in Net Assets	121
Fund Balances of Governmental Funds	123
Changes in Fund Balances of Governmental Funds	124
Tax Revenue by Source, Governmental Funds	125
Assessed Value and Estimated Actual Value of Taxable Property	126
Assessed Value of Taxable Property	127
Taxable Sales by Category	128
Direct and Overlapping Property Tax Rates	129
Direct and Overlapping Sales Tax Rates	130
Principal Property Tax Payers	131
Principal Sales Tax Remitters	132
Property Tax Levies and Collections	133
Ratios of Debt Payment by Type	134
Ratios of General Bonded Debt Outstanding and Legal Debt Margin	135
Direct and Overlapping Governmental Activities Debt	136
Pledged Revenue Coverage	137
Demographic and Economic Statistics	138
Principal Employers	139
Full-Time Equivalent City Government Employees by Function/Program	140
Operating Indicators by Function/Program	141
Capital Asset Statistics by Function/Program	142

**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, 2010***

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 reports were prepared.

February 24, 2011



Ronnie Campbell

*Ronnie Campbell
CSMFO President*

Chu Thai

*Chu Thai, Chair
Professional Standards and
Recognition Committee*

Dedicated Excellence in Municipal Financial Reporting



December 20, 2011

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 2010-11

INTRODUCTION

The City of El Paso de Robles' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011 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 30,004 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, Zinfandel Festival, Paderewski Festival, Pioneer Day, Vine Street Christmas Showcase, Great Western Region Bicycle Rally, Concerts in the Park, California Mid State Fair, Festival of the Arts, Pacific Coast Cutting Horse Association Competition and most recently a stop in the Amgen Tour of California Bike Race, as well as 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 growing wine grapes on more the 26,000 acres in the Paso Robles AVA. 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 the \$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 approximately 9.6% over the prior fiscal year. The addition of a Business Improvement District for all hotels/motels in 2009 has generated approximately \$550,000 per year to be used for marketing and tourism efforts.

Even with the continuing slow economic recovery in both the retail and manufacturing areas, the economic outlook for Paso Robles continues to look stronger than most other Central Coast communities. Locally, the housing construction market has continued its limited growth and does not appear to be changing from prior year. During fiscal year 2011, Paso Robles issued building permits for only 13 housing residential housing units with a total valuation of over \$4.7 million. The median home price of a home in the County in FY2010 was \$360,000. 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 (2.0)% or (\$162,000), to \$8,129,000 in 2012 as compared to \$8,291,000 in FY 2011. Sales tax collection was a bright spot as tax collection, excluding the Triple-flip calculation, rose 9.2% from FY2010. Sales tax collection for 2012, excluding the Triple-flip, is forecasted to be 8.2% more in FY2012. The Triple-flip is not included due to State revenue distribution errors in previous year. Overall tax collections for the State continue to be below projections, as such, the State legislature has failed to address its' chronic budget deficit of at least \$10 billion and attempts by the Governor to address the structural budget imbalance by legislation have failed. Fortunately, with the recent passage of Proposition 22, the legislature is essentially prohibited from taking any more local revenues.

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 2011, the General Fund posted its third negative financial results since fiscal year 1998. This unfavorable result was actually two-thirds 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 and an increase in different revenue lines. The City is preparing its next five-year forecast and its results show that by judiciously using General Fund reserve funds, the City should be able to survive these economic doldrums without more extreme cost-cutting measures. Currently, the City has reduced costs by approximately \$7,000,000 per year. The majority of these initiatives come through labor savings. Currently, the General Fund staffing has been reduced by over 35.0%. Other cost saving measures include temporary and contractual service cuts, reduced maintenance expenditures and future building development fund set-asides. Some revenue enhancements were adopted by the Council that included increase Recreation fees, book fines and rental fees. Even with these reductions and enhancements, 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 may 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 required an increase in water-user rates. The rates will be phased in over time and the City Council will review the rate 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 for water have been adopted and are scheduled to increase incrementally for five years up to \$23,000/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, which helps fund the police and fire services.

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 121 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

A revised cost allocation methodology was introduced in 2010-11, however, it retains many elements of the previous cost allocation methodology. Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

General Liability. In the liability program, claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to the first \$30,000 for each occurrence and is evaluated as percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment of point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under tow reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2010-2011 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence. Costs of covered claims subsidence losses are paid on reinsurance and excess insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The Excess insurance layer has a \$20 million annual aggregate.

The City joined the liability program on July 1, 2003.

Workers' Compensation - The City of Paso Robles also participates in the workers' compensation pool administered by the Authority. In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California's Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$4 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$4 million to \$10 million are pooled among members.

The City joined the workers' compensation program on July 1, 2004.

Purchased Insurance

Pollution Legal Liability Insurance - The City of Paso Robles participates in the pollution legal liability program (previously called environmental 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 million for the 3-year period from July 1, 2008 through July 1, 2011. Each member of the Authority has a \$10 million sub-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 \$217,421,607. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Fidelity Bonds - The City of Paso Robles purchases blanket fidelity bond coverage in the amount of \$3 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.

Special Event Tenant User Liability Insurance - The City of Paso Robles further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of Paso Robles according to a schedule. The City of Paso Robles then pays for the insurance. The insurance is arranged by the Authority.

Adequacy of Protection

During the past three fiscal (claims) years none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled insured liability coverage in 2010-11.

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, 2010. 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.

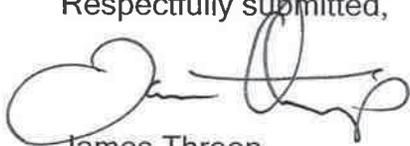
CERTIFICATE OF AWARD

The California Society of Municipal Finance Officers awarded its Certificate for Outstanding Financial Reporting to the City for the 2010 CAFR. This was the twelfth consecutive year that the City has achieved this prestigious statewide award. To receive the award, the City must publish an easily readable and efficiently organized CAFR that must satisfy both accounting principles generally accepted in the United States of America and all applicable legal requirements.

ACKNOWLEDGMENTS

I would like to express my appreciation to the entire **Administrative Services staff** for their work ethic and dedication to "customer service" both internally and externally. Special acknowledgment goes to **Jennifer Sorenson**, Finance Manager and **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". The signature is fluid and cursive, with a large initial "J" and "T".

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
CRIAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

802 EAST MAIN
SANTA MARIA, CA 93454
TEL: 805.925.2579
FAX: 805.925.2147
www.mlhcpas.com

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, California (City) as of and for the fiscal year ended June 30, 2011, 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, California, as of June 30, 2011, and the respective changes in financial position and cash flows, and where applicable thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

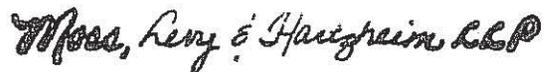
As discussed in note 1 to basic financial statements effective July 1, 2010, the City of El Paso de Robles adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and GASB Statement No. 59, *Financial Statements Omnibus*.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 25, the General Fund Budget Comparison on page 76, and the Postemployment Healthcare Schedule of Funding Progress on page 77, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, statistical section, non-major governmental funds financial statements and schedules, major funds schedules, budgetary comparison schedules, and fiduciary combining financial statements are presented for purposes of additional analysis and are not required parts of the financial statements. The non-major governmental funds financial statements and schedules, major fund schedules and fiduciary combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have 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". The signature is written in black ink and is positioned below the typed name of the firm.

December 16, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2011

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, 2011. 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 2011 fiscal year by over \$259 million. Of this amount, \$20.2 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$418,426.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$36.9 million, compared to \$37.9 million in the prior fiscal year.
- A deficit \$13.2 million of the combined fund balances is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6.9 million, or 27% of total general fund expenditures.
- The City's total governmental activities debt decreased by \$2,043,365 during the current fiscal year due to normal amortization.
- The City's total business-type funds debt decreased by \$352,968 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, 2011

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, 2011

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 increased \$418,426 from \$259.1 million at June 30, 2010 to \$259.5 million at June 30, 2011. 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, 2011

CITY OF EL PASO DE ROBLES' NET ASSETS

	Governmental activities		Business-type activities		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Current and other assets	\$ 47,556,880	\$ 46,240,348	\$ 33,066,672	\$ 36,547,424	\$ 80,623,552	\$ 82,787,772
Capital assets	171,009,412	172,714,242	77,347,394	76,811,614	248,356,806	249,525,856
Total assets	<u>218,566,292</u>	<u>218,954,590</u>	<u>110,414,066</u>	<u>113,359,038</u>	<u>328,980,358</u>	<u>332,313,628</u>
Long-term liabilities outstanding	55,342,410	55,153,607	7,517,330	7,658,816	62,859,740	62,812,423
Other liabilities	5,789,190	8,454,741	850,417	1,983,879	6,639,607	10,438,620
Total liabilities	<u>61,131,600</u>	<u>63,608,348</u>	<u>8,367,747</u>	<u>9,642,695</u>	<u>69,499,347</u>	<u>73,251,043</u>
Net assets:						
Invested in capital assets, net of related debt	122,187,153	119,279,344	70,131,072	68,996,920	192,318,225	188,276,264
Restricted	47,001,688	1,124,540			47,001,688	1,124,540
Unrestricted	(11,754,149)	34,942,358	31,915,247	34,719,423	20,161,098	69,661,781
Total Net Assets	<u>\$ 157,434,692</u>	<u>\$ 155,346,242</u>	<u>\$ 102,046,319</u>	<u>\$ 103,716,343</u>	<u>\$ 259,481,011</u>	<u>\$ 259,062,585</u>

The City's net assets increased when compared to the prior fiscal year. Current and other assets decreased \$2.2 million while capital assets decreased by \$1.2 million. Long-term liabilities decreased \$95,058.

GOVERNMENTAL ACTIVITIES

The City's net assets from governmental activities increased \$2,088,450. The cost of all governmental activities this fiscal year was \$37.7 million. As shown in the statement of activities, the amount that the taxpayers ultimately financed for these activities was \$32.7 million because some of the cost was paid by those who directly benefited from the programs (\$3.5 million). Operating contributions and grants totaled \$2.4 million and capital grants and contributions of \$1.1 million provided capital asset infrastructure by building development. The City paid for the remaining "public benefit" portion of governmental activities with \$29.3 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, 2011

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, 2010 of \$155.3 million, program revenues of \$7 million and general revenues of \$32.7 million. Total expenses for governmental activities during the fiscal year were \$37.7 million.

BUSINESS TYPE ACTIVITIES

The City's net assets from business-type activities decreased \$1.67 million.

The cost of all Proprietary (business-type) activities this year was \$15.8 million. As shown in the statement of activities, the amounts paid by users of the systems were \$8.5 million, operating contributions and grants were \$1.7 million, and capital grants and contributions were \$3.4 million. Earnings from uses of money and property were \$586,713.

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued

Fiscal Year Ended June 30, 2011

CITY OF EL PASO DE ROBLES CHANGES IN NET ASSETS

	Governmental activities		Business-type activities		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenues:						
Program revenues:						
Charges for services	\$ 3,521,783	\$ 5,914,820	\$ 8,484,575	\$ 8,332,638	\$ 12,006,358	\$ 14,247,458
Operating grants and contributions	2,430,437	2,009,355	1,735,664	2,051,606	4,166,101	4,060,961
Capital grants and contributions	1,085,061	3,008,669	3,412,948	2,675,879	4,498,009	5,684,548
General revenues:						
Taxes:						
Property taxes	17,045,729	17,723,203	44,906	47,918	17,090,635	17,771,121
Sales tax	7,072,495	5,945,622			7,072,495	5,945,622
Other taxes	5,158,832	4,885,432			5,158,832	4,885,432
Licenses and permits	412,206	424,333			412,206	424,333
From other agencies	1,035,443	328,877			1,035,443	328,877
Investment earnings	640,141	1,092,676	586,713	1,139,931	1,226,854	2,232,607
Miscellaneous	1,276,238	1,398,201			1,276,238	1,398,201
Total revenues	39,678,365	42,731,188	14,264,806	14,247,972	53,943,171	56,979,160
Expenses:						
General government	3,286,502	2,961,021			3,286,502	2,961,021
Public safety	13,499,438	13,758,631			13,499,438	13,758,631
Public works	9,540,795	11,747,078			9,540,795	11,747,078
Library and recreation services	4,291,096	2,711,980			4,291,096	2,711,980
Community development	4,371,661	8,811,192			4,371,661	8,811,192
Interest on long term debt	2,683,223	2,548,696			2,683,223	2,548,696
Water operations			7,664,671	5,860,310	7,664,671	5,860,310
Sewer operations			5,800,479	4,964,606	5,800,479	4,964,606
Airport operations			676,039	750,705	676,039	750,705
Transit operations			1,710,841	1,408,455	1,710,841	1,408,455
Total expenses	37,672,715	42,538,598	15,852,030	12,984,076	53,524,745	55,522,674
Increase in net assets before transfers	2,005,650	192,590	(1,587,224)	1,263,896	418,426	1,456,486
Transfers	82,800	103,329	(82,800)	(103,329)		
Increase (decrease) in net assets	2,088,450	295,919	(1,670,024)	1,160,567	418,426	1,456,486
Net assets July 1	155,346,242	155,050,323	103,716,343	102,555,776	259,062,585	257,606,099
Net assets June 30	\$ 157,434,692	\$ 155,346,242	\$ 102,046,319	\$ 103,716,343	\$ 259,481,011	\$ 259,062,585

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued
Fiscal Year Ended June 30, 2011

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The fund balance at fiscal year-end for the City's general fund of \$10.8 million is an overall increase of \$168,130 over last year which includes a restatement of \$3.7 million to the general fund from special revenue funds per GASB Statement No. 54.

The Redevelopment Agency shows only a \$105 increase in fund balance over the previous year.

The Traffic Mitigation Development fund shows a decrease in fund balance of \$413,055 from the prior fiscal year.

The Public Facilities Development fund shows an increase in fund balance of \$318,688.

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

The Measure D GO Bonds debt service fund shows a decrease of \$161,777 in fund balance, as a result of lower tax receipts.

The Redevelopment Agency debt service fund shows a decrease of \$239,266 in fund balance from the prior fiscal year.

DEBT ADMINISTRATION

Debt considered a liability of governmental activities decreased in FY 2010-11 by \$2,043,365, including the decrease in compensated absences of \$208,153, and closure/postclosure liability increase of \$158,388. Per capita debt outstanding decreased to \$1,852,154 for FY 2010-11.

Debt considered a liability of business-type activities decreased in FY 2010-11 by \$352,968. Per capita debt outstanding decreased \$205,000 for FY 2010-11.

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued
 Fiscal Year Ended June 30, 2011

A schedule of outstanding debt is presented below.

	Balance June 30, 2010	Incurred or Issued	Satisfied or Matured	Balance June 30, 2011
Governmental Activities:				
Leases payable	\$ 4,832,486		\$ 283,821	\$ 4,548,665
Compensated absences	2,197,301		208,153	1,989,148
Closure/postclosure liability	1,753,576	158,388		1,911,964
General obligation bonds payable	33,082,412		1,472,154	31,610,258
OPEB liability		636,687	494,312	142,375
Redevelopment bonds payable	15,520,000		380,000	15,140,000
Total governmental activities	\$ 57,385,775	\$ 795,075	\$ 2,838,440	\$ 55,342,410
Business-type Activities:				
Compensated absences	\$ 189,401	\$ 38,501		\$ 227,902
Leases payable	\$ 714,694		\$ 186,469	528,225
Revenue bonds payable	7,100,000		205,000	6,895,000
Total business-type activities	\$ 8,004,095	\$ 38,501	\$ 391,469	\$ 7,651,127

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, 2011

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, 2011, net capital assets of the governmental activities totaled \$171 million and the net capital assets of the business-type activities totaled \$77.4 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	\$ 235,467,098	\$ 64,457,686	\$ 171,009,412
Capital Assets - Business-type Activities:			
Land, Buildings, Equipment, CIP, and Infrastructure	\$ 126,614,211	\$ 49,266,817	\$ 77,347,394

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued
Fiscal Year Ended June 30, 2011

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the FY11 original budget (or adopted) general fund budget amount of \$31.3 million to the final budget amount of \$34.1 million shows a net increase of \$2,813,200. Included in this figure is \$70,400 in prior year operating carry forward; \$2,230,600 in CIP carry forward including the landfill master plan, City Hall parking lot repair (FEMA) and Ashwood culvert; \$97,000 for the solidwaste franchise contracts and audits; \$114,700 in Federal Grants for firefighting equipment; and \$27,200 in miscellaneous appropriations. City Council approved all budget supplemental changes to the original budget.

Original Budget	+	Supplemental Changes	=	Final Budget
\$ 31,271,000	+	\$ 2,813,200	=	\$ 34,084,200

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key assumptions in the general fund revenue forecast for fiscal year 2011-12 were presented to Council on June 21, 2011 along with the cost reductions totaling over \$7 million per year, and totaling nearly \$40 million for FY 2011-2015 have been achieved by:

- Reducing the workforce by 35%
- Freezing wages for 3 years
- Reducing employee benefits
- Discontinuing road, landscape, park, janitorial, security, and other maintenance service contracts.
- Reserves are sufficient to cover projected deficits during the forecast period.
- For the 5 years ending June 30, 2015, the general fund is projected to be essentially balanced.

However, there are risks to the forecast including future State appropriation of local revenues, new program or regulatory (spending) mandates, protracted recovery, and/or a double-dip recession.

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued
Fiscal Year Ended June 30, 2011

The City's year end results of the last ten fiscal years (2002 through 2011) have increased the general fund's fund balance by nearly \$4.4 million.

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, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 41,501,465	\$ 28,336,257	\$ 69,837,722
Accounts receivable	3,711,586	1,399,337	5,110,923
Interest receivable	256,355		256,355
Inventory		127,012	127,012
Loan contracts receivable	2,507,723		2,507,723
Internal balances	(2,988,873)	2,988,873	
Prepaid expenses	91,960	8,290	100,250
Land	17,851,298	8,389,465	26,240,763
Buildings and improvements	54,284,816	105,286,021	159,570,837
Equipment	7,853,942	5,800,793	13,654,735
Construction in progress	175,142	7,137,932	7,313,074
Infrastructure	155,301,900		155,301,900
Accumulated depreciation	(64,457,686)	(49,266,817)	(113,724,503)
Bond issuance deferred charges	2,476,664	206,903	2,683,567
	<u>218,566,292</u>	<u>110,414,066</u>	<u>328,980,358</u>
LIABILITIES			
Accounts payable	1,410,673	337,685	1,748,358
Accrued payroll expenses	1,024,678	208,596	1,233,274
Interest payable	1,111,610	25,458	1,137,068
Lease contracts payable		133,797	133,797
Customer deposits	204,300	144,881	349,181
Deferred revenue	2,037,929		2,037,929
Long term debt			
Due within one year	2,188,760	210,000	2,398,760
Due in more than one year	53,153,650	7,307,330	60,460,980
	<u>61,131,600</u>	<u>8,367,747</u>	<u>69,499,347</u>
NET ASSETS			
Invested in capital assets, net of related debt	122,187,153	70,131,072	192,318,225
Restricted for:			
Debt service	14,508,869		14,508,869
Community development	1,645,792		1,645,792
Capital projects	29,820,914		29,820,914
Public safety	85,261		85,261
Library and recreation	31,096		31,096
Public works	909,756		909,756
Unrestricted	(11,754,149)	31,915,247	20,161,098
	<u>\$ 157,434,692</u>	<u>\$ 102,046,319</u>	<u>\$ 259,481,011</u>

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, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	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	\$ 3,286,502	\$ 42,696	\$ -	\$ -	\$ (3,243,806)	\$ -	\$ (3,243,806)
Public safety	13,499,438	437,302	231,802		(12,830,334)		(12,830,334)
Public works	9,540,795	199	1,626,213	1,085,061	(6,829,322)		(6,829,322)
Library and recreation services	4,291,096	656,694	96,004		(3,538,398)		(3,538,398)
Community development	4,371,661	2,384,892	476,418		(1,510,351)		(1,510,351)
Interest on long-term debt	2,683,223				(2,683,223)		(2,683,223)
Total Governmental Activities	37,672,715	3,521,783	2,430,437	1,085,061	(30,635,434)		(30,635,434)
Business-type Activities:							
Water operations	7,664,671	3,578,713	61,482	2,752,352		(1,272,124)	(1,272,124)
Sewer operations	5,800,479	4,680,024		660,596		(459,859)	(459,859)
Airport operations	676,039	57,812	399,886			(218,341)	(218,341)
Transit operations	1,710,841	168,026	1,274,296			(268,519)	(268,519)
Total Business-type Activities	15,852,030	8,484,575	1,735,664	3,412,948		(2,218,843)	(2,218,843)
Total primary government	\$ 53,524,745	\$ 12,006,358	\$ 4,166,101	\$ 4,498,009	(30,635,434)	(2,218,843)	(32,854,277)

General Revenues and Transfers:

Taxes:			
Property taxes	17,045,729	44,906	17,090,635
Sales taxes	7,072,495		7,072,495
Other taxes	5,158,832		5,158,832
From other agencies	1,035,443		1,035,443
Licenses and permits	412,206		412,206
Other	1,276,238		1,276,238
Uses of money and property	640,141	586,713	1,226,854
Transfers in/(out)	82,800	(82,800)	
Total general revenues and transfers	32,723,884	548,819	33,272,703
Change in net assets	2,088,450	(1,670,024)	418,426
Net assets beginning of fiscal year	155,346,242	103,716,343	259,062,585
Net assets end of fiscal year	\$ 157,434,692	\$ 102,046,319	\$ 259,481,011

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

CITY OF EL PASO DE ROBLES



FUNDS FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

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

The Governmental funds described below were determined to be Major Funds in the City this fiscal year. Individual non-major funds may be found in the Supplemental section.

General Fund

The general fund is the general operating fund of the City. It is used to account for all financial resources except those to be accounted for in another fund.

Redevelopment Agency Fund

This fund accounts for certain financial activities of the City's Redevelopment Agency.

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, 2011

ASSETS	General Fund	Redvelopment Agency	Traffic Mitigation Development Fund	Public Facilities Development Fund	Hwy 101/46 West Community Facilities District Fund	Measure D GO Bonds Debt Service Fund	Redevelopment Agency Debt Service Fund	Other Governmental Funds	Totals
Cash and cash equivalents	\$ 8,125,973	\$ 47,174	\$ 689,937	\$ 9,840,590	\$ -	\$ 7,058,529	\$ 5,566,121	\$ 7,608,685	\$ 38,937,009
Cash and investments with fiscal agent							2,146,572	417,884	2,564,456
Accounts receivable	2,501,774		817,233			89,863	89,885	212,831	3,711,586
Interest receivable	256,355								256,355
Loan contracts receivable	2,337,521	2,679,625	10,038,673	6,142,585				1,262,133	22,460,537
Prepaid items	21,960						70,000		91,960
Due from other funds							250,235		250,235
Advance receivable			403,175	282,174				214,651	900,000
Total Assets	\$ 13,243,583	\$ 2,726,799	\$ 11,949,018	\$ 16,265,349	\$ -	\$ 7,148,392	\$ 8,122,813	\$ 9,716,184	\$ 69,172,138
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 561,663	\$ 28,138	\$ 66,151	\$ 1,402	\$ -	\$ -	\$ 649,487	\$ 103,832	\$ 1,410,673
Accrued payroll expenses	999,358							25,320	1,024,678
Compensated absences	50,000								50,000
Deposits due to others	204,300								204,300
Loan contracts payable			2,988,873		10,038,673		7,576,620	2,337,521	22,941,687
Deferred revenues	671,195	1,245,590	1,769,909	282,174				1,476,784	5,445,652
Advance payable		900,000							900,000
Due to other funds		250,235							250,235
Total Liabilities	2,486,516	2,423,963	4,824,933	283,576	10,038,673		8,226,107	3,943,457	32,227,225
Fund Balances:									
Nonspendable:									
Prepaid items	21,960						70,000		91,960
Restricted for:									
Debt service						7,148,392	8,052,813	419,274	15,620,479
Community development		302,836						400,202	703,038
Capital projects			7,124,085	15,981,773				5,734,331	28,840,189
Public safety								85,261	85,261
Library and recreation								31,096	31,096
Public works								909,756	909,756
Assigned to capital projects	3,792,244							116,873	3,909,117
Unassigned:	6,942,863				(10,038,673)		(8,226,107)	(1,924,066)	(13,245,983)
Total Fund Balances	10,757,067	302,836	7,124,085	15,981,773	(10,038,673)	7,148,392	(103,294)	5,772,727	36,944,913
Total Liabilities and Fund Balances	\$ 13,243,583	\$ 2,726,799	\$ 11,949,018	\$ 16,265,349	\$ -	\$ 7,148,392	\$ 8,122,813	\$ 9,716,184	\$ 69,172,138

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, 2011

Fund balances of governmental funds		\$ 36,944,913
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		171,009,412
Other post employment benefits payable		(142,375)
Deferred revenue		3,407,723
Accrued closure and postclosure costs added to long term debt		(1,911,964)
Bond issuance deferred charges		2,476,664
Interest payable		(1,111,610)
Lease contracts payable		(1,278,665)
Bonds and certificates of participation payable		(50,020,258)
Compensated absences		<u>(1,939,148)</u>
Net assets of governmental activities		<u>\$ 157,434,692</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, 2011

	General Fund	Redevelopment Agency	Traffic Mitigation Development Fund	Public Facilities Development Fund	Highway 101/46 West Community Facilities District Fund	Measure D GO Bonds Debt Service Fund	Redevelopment Agency Debt Service Fund	Other Governmental Funds	Totals
Revenues:									
Taxes	\$ 20,522,300	\$ 855,233	\$ -	\$ -	\$ -	\$ 2,693,338	\$ 3,722,949	\$ 1,483,235	\$ 29,277,055
Licenses and permits	722,679								722,679
Fines and forfeitures	235,076								235,076
Uses of money and property	464,503	1,461	5,475	67,895		50,261	68,628	69,000	727,223
From other agencies	1,433,708		1,507,025			28,366		1,376,631	4,345,730
Charges for current services	951,075		1,137,353	361,100				376,211	2,825,739
Other	1,123,236	633					137,631	13,359	1,274,859
Total Revenues	25,452,577	857,327	2,649,853	428,995		2,771,965	3,929,208	3,318,436	39,408,361
Expenditures:									
General government	2,383,699			110,307			369,422		2,863,428
Public safety	12,960,851		784,548					98,353	13,843,752
Public works	3,906,419							1,248,585	5,155,004
Library and recreation services	3,902,592							16,063	3,918,655
Community development	1,115,755	520,683			2,747			592,057	2,231,242
Interest	54,592				148,162	1,460,458	855,184	159,417	2,677,813
Principal	93,821					1,472,154	380,000	190,000	2,135,975
Paying agent fees						1,130	4,103	2,400	7,633
Capital outlay	1,294,733	28,320	2,549,499				108,994	1,600,171	5,581,717
Fiscal agreements payments							2,057,867		2,057,867
Total Expenditures	25,712,462	549,003	3,334,047	110,307	150,909	2,933,742	3,775,570	3,907,046	40,473,086
Excess revenues over (under) expenditures	(259,885)	308,324	(684,194)	318,688	(150,909)	(161,777)	153,638	(588,610)	(1,064,725)
Other financing sources (uses):									
Operating transfers in	1,093,838	75,000	271,139					808,488	2,248,465
Operating transfers out	(665,823)	(383,219)					(392,904)	(723,719)	(2,165,665)
Total Other Financing Sources (Uses)	428,015	(308,219)	271,139				(392,904)	84,769	82,800
Net Change in Fund Balances	168,130	105	(413,055)	318,688	(150,909)	(161,777)	(239,266)	(503,841)	(981,925)
Fund Balances - July 1	6,899,605	302,731	7,537,140	15,663,085	(9,887,764)	7,310,169	135,972	6,276,568	34,237,506
Restatement	3,689,332								3,689,332
Fund Balances - July 1 Restated	10,588,937	302,731	7,537,140	15,663,085	(9,887,764)	7,310,169	135,972	6,276,568	37,926,838
Fund Balances - June 30	\$ 10,757,067	\$ 302,836	\$ 7,124,085	\$ 15,981,773	\$ (10,038,673)	\$ 7,148,392	\$ (103,294)	\$ 5,772,727	\$ 36,944,913

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
to the Statement of Activities
For the Fiscal Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ (981,925)

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 allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation on the current fiscal period and the loss on disposal of capital assets during the current fiscal period.

Capital outlay	\$ 6,437,492	
Depreciation	(5,450,538)	
Loss on disposal of capital assets	<u>(62,121)</u>	
		924,833

Governmental funds report the affect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount represents the amortization of deferred cost of issuance. (152,999)

In governmentals funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: (142,468)

In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation used exceeded the amounts earned by \$208,153. 208,153

In the statement of activities, the asset and liability for Other Post Employment Benefits is recognized. This does not require the use of current financial resources and is not reported in the governmental funds. (169,741)

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. 2,135,975

CITY OF EL PASO DE ROBLES
GOVERNMENTAL FUNDS
Reconciliation of the Net Change in Fund Balances
to the Statement of Activities
For the Fiscal Year Ended June 30, 2011

CDBG / RDA increase in loans receivables	525,010
Landfill closure/postclosure reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds	(158,388)
Certain revenues in the governmental funds are deferred because the revenues are not collected within the prescribed time period after fiscal year end. However, the revenues are included on the accrual basis used in the government-wide statements.	<u>(100,000)</u>
Change in net assets of governmental activities	<u>\$ 2,088,450</u>

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

PROPRIETARY FUNDS FINANCIAL STATEMENTS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges

The concept of major funds established by GASB Statement No. 34 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in the current fiscal year.

GASB Statement No. 34 does not provide for the disclosure of budget versus actual comparisons regarding proprietary funds.

Water Operations Fund

This fund is used to account for the operation and maintenance of the City's water production, transmission, and distribution system, and includes accounting for water connections, Nacimiento water project, and Nacimiento water treatment.

Sewer Operations Fund

This fund is used to account for the operation and maintenance of the City's sewer collection and treatment system.

Airport Operations Fund

This fund is used to account for the operation and maintenance of the City's airport.

Transit Operations Fund

This fund is used to account for the operation and maintenance of the City's dial-a-ride and fixed route transit systems funded from Transportation Development Act funds.

**CITY OF EL PASO DE ROBLES
 PROPRIETARY FUNDS
 STATEMENT OF FUNDS NET ASSETS
 JUNE 30, 2011**

	Business-type Activities - Enterprise Funds				Totals
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 23,044,443	\$ 3,452,886	\$ 1,831,938	\$ 6,988	\$ 28,336,255
Cash and investments with fiscal agent		2			2
Accounts receivable	644,808	470,707	30,722	253,100	1,399,337
Prepaid expenses	8,290				8,290
Inventory	127,012				127,012
Total Current Assets	23,824,553	3,923,595	1,862,660	260,088	29,870,896
Capital Assets:					
Plant, property and equipment	45,475,463	59,160,053	20,732,906	1,245,789	126,614,211
Less accumulated depreciation	18,114,331	22,461,669	7,877,895	812,922	49,266,817
Net Book Value	27,361,132	36,698,384	12,855,011	432,867	77,347,394
Long-term Assets:					
Unamortized bond discount and issue costs		206,903			206,903
Loans receivable - non current portion		2,988,873			2,988,873
Total Long-term Assets		3,195,776			3,195,776
Total Assets	\$ 51,185,685	\$ 43,817,755	\$ 14,717,671	\$ 692,955	\$ 110,414,066

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, 2011**

	Business-type Activities - Enterprise Funds				Totals
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 201,183	\$ 58,038	\$ 9,200	\$ 69,264	\$ 337,685
Accrued payroll expenses	109,968	81,842	9,820	6,966	208,596
Accrued interest expense		25,458			25,458
Lease contract payable	13,024	116,459	4,314		133,797
Customer deposits	140,648	4,233			144,881
Bond principal payable - current portion		210,000			210,000
Total Current Liabilities	<u>464,823</u>	<u>496,030</u>	<u>23,334</u>	<u>76,230</u>	<u>1,060,417</u>
Long-term Liabilities:					
Compensated absences	100,626	107,748	16,404	3,124	227,902
Lease contracts payable, net - less current portion	38,383	343,223	12,822		394,428
Bond principal payable, net - less current portion		6,685,000			6,685,000
Total Long-term Liabilities	<u>139,009</u>	<u>7,135,971</u>	<u>29,226</u>	<u>3,124</u>	<u>7,307,330</u>
NET ASSETS					
Invested in capital assets, net of related debt	27,309,725	29,550,605	12,837,875	432,867	70,131,072
Unrestricted	23,272,128	6,635,149	1,827,236	180,734	31,915,247
Total Net Assets	<u>\$ 50,581,853</u>	<u>\$ 36,185,754</u>	<u>\$ 14,665,111</u>	<u>\$ 613,601</u>	<u>\$ 102,046,319</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 FUND NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
Operating Revenues:					
Charges for current services	\$ 3,571,437	\$ 4,663,510	\$ 53,172	\$ 168,026	\$ 8,456,145
Rents and leases			396,288		396,288
Other	7,276	16,514	4,640		28,430
Total operating revenues	3,578,713	4,680,024	454,100	168,026	8,880,863
Operating expenses:					
Maintenance, operations, and administration	6,596,441	3,397,491	343,519	1,179,311	11,516,762
Depreciation and amortization	1,065,848	1,692,814	332,341	143,487	3,234,490
Total operating expenses	7,662,289	5,090,305	675,860	1,322,798	14,751,252
Operating income (loss)	(4,083,576)	(410,281)	(221,760)	(1,154,772)	(5,870,389)
Non-operating revenues (expenses):					
Taxes			44,906		44,906
Revenues from other agencies	61,482		399,886	1,274,296	1,735,664
Interest revenue	175,475	27,542	13,518	532	217,067
Gain/(loss) on disposal of capital assets	(29,812)	(366,395)	3,170		(393,037)
Contributions to other agencies				(388,044)	(388,044)
Interest expense	(2,381)	(343,779)	(179)		(346,339)
Total non-operating revenues (expenses)	204,764	(682,632)	461,301	886,784	870,217
Income before transfers and capital contributions	(3,878,812)	(1,092,913)	239,541	(267,988)	(5,000,172)
Transfers out	(41,400)	(41,400)			(82,800)
Capital contributions		96,675			96,675
Capital contribution - Nacimiento project	2,200,364				2,200,364
Capital contribution - Nacimiento water treatment	76,570				76,570
Connection fees	475,418	563,921			1,039,339
Change in net assets	(1,167,860)	(473,717)	239,541	(267,988)	(1,670,024)
Total net assets - July 1	51,749,713	36,659,471	14,425,570	881,589	103,716,343
Total net assets - June 30	\$ 50,581,853	\$ 36,185,754	\$ 14,665,111	\$ 613,601	\$ 102,046,319

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, 2011

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
Cash Flows from Operating Activities:					
Receipts from customers and users	\$ 3,690,097	\$ 4,696,057	\$ 424,401	\$ 168,026	\$ 8,978,581
Payments to suppliers	(4,691,410)	(2,287,408)	(520,718)	(1,041,231)	(8,540,767)
Payments to employees	(1,988,512)	(1,568,530)	(185,776)	(147,398)	(3,890,216)
Net cash provided (used) by operating activities	<u>(2,989,825)</u>	<u>840,119</u>	<u>(282,093)</u>	<u>(1,020,603)</u>	<u>(3,452,402)</u>
Cash Flows from Capital and Related Financing Activities:					
Revenues from other agencies	61,482	-	399,886	1,448,041	1,909,409
Acquisitions of capital assets	(720,252)	(3,545,986)	(90,416)	(33,895)	(4,390,549)
Loan/lease principal paid		(205,000)			(205,000)
Interest paid on long term debt	(3,855)	(246,955)	(179)		(250,989)
Lease contract paid	(60,570)	(122,642)	(3,257)		(186,469)
Contributed capital received	2,752,352	563,921			3,316,273
Proceeds on disposal of capital assets	1,474	15,695	3,170		20,339
Net cash provided (used) by capital and related financing activities	<u>2,030,631</u>	<u>(3,540,967)</u>	<u>309,204</u>	<u>1,414,146</u>	<u>213,014</u>
Cash Flows from Non-capital and Related Financing Activities:					
Operating transfers in/(out)	(41,400)	(41,400)			(82,800)
Taxes			44,906		44,906
Contributions to others				(388,044)	(388,044)
Net cash provided (used) by non-capital financing sources	<u>(41,400)</u>	<u>(41,400)</u>	<u>44,906</u>	<u>(388,044)</u>	<u>(425,938)</u>
Cash Flows from Investing Activities:					
Interest on investments	175,475	27,542	13,518	532	217,067
Loan contract receivable		449,318			449,318
Net cash provided by investing financing activities	<u>175,475</u>	<u>476,860</u>	<u>13,518</u>	<u>532</u>	<u>666,385</u>
Net increase (decrease) in cash and cash equivalents	(825,119)	(2,265,388)	85,535	6,031	(2,998,941)
Cash and cash equivalents at beginning of year	23,869,562	5,718,276	1,746,403	957	31,335,198
Cash and cash equivalents at end of year	<u>\$ 23,044,443</u>	<u>\$ 3,452,888</u>	<u>\$ 1,831,938</u>	<u>\$ 6,988</u>	<u>\$ 28,336,257</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) in Operating Activities:					
Operating income (loss)	\$ (4,083,576)	\$ (410,281)	\$ (221,760)	\$ (1,154,772)	\$ (5,870,389)
Adjustments to reconcile net operating income (loss)					
Add depreciation and amortization	1,065,848	1,692,814	332,341	143,487	3,234,490
Change in operating assets and liabilities:					
(Increase) decrease in accounts receivable	98,900	16,033	(29,699)		85,234
(Increase) decrease in inventory	(19,584)				(19,584)
Increase (decrease) in accounts payable	(83,949)	(490,578)	(365,607)	(11,383)	(951,517)
Increase in accrued payroll expenses	11,750	5,530	436	662	18,378
Increase (decrease) in compensated absences	8,301	26,601	2,196	1,403	38,501
Increase (decrease) in customer deposits	12,485				12,485
Net cash provided (used) by operating activities	<u>\$ (2,989,825)</u>	<u>\$ 840,119</u>	<u>\$ (282,093)</u>	<u>\$ (1,020,603)</u>	<u>\$ (3,452,402)</u>

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

FIDUCIARY FUNDS

Funds held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

CITY OF EL PASO DE ROBLES
 FIDUCIARY FUNDS
 STATEMENT OF ASSETS AND LIABILITIES
 JUNE 30, 2011

	Agency Funds
Assets	
Cash and investments	\$ 984,822
Accounts receivable	56,213
	1,041,035
Total Assets	1,041,035
Liabilities	
Accounts payable	\$ 40,344
Accrued salaries and benefits payable	794
Customer deposits	596,986
Due to others	402,911
	1,041,035
Total Liabilities	\$ 1,041,035

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

CITY OF EL PASO DE ROBLES

Index to Notes to the Basic Financial Statements

June 30, 2011

	Page
1. Summary of Significant Accounting Policies	44
A. Description of Reporting Entity	44
B. Basis of Presentation	45
C. Major Funds	46
D. Basis of Accounting	47
E. Budget and Budgetary Accounting	48
F. Compensated Absences	48
G. Cash and Cash Equivalents	49
H. Inventories and Prepaid Items	49
I. Property Taxes	49
J. Use of Estimates	50
K. Receivables and Payables	50
L. Use of Restricted and Unrestricted Net Assets	50
M. New Accounting Pronouncements	50
2. Cash and Investments	51
A. Investment Policy	51
B. Collateral and Categorization Requirements	52
C. Disclosures Relating to Interest Risk	52
D. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations	53
E. Disclosures Relating to Credit Risk	53
F. Concentrations of Credit Risk	54
G. Custodial Credit Risk	54
H. Cash and Investments	55
I. Marking Investments to Fair Value (GASB 31)	55
J. State Investment Pool	56
3. Capital Assets	56
4. Interfund Transactions	59
A. Loans	59
B. Transfers Between Funds	60
5. Risk Management	61
6. Governmental Activities Long-Term Debt	62
A. Description	62
B. Changes in Long-Term Debt	64

CITY OF EL PASO DE ROBLES

Index to Notes to the Basic Financial Statements

June 30, 2011

	Page
C. Annual Repayment Requirements of Long-Term Debt	64
D. Bond Requirements	65
E. Defeased Obligations	65
7. Business Activities Long-Term Debt	65
A. Description	65
B. Changes in Long-Term Debt	66
C. Annual Repayment Requirements of Long-Term Debt	67
D. Bond Requirements	67
E. Defeased Obligations	67
8. Employee Benefits	67
A. Retirement System	67
B. Post Employment Benefits	69
C. Deferred Compensation Plans	70
D. Section 125 Benefit Plan	71
E. Compensated Absences	71
9. Net Assets and Fund Balances	71
A. Net Assets	71
B. Fund Balances	72
10. Funds with Expenditures Exceeding Appropriations	73
11. Litigation and Contingencies	73
12. Nacimiento Water Project	74
13. Subsequent Event	75
14. Restatement	75

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

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, 2011

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, 2011

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.

Redevelopment Agency Fund accounts for certain financial activities of the City's Redevelopment Agency.

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 Fund 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 of property tax increment and payment of debt authorized by the Agency's Board.

The City reported all its enterprise funds as major proprietary funds in the accompanying financial statements:

Water Operations Fund is used to account for the operation and maintenance of the City's water production, transmission, and distribution system necessary to provide water service to the residents of the City.

Sewer Operations Fund is used to account for the operation and maintenance of the City's sewer collection and treatment system necessary to provide sewer services to the residents of the City.

Airport Operations Fund is used to account for the operation and maintenance activities of the City's airport.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2011

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

The City also reports the following fund types:

Fiduciary Funds - Fiduciary Funds Financial Statements include a Statement of Net Assets. The City's Fiduciary Funds represent Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and /or other funds. Included in this category are the following 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.

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,

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

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.

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

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

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

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

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2011

participate in the "Teeter Plan" wherein the City receives 100% of the property tax levy during the fiscal year without deduction for property tax payment delinquencies. Accordingly, the County of San Luis Obispo keeps all property tax penalties collected.

J. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, require management to make assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

K. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at fiscal year-end are referred to as "due to/due from other funds". In some cases, "due to/due from other funds" represent the short-term transfer of cash resources at fiscal year-end to eliminate negative cash balances that are temporary in nature. Cash resources have been loaned from one fund to another to provide resources to prepare a "specific plan", a planning/development tool, until fees generated from the specific plan area repay the loan.

Proprietary fund receivables are shown net of any allowance for uncollectible accounts. Utility customers are billed monthly. The value of services provided, and billed at fiscal year-end has been included in the accompanying financial statements.

L. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

M. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 54

For the fiscal year ended June 30, 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund-type definitions." This statement established a hierarchy based largely on the extent to which a government is bound to observe spending constraints that govern how it can use amounts reported in the governmental funds balance sheet. The effects of GASB Statement 54 are noted Note 9 - Fund Balances, and Note 14 - Restatement.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

Governmental Accounting Standards Board Statement No. 59

For the fiscal year ended June 30, 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 59, "Financial Instruments Omnibus." The Statement is effective for periods beginning after June 15, 2010. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of GASB Statement No. 59 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2011.

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 2011 was 0.495% while the apportioned rate for the quarter ending June 30, 2011 was 0.48%. For the month ended June 30, 2011, the City recognized a weighted average daily rate of return of 1.542%. At no time during the fiscal year did the City borrow funds through the use of reverse purchase agreements.

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

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

<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, 2011.

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

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

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>Total</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	\$ 47,279,586	\$ 1,009,820	\$ 3,177,450	\$ 43,092,316	\$ -
U.S. Agency Mortgaged Backed Securities	2,909,060	1,338,542	242,396	1,328,122	
Corporate Notes	1,015,590	1,015,590			
Certificates of Deposit	2,333,000	1,237,000	1,096,000		
Local Agency Investment Fund (LAIF)	7,060,113	7,060,113			
Money Market Funds	6,001,275	6,001,275			
Held by Bond Trustee:					
Money Market Funds	2,564,458	2,564,458			
	<u>\$ 69,163,082</u>	<u>\$ 20,226,798</u>	<u>\$ 4,515,846</u>	<u>\$ 44,420,438</u>	<u>\$ -</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 other 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 each investment type.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

	<u>Total</u>	<u>Minimum Legal rating</u>	<u>Exempt from Disclosure</u>	<u>AAA</u>	<u>AA</u>	<u>Not Rated</u>
U.S. Agency Notes	\$ 47,279,586	N/A	\$ -	\$ 47,279,586	\$ -	\$ -
U.S. Agency Mortgaged Backed Securities	2,909,060	N/A		2,909,060		
Corporate Notes	1,015,590	A			1,015,590	
Certificates of Deposit	2,333,000	N/A				2,333,000
Local Agency Investment Fund (LAIF)	7,060,113	N/A				7,060,113
Money Market Funds Held by Bond Trustee:	6,001,275					6,001,275
Money Market Funds	<u>2,564,458</u>					<u>2,564,458</u>
	<u>\$ 69,163,082</u>		<u>\$ -</u>	<u>\$ 50,188,646</u>	<u>\$ 1,015,590</u>	<u>\$ 17,958,846</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>Reported Amount</u>
Federal Home Loan Bank	\$ 16,457,573
Federal Home Loan Mortgage Corporation	9,385,451
Federal National Mortgage Association	23,282,972
Federal Farm Credit Bank	1,062,650

G. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2011

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, 2011, the City had one deposit which exceeded the FDIC insured limit. It was with Rabobank in the amount of \$3,000,116 including accrued interest.

H. Cash and Investments

The carrying amount of the City's cash and deposits was \$1,659,462 at June 30, 2011. Cash on hand was \$5,300 and bank balances, before reconciling items, were \$1,502,037 at June 30, 2011. At June 30, 2011, 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	\$41,501,465
Business activities	28,336,257
Fiduciary funds	<u>984,822</u>
Total Cash and Investments	<u>\$70,822,544</u>

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

Available for operations	\$67,273,264
With fiscal agent	2,564,458
Fiduciary funds	<u>984,822</u>
Total Cash and Investments	<u>\$70,822,544</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.

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

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2011

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.

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, 2011. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. When actual cost information was not available, current replacement cost was estimated and trended back to the date of acquisition by using either the Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers, Los Angeles-Riverside-Orange County, not seasonally adjusted for all items, or the Construction Cost Index compiled by Engineering News Record (ENR), revised in June 2002. The Consumer Price Index was used for traffic signals and streetlights. The Construction Cost Index was used for all other infrastructure assets. The book value was then computed by deducting the accumulated depreciation from the original cost.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2011

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, 2011, consisted of the following:

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Governmental Activities:				
Land	\$ 17,788,923	\$ 62,375	\$ -	\$ 17,851,298
Buildings and improvements	51,004,498	3,280,318		54,284,816
Equipment	7,933,836	308,875	388,769	7,853,942
Infrastructure and CIP Infrastructure	150,402,495	5,190,753	291,348	155,301,900
Construction in progress	2,288,623	28,320	2,141,801	175,142
Less accumulated depreciation	(59,333,796)	(5,450,538)	(326,648)	(64,457,686)
Governmental activity capital assets, net	\$ 170,084,579	\$ 3,420,103	\$ 2,495,270	\$ 171,009,412

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2011

	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Business-type Activities:				
Water				
Buildings	\$ 817,782	\$ -	\$ -	\$ 817,782
Improvements other than buildings	36,502,788	3,385,941	299,503	39,589,226
Equipment	1,313,245	1,058,690	23,637	2,348,298
Construction in progress	6,444,536	151,479	3,875,858	2,720,157
Less accumulated depreciation	(17,340,337)	(1,065,848)	(291,854)	(18,114,331)
Water activities capital assets, net	\$ 27,738,014	\$ 3,530,262	\$ 3,907,144	\$ 27,361,132
Sewer				
Land	\$ 559,050	\$ -	\$ -	\$ 559,050
Buildings	688,338			688,338
Improvements other than buildings	49,825,158	2,101,690	452,156	51,474,692
Equipment	1,609,919	471,820	36,631	2,045,108
Construction in progress	3,420,389	1,825,436	852,960	4,392,865
Less accumulated depreciation	(20,885,405)	(1,682,961)	(106,697)	(22,461,669)
Sewer activities capital assets, net	\$ 35,217,449	\$ 2,715,985	\$ 1,235,050	\$ 36,698,384
Airport				
Land	\$ 7,830,415	\$ -	\$ -	\$ 7,830,415
Buildings	1,956,948			1,956,948
Improvements other than buildings	9,820,453	938,582		10,759,035
Equipment	183,041	22,994	21,893	184,142
Construction in progress	873,526	2,366	873,526	2,366
Less accumulated depreciation	(7,567,447)	(332,341)	(21,893)	(7,877,895)
Airport activities capital assets, net	\$ 13,096,936	\$ 631,601	\$ 873,526	\$ 12,855,011
Transit				
Equipment	\$ 1,211,894	\$ 11,351	\$ -	\$ 1,223,245
Construction in progress		22,544		22,544
Less accumulated depreciation	(669,435)	(143,487)		(812,922)
Transit activities capital assets, net	\$ 542,459	\$ (109,592)	\$ -	\$ 432,867
Business-type activity capital assets, net	\$ 76,594,858	\$ 6,768,256	\$ 6,015,720	\$ 77,347,394
Net capital assets, total government	\$ 246,679,437	\$ 10,188,359	\$ 8,510,990	\$ 248,356,806

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2011

For the fiscal year ended June 30, 2011, depreciation expense on capital assets was charged to the governmental functions as follows:

General Government	\$	472,204
Public Safety		580,128
Public Works		3,990,504
Library and Recreation Services		399,477
Community Development		<u>8,225</u>
Total Depreciation Expense	\$	<u>5,450,538</u>

Construction Commitments

As of June 30, 2011, the City had a number of construction projects in progress. The governmental activity projects had a total work in progress amount of \$175,142 and infrastructure WIP of \$7,975,365. The business-type activity projects included various water, sewer, and airport infrastructure improvements totaling \$7,137,932.

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, 2011

	<u>Loans Receivable</u>	<u>Loans Payable</u>
Major Funds:		
General Fund	\$ 2,337,521	\$ -
Redevelopment Agency Fund	1,434,035	
Traffic Mitigation Development Fund	10,038,673	2,988,873
Public Facilities Development Fund	6,142,585	
Highway 101/46 West Community Facilities District Fund		10,038,673
RDA Debt Service Fund		7,576,620
Sewer Enterprise Fund	2,988,873	
Non-Major Funds:		
Specific Plan Fund		2,154,733
Airport Road PSR Fund		182,788
	<hr/>	<hr/>
Totals	\$ 22,941,687	\$ 22,941,687

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, 2011

Authority provides coverage of \$50 million per occurrence and \$50 million aggregate. For workers' compensation, the coverage is statutory plus any claims over \$2 million are paid under a reinsurance policy. 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 2011 actuarial study indicated that the City had a fund balance of \$580,740. This amount does not include \$199,200 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 2011. We anticipate the "Actuarial Review" will be updated in fiscal year 2012.

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 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

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

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 were refunded with the 2009 Tax Allocation Bonds.

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.

On August 4, 2009, the Redevelopment Agency of the City of El Paso de Robles issued \$9,330,000 of 2009 Series A Tax Allocation Bonds, and \$2,785,000 of 2009 Series B 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.

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.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

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

The City entered into a \$1,500,000 lease purchase agreement dated December 6, 2005, for the acquisition of 52 acres adjacent to the City's landfill. Principal and interest payments are due semi-annually beginning June 30, 2007, with the last payment due December 30, 2020. Total annual payments are \$138,598.

The City entered into a \$285,292 lease purchase agreement dated June 21, 2010 for the acquisition of one triple deck mower, one infield tractor, and a regenerative air sweeper. Principal and interest payments are due quarterly beginning June 30, 2010, with the last payment due March 21, 2015. Total annual payments are \$62,172.

B. Changes in Long-Term Debt

As of June 30, 2011, the City had the following long-term obligations outstanding including the current portion:

	Governmental Activities				
	Balance June 30, 2010	Incurred or Issued	Satisfied or Matured	Balance June 30, 2011	Current Portion
Governmental Activities:					
Capital Leases Payable	\$ 1,372,486	\$ -	\$ (93,821)	\$ 1,278,665	\$ 146,762
Certificates of Participation	3,460,000		(190,000)	3,270,000	190,000
General Obligation Bonds	33,082,412		(1,472,154)	31,610,258	1,486,998
Redevelopment Tax Allocation Bonds	15,520,000		(380,000)	15,140,000	315,000
Compensated Absences	2,197,301		(208,153)	1,989,148	50,000
OPEB Liability		636,687	(494,312)	142,375	
Closure/Postclosure Liability	1,753,576	158,388		1,911,964	
Total Governmental Activities	\$ 57,385,775	\$ 795,075	\$ (2,838,440)	\$ 55,342,410	\$ 2,188,760

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, 2011 are as follows:

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

Governmental Activities		
Year End June 30	Principal	Interest
2012	\$ 2,138,760	\$ 2,457,130
2013	2,230,438	2,404,631
2014	2,336,999	2,344,287
2015	2,384,026	2,276,735
2016	2,395,690	2,205,002
2017-2021	12,885,857	9,741,219
2022-2026	14,849,992	7,066,364
2027-2031	7,812,161	2,777,386
2032-2036	2,555,000	985,919
2037-2039	1,710,000	168,025
	<u>\$ 51,298,923</u>	<u>\$ 32,426,698</u>

D. Bond Requirements

At June 30, 2011, 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, 2011.

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.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

Lease Purchase Obligations - The City entered into a \$695,093 lease purchase agreement dated June 21, 2010 for the acquisition of equipment listed below. Principal and interest payments are due quarterly beginning June 30, 2010, with the last payment due March 21, 2015. Total annual payments are \$151,478

Water Fund:

One 1/2 ton full size pickup
One 150 kw portable standby generator

Sewer Fund:

One small single axle dump truck - share with Water Fund
One mechanical rodder trailer
One sewer easement cleaner
One Vac-Con truck
One heavy duty service truck
One 8 inch wastewater trash pump
Two generators 220-440 3 phase

Airport Fund:

One 1/2 ton full size pickup

B. Changes in Long-Term Debt

As of June 30, 2011, the City had the following long-term obligations outstanding including the current portion:

	Business Activities				
	Balance June 30, 2010	Incurred or Issued	Satisfied or Matured	Balance June 30, 2011	Current Portion
Business-type Activities:					
Compensated Absences	\$ 189,401	\$ 38,501	\$ -	\$ 227,902	\$ -
Leases Payable	714,694		(186,469)	528,225	133,797
Revenue Bonds	7,100,000		(205,000)	6,895,000	210,000
Total Business-type Activities	\$ 8,004,095	\$ 38,501	\$ (391,469)	\$ 7,651,127	\$ 343,797

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

C. Annual Repayment Requirements of Long-Term Debt

The annual requirements to amortize all debts outstanding (excluding compensated absences) as of June 30, 2011 are as follows:

Year End June 30	Business Activities	
	Principal	Interest
2012	\$ 343,797	\$ 333,208
2013	353,858	320,851
2014	369,026	307,863
2015	346,545	294,036
2016	240,000	282,573
2017-2021	1,365,000	1,254,913
2022-2026	1,730,000	917,875
2027-2031	2,174,999	460,262
2032	500,000	25,000
	<u>\$ 7,423,225</u>	<u>\$ 4,196,581</u>

D. Bond Requirements

At June 30, 2011, 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, 2011.

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

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

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 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, 2011, 2010, and 2009 were \$3,880,547, \$3,468,318, \$3,528,037 respectively, and equal 100% of the required contributions for each fiscal year.

The plans' provisions, benefits and contribution rates in effect at June 30, 2011 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	15.618%	25.994%	15.428%
Total current covered payroll	\$ 7,809,528	\$ 2,613,242	\$ 2,037,996
Required employee contributions made	\$ 624,762	\$ 235,198	\$ 183,425
Required employer contributions rate made	\$ 1,843,454	\$ 679,286	\$ 314,422

Total current payroll for covered employees for the year ended June 30, 2011 was \$12,460,766 and the total payroll for all employees was \$13,727,369.

Audited annual financial statements and ten-year trend information for the fiscal year ended June 30, 2010, the most recent available, are available from PERS at P.O. Box 942709, Sacramento, CA 94229-2709.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

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.

The City's annual required contributions and actual contributions for the years ended June 30 are set forth below:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>ICMA Trust Balance</u>	<u>Net OPEB Asset</u>	<u>% of Annual OPEB Cost Contributed</u>
6/30/2009	\$ 590,737	\$ 419,851	\$ 838,806	\$ 248,069	71%
6/30/2010	\$ 590,737	\$ 477,396	\$1,208,840	\$ 27,366	81%
6/30/2011	\$ 636,687	\$ 477,399	\$1,675,786	\$ (142,375)	75%

The funded status of the plan as of June 30, 2011, is as follows:

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

<u>Valuation Date</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Asset Value</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/2008	\$ 5,053,094	\$ 652,905	\$ 4,400,189	13%	\$ 13,864,493	32%
6/30/2010	\$ 6,282,007	\$ 1,208,840	\$ 5,073,167	19%	\$ 14,300,837	35%

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, 2010, actuarial valuation, the Projected Unit 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 one separate, optional City-sponsored deferred compensation plan - ICMA - created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death, or in an emergency as defined by the plans.

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

In accordance with adopted wage and benefit agreements, the City makes contributions to optional City-sponsored deferred compensation plans for management. For all managers, the City contributes \$4,200 annually. In addition to the \$4,200, the City will match up to \$2,500 in additional contributions for executive managers. For the fiscal year ended June 30, 2011, the total City contribution on behalf of eligible employees was \$182,908. All SEIU employees shall be eligible to participate in the deferred

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

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 two 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, employees must submit claims within 90 days of the end of the plan year or separation of service from the City, whichever occurs first. Funds unclaimed after 90 days of the close of the plan year are then remitted to the City.

E. Compensated Absences

The City's policy relating to compensated absences is described in Note 1. The long-term portion of this debt, amounting to \$1,939,148 for governmental activities and \$227,902 for business-type activities at June 30, 2011, 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

In the government-wide financial statements, net assets are classified in the following categories:

Invested In Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2011

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 all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

B. Fund Balances

The fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the City's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the City.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

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

As of June 30, 2011, the following funds had deficit fund balances:

Major Funds:	
Highway 101/46 West Community Facilities District Fund	\$ 10,038,673
Redevelopment Agency Debt Service Fund	103,294
Non-Major Funds:	
Airport Road PSR Fund	\$ 182,788
Specific Plans Fund	1,741,183

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	\$ 150,909
Redevelopment Agency Debt Service Fund	3,042,270
Non-Major Funds:	
Citizens Option Public Safety Fund	\$ 67,493
Police Grants Fund	4,802
Building Department Special Fees Fund	9,287
Youth Scholarship Fund	63
Community Facilities District Operations Fund	3,886
Cal Home Loan Program Fund	225,000

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

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

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:

<u>Nacimiento Water Project</u>	
<u>Year End June 30</u>	<u>Net Annual Debt Service</u>
2012	\$ 4,224,589
2013	4,225,889
2014	4,226,839
2015	4,225,989
2016	4,226,789
2017-2021	21,135,321
2022-2026	21,129,071
2027-2031	21,118,821
2032-2036	21,130,672
2037-2040	16,796,321
	<u>\$ 122,440,301</u>

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2011

NOTE 13 - SUBSEQUENT EVENT

On June 29, 2011, the State of California passed its 2011-12 budget, which included two trailer bills - AB 1X 26 and AB 1X 27. AB 1X 26 calls for the dissolution of redevelopment agencies in the State as of October 1, 2011. However, AB 1X 27 exempts agencies from suspension and dissolution under AB 1X 26 if the City adopts an ordinance agreeing to comply with AB 1X 27 called the "Alternative Voluntary Redevelopment Program" (AVRP) under which participating communities "voluntarily" pay a portion of tax increment to the State. On July 19th, a Writ of Mandate was filed by the League of California Cities and the California Redevelopment Association directly to the California Supreme Court challenging the constitutionality of the legislation. On August 11, 2011, the Supreme Court issued a partial stay on the legislation. It is anticipated the Supreme Court will render a decision by January 15, 2012. Should the Agency continue with the AVRP, the potential loss in tax increment to the Redevelopment Agency (RDA) of the City is \$1,200,000 for fiscal year 2011-12, and approximately \$300,000 per year thereafter. Since the entire amount of tax increment is used to pay debt service on the RDA bonds, General Fund reserves will be used to reimburse the RDA for the loss of \$300,000 per year. The General Fund has adequate reserves for this reimbursement. Should the legislation be upheld, the City Council will need to decide whether to continue or to terminate the Agency.

NOTE 14 - RESTATEMENT

To comply with GASB Statement No. 54, the City restated the General Fund beginning balance to reflect the addition of the General Emergency and Reserve Fund, Capital Projects Fund, Capital Replacement Fund, Economic Incentive Fund, And the Landfill Contingency Fund in the amount of \$3,689,332.

CITY OF EL PASO DE ROBLES



REQUIRED SUPPLEMENTAL INFORMATION

**CITY OF EL PASO DE ROBLES
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 21,175,400	\$ 21,175,400	\$ 20,522,300	\$ (653,100)
Licenses and permits	703,000	703,000	722,679	19,679
Fines and forfeitures	350,900	350,900	235,076	(115,824)
Uses of money and property	557,700	557,700	464,503	(93,197)
From other agencies	643,300	793,300	1,433,708	640,408
Charges for current services	1,180,600	1,180,600	951,075	(229,525)
Other	973,300	973,300	1,123,236	149,936
Total Revenues	<u>25,584,200</u>	<u>25,734,200</u>	<u>25,452,577</u>	<u>(281,623)</u>
Expenditures:				
Current:				
General government	2,002,500	2,030,600	2,383,699	(353,099)
Public safety	14,639,500	14,639,500	12,960,851	1,678,649
Public works	4,858,900	5,224,200	3,906,419	1,317,781
Library & recreation services	4,895,200	4,895,600	3,902,592	993,008
Community development	1,455,800	1,467,700	1,115,755	351,945
Debt service	210,400	210,400	209,361	1,039
Capital outlay	3,208,700	5,616,200	1,294,733	4,321,467
Total Expenditures	<u>31,271,000</u>	<u>34,084,200</u>	<u>25,773,410</u>	<u>8,310,790</u>
Excess revenues over (under) expenditures	<u>(5,686,800)</u>	<u>(8,350,000)</u>	<u>(320,833)</u>	<u>8,029,167</u>
Other financing sources (uses):				
Operating transfers in	800,700	800,700	1,093,838	293,138
Operating transfers out	(591,100)	(591,100)	(665,823)	(74,723)
Capital leases	51,100	51,100	60,948	9,848
Total other financing sources (uses)	<u>260,700</u>	<u>260,700</u>	<u>488,963</u>	<u>228,263</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(5,426,100)</u>	<u>(8,089,300)</u>	<u>168,130</u>	<u>8,257,430</u>
Fund Balance - July 1	6,899,605	6,899,605	6,899,605	
Restatement	3,689,332	3,689,332	3,689,332	
Fund balance - July 1 Restated	<u>10,588,937</u>	<u>10,588,937</u>	<u>10,588,937</u>	
Fund Balance - June 30	<u>\$ 5,162,837</u>	<u>\$ 2,499,637</u>	<u>\$ 10,757,067</u>	<u>\$ 8,257,430</u>

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

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>Entry Age Actuarial Liability (AAL)</u>	<u>Actuarial Asset Value</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/2008	\$ 5,053,094	\$ 652,905	\$ 4,400,189	13%	\$ 13,864,493	32%
6/30/2010	\$ 6,282,007	\$ 1,208,840	\$ 5,073,167	19%	\$ 14,300,837	35%

CITY OF EL PASO DE ROBLES



SUPPLEMENTAL INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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.

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

City Facility Repair Fund - to account for funds generated by a \$2.00 surcharge assessed on and collected from each recreation program participant for the purpose of repair and long term maintenance of recreation public facilities. General Fund also makes a contribution.

Landfill Contingency Fund - to account for funds set-aside by the City to cover any landfill contingencies that might arise after "decommissioning" the landfill as an enterprise fund operation. Funds come from General Fund landfill franchise fees.

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.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS - continued

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

Cal Home Loan Fund - to account for funds dispersed for this home loan program.

Public Works Grants Fund - to account for various public works grant funds.

Prop 1B Public Transportation Fund - to account for Prop 1B transportation funds per State of California requirements.

CAPITAL PROJECTS FUNDS

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 Fund - 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
Combining Balance Sheet

	SPECIAL REVENUE FUNDS										
	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	Building Department Special Fees
ASSETS											
Cash and investments	\$ 29,067	\$ 75,592	\$	\$ 44,518	\$ 732,271	\$ 19,798	\$ 398,847	\$ 31,096	\$ 391,250	\$ 1,840,220	\$ 431,173
Cash and investments with fiscal agent											
Accounts receivable		25,000			94,338		125		89,735		
Advance receivable											
Loan contracts receivable							778,233				
Total Assets	\$ 29,067	\$ 100,592	\$	\$ 44,518	\$ 826,609	\$ 19,798	\$ 1,177,205	\$ 31,096	\$ 480,985	\$ 1,840,220	\$ 431,173
LIABILITIES AND FUND BALANCES											
Accounts payable	\$ -	\$ 59,849	\$	\$ -	\$ -	\$ -	\$ 1,865	\$ -	\$ 1,935	\$ -	\$ 6,007
Accrued payroll expenses							22,770		2,550		
Deferred revenues							778,233				
Loan contracts payable											
Total Liabilities		59,849					802,868		4,485		6,007
Fund balances:											
Restricted for:											
Debt service											
Community development							374,337				
Capital projects	29,067				826,609	19,798				1,840,220	
Public safety		40,743		44,518							
Library and recreation								31,096			
Public works									476,500		425,166
Assigned to capital projects											
Unassigned											
Total Fund Balances	29,067	40,743		44,518	826,609	19,798	374,337	31,096	476,500	1,840,220	425,166
Total Liabilities and Fund Balances	\$ 29,067	\$ 100,592	\$	\$ 44,518	\$ 826,609	\$ 19,798	\$ 1,177,205	\$ 31,096	\$ 480,985	\$ 1,840,220	\$ 431,173

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet

	CAPITAL PROJECTS FUNDS							DEBT SVC FUND	
	Other Funds*	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	\$ 689,141	\$ 82,843	\$ 2,071,046	\$ 293,956	\$ 420,345	\$ -	\$ 56,132	\$ 1,390	\$ 7,608,685
Cash and investments with fiscal agent								417,884	417,884
Accounts receivable	3,633								212,831
Advance receivable			189,110				25,541		214,651
Loan contracts receivable	483,900								1,262,133
Total Assets	\$ 1,176,674	\$ 82,843	\$ 2,260,156	\$ 293,956	\$ 420,345	\$ -	\$ 81,673	\$ 419,274	\$ 9,716,184
LIABILITIES AND FUND BALANCES									
Accounts payable	\$ 905	\$ 26,476	\$ -	\$ -	\$ 6,795	\$ -	\$ -	\$ -	103,832
Accrued payroll expenses									25,320
Deferred revenues	483,900		189,110				25,541		1,476,784
Loan contracts payable					2,154,733	182,788			2,337,521
Total Liabilities	484,805	26,476	189,110		2,161,528	182,788	25,541		3,943,457
Fund balances:									
Restricted for:									
Debt service								419,274	419,274
Community development	25,865								400,202
Capital projects	541,136	56,367	2,071,046	293,956			56,132		5,734,331
Public safety									85,261
Library and recreation									31,096
Public works	8,090								909,756
Assigned to capital projects	116,873								116,873
Unassigned	(95)				(1,741,183)	(182,788)			(1,924,066)
Total Fund Balances	691,869	56,367	2,071,046	293,956	(1,741,183)	(182,788)	56,132	419,274	5,772,727
Total Liabilities and Fund Balances	\$ 1,176,674	\$ 82,843	\$ 2,260,156	\$ 293,956	\$ 420,345	\$ -	\$ 81,673	\$ 419,274	\$ 9,716,184

*Other Funds includes City Facility Repair Fund, General Services Community Facilities District, Art in Public Places, Downtown Parking in Lieu, Oak Tree Preservation, Cal Home Loan Program, Public Works Grants, and Prop 1B Transportation.

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

	SPECIAL REVENUE FUNDS									
	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	Building Department Special Fees
Revenues:										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,418,785	\$ -	\$ -
Uses of money and property	5,223	732		8,042	104		337		14,614	3,431
From other agencies		100,054	24,691	777,281	15,959	476,418				
Charges for current services										41,034
Other			3,000				8,102			
Total Revenues	5,223	100,786	27,691	785,323	16,063	476,418	8,439	1,418,785	14,614	44,465
Expenditures:										
Public safety		85,051	13,302							
Public works								1,216,304		29,287
Library & recreation services							16,063			
Community development						360,733				
Debt service										
Capital outlay		82,442	3,000	10,277		321,332		1,162		
Total Expenditures		167,493	16,302	10,277		682,065	16,063	1,217,466		29,287
Excess revenues over (under) expenditures	5,223	(66,707)	11,389	775,046	16,063	(205,647)	(7,624)	201,319	14,614	15,178
Other financing sources (uses):										
Operating transfers in			15,256			383,219			73,200	
Operating transfers out			(4,824)	(639,765)						
Total other financing sources (uses)			10,432	(639,765)		383,219			73,200	
Excess revenues and other sources over (under) expenditures and other uses	5,223	(66,707)	21,821	135,281	16,063	177,572	(7,624)	201,319	87,814	15,178
Fund Balances - July 1	23,844	107,450	22,697	691,328	3,735	196,765	38,720	275,181	1,752,406	409,988
Fund Balances - June 30	\$ 29,067	\$ 40,743	\$ 44,518	\$ 826,609	\$ 19,798	\$ 374,337	\$ 31,096	\$ 476,500	\$ 1,840,220	\$ 425,166

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

	CAPITAL PROJECTS FUNDS							DEBT SVC FUND	
	Other Funds*	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
Revenues:									
Taxes	\$ 64,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,483,235
Uses of money and property	7,686	592	17,314	2,279	3,187		568	4,891	69,000
From other agencies	(17,772)								1,376,631
Charges for current services	11,563		220,704	13,569	60,686		28,655		376,211
Other	400				1,857				13,359
Total Revenues	66,327	592	238,018	15,848	65,730		29,223	4,891	3,318,436
Expenditures:									
Public safety									98,353
Public works	2,994								1,248,585
Library & recreation services									16,063
Community development	228,886				2,438				592,057
Debt service					31,799	2,698		317,320	351,817
Capital outlay	168,747	33,754	62,375		917,082				1,600,171
Total Expenditures	400,627	33,754	62,375		951,319	2,698		317,320	3,907,046
Excess revenues over (under) expenditures	(334,300)	(33,162)	175,643	15,848	(885,589)	(2,698)	29,223	(312,429)	(588,610)
Other financing sources (uses):									
Operating transfers in	4,709	14,200						317,904	808,488
Operating transfers out	(79,130)								(723,719)
Total other financing sources (uses)	(74,421)	14,200						317,904	84,769
Excess revenues and other sources over (under) expenditures and other uses	(408,721)	(18,962)	175,643	15,848	(885,589)	(2,698)	29,223	5,475	(503,841)
Fund Balances - July 1	1,100,590	75,329	1,895,403	278,108	(855,594)	(180,090)	26,909	413,799	6,276,568
Fund Balances - June 30	\$ 691,869	\$ 56,367	\$ 2,071,046	\$ 293,956	\$ (1,741,183)	\$ (182,788)	\$ 56,132	\$ 419,274	\$ 5,772,727

*Other Funds includes City Facility Repair Fund, General Services Community Facilities District, Art in Public Places, Downtown Parking in Lieu, Oak Tree Preservation, Cal Home Loan Program, Public Works Grants, and Prop 1B Transportation.

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, 2011

	City/School Facility Improvement Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 6,400	\$ 5,223	\$ (1,177)
Total Revenues	6,400	5,223	(1,177)
Excess revenues over (under) expenditures	6,400	5,223	(1,177)
Fund Balance - July 1	23,844	23,844	
Fund Balance - June 30	\$ 30,244	\$ 29,067	\$ (1,177)

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, 2011

	Citizens Option Public Safety Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 4,600	\$ 732	\$ (3,868)
From other agencies	100,000	100,054	54
Total Revenues	104,600	100,786	(3,814)
Expenditures:			
Public safety		85,051	(85,051)
Capital outlay	100,000	82,442	17,558
Total Expenditures	100,000	167,493	(67,493)
Excess revenues over (under) expenditures	4,600	(66,707)	(71,307)
Fund Balance - July 1	107,450	107,450	
Fund Balance - June 30	\$ 112,050	\$ 40,743	\$ (71,307)

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, 2011

	Police Grants Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
From other agencies	\$ 11,500	\$ 24,691	\$ 13,191
Other		3,000	3,000
Total Revenues	<u>11,500</u>	<u>27,691</u>	<u>16,191</u>
Expenditures:			
Public safety		13,302	(13,302)
Capital outlay	11,500	3,000	8,500
Total Expenditures	<u>11,500</u>	<u>16,302</u>	<u>(4,802)</u>
Excess revenues over (under) expenditures		<u>11,389</u>	<u>11,389</u>
Other financing sources (uses):			
Operating transfers in		15,256	15,256
Operating transfers out		(4,824)	(4,824)
Total other financing sources (uses)		<u>10,432</u>	<u>10,432</u>
Excess revenues and other sources over (under) expenditures and other uses		<u>21,821</u>	<u>21,821</u>
Fund Balance - July 1	<u>22,697</u>	<u>22,697</u>	
Fund Balance - June 30	<u>\$ 22,697</u>	<u>\$ 44,518</u>	<u>\$ 21,821</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, 2011

	State Gas Tax Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 28,000	\$ 8,042	\$ (19,958)
From other agencies	548,400	777,281	228,881
Total Revenues	<u>576,400</u>	<u>785,323</u>	<u>208,923</u>
Expenditures:			
Capital outlay	442,200	10,277	431,923
Total Expenditures	<u>442,200</u>	<u>10,277</u>	<u>431,923</u>
Excess revenues over (under) expenditures	<u>134,200</u>	<u>775,046</u>	<u>640,846</u>
Other financing sources (uses):			
Operating transfers out	(200,000)	(639,765)	(439,765)
Total other financing sources (uses)	<u>(200,000)</u>	<u>(639,765)</u>	<u>(439,765)</u>
Excess revenues and other sources over (under) expenditures and other uses	(65,800)	135,281	201,081
Fund Balance - July 1	<u>691,328</u>	<u>691,328</u>	
Fund Balance - June 30	<u>\$ 625,528</u>	<u>\$ 826,609</u>	<u>\$ 201,081</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, 2011

	Transportation Development Act Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 7,800	\$ 104	\$ (7,696)
From other agencies	48,000	15,959	(32,041)
Total Revenues	55,800	16,063	(39,737)
Excess revenues over (under) expenditures	55,800	16,063	(39,737)
Fund Balance - July 1	3,735	3,735	
Fund Balance - June 30	\$ 59,535	\$ 19,798	\$ (39,737)

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, 2011

	Community Development Block Grant Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
From other agencies	\$ 275,000	\$ 476,418	\$ 201,418
Total Revenues	275,000	476,418	201,418
Expenditures:			
Community development	467,600	360,733	106,867
Capital outlay	614,900	321,332	293,568
Total Expenditures	1,082,500	682,065	400,435
Excess revenues over (under) expenditures	(807,500)	(205,647)	601,853
Other financing sources (uses):			
Operating transfers in	120,000	383,219	263,219
Total other financing sources (uses)	120,000	383,219	263,219
Excess revenues and other sources over (under) expenditures and other uses	(687,500)	177,572	865,072
Fund Balance - July 1	196,765	196,765	
Fund Balance - June 30	\$ (490,735)	\$ 374,337	\$ 865,072

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, 2011

	Youth Scholarship Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 1,300	\$ 337	\$ (963)
Other	9,000	8,102	(898)
Total Revenues	<u>10,300</u>	<u>8,439</u>	<u>(1,861)</u>
Expenditures:			
Library & recreation services	16,000	16,063	(63)
Total Expenditures	<u>16,000</u>	<u>16,063</u>	<u>(63)</u>
Excess revenues over (under) expenditures	(5,700)	(7,624)	(1,924)
Fund Balance - July 1	<u>38,720</u>	<u>38,720</u>	
Fund Balance - June 30	<u>\$ 33,020</u>	<u>\$ 31,096</u>	<u>\$ (1,924)</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, 2011

	Landscape and Lighting District Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Taxes	\$ 1,400,000	\$ 1,418,785	\$ 18,785
Uses of money and property	300		(300)
Total Revenues	1,400,300	1,418,785	18,485
Expenditures:			
Public works	1,402,000	1,216,304	185,696
Capital outlay		1,162	(1,162)
Total Expenditures	1,402,000	1,217,466	184,534
Excess revenues over (under) expenditures	(1,700)	201,319	203,019
Fund Balance - July 1	275,181	275,181	
Fund Balance - June 30	\$ 273,481	\$ 476,500	\$ 203,019

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, 2011

	Landfill Closure/Postclosure Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 39,800	\$ 14,614	\$ (25,186)
Total Revenues	39,800	14,614	(25,186)
Excess revenues over (under) expenditures	39,800	14,614	(25,186)
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	113,000	87,814	(25,186)
Fund Balance - July 1	1,752,406	1,752,406	
Fund Balance - June 30	\$ 1,865,406	\$ 1,840,220	\$ (25,186)

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, 2011

	Building Department Special Fees Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 10,200	\$ 3,431	\$ (6,769)
Charges for current services	37,900	41,034	3,134
Total Revenues	<u>48,100</u>	<u>44,465</u>	<u>(3,635)</u>
Expenditures:			
Public works	20,000	29,287	(9,287)
Total Expenditures	<u>20,000</u>	<u>29,287</u>	<u>(9,287)</u>
Excess revenues over (under) expenditures	28,100	15,178	(12,922)
Fund Balance - July 1	<u>409,988</u>	<u>409,988</u>	
Fund Balance - June 30	<u>\$ 438,088</u>	<u>\$ 425,166</u>	<u>\$ (12,922)</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, 2011

	City Facility Repair Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 15,600	\$ 1,119	\$ (14,481)
From other agencies		(17,772)	(17,772)
Charges for current services	14,000	11,563	(2,437)
	29,600	(5,090)	(34,690)
Total Revenues			
Expenditures:			
Public works	135,600	2,994	132,606
Capital outlay	123,100	168,747	(45,647)
	258,700	171,741	86,959
Total Expenditures			
Excess revenues over (under) expenditures	(229,100)	(176,831)	52,269
Other financing sources (uses):			
Operating transfers in		4,709	4,709
Operating transfers out	(14,200)	(14,200)	
	(14,200)	(9,491)	4,709
Total other financing sources (uses)			
Excess revenues and other sources over (under) expenditures and other uses	(243,300)	(186,322)	56,978
Fund Balance - July 1	302,707	302,707	
Fund Balance - June 30	\$ 59,407	\$ 116,385	\$ 56,978

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, 2011

	General Services Community Facilities District Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Taxes	\$ 71,300	\$ 64,450	\$ (6,850)
Uses of money and property	1,800	297	(1,503)
Total Revenues	<u>73,100</u>	<u>64,747</u>	<u>(8,353)</u>
Expenditures:			
Community development		3,886	(3,886)
Total Expenditures		<u>3,886</u>	<u>(3,886)</u>
Excess revenues over (under) expenditures	<u>73,100</u>	<u>60,861</u>	<u>(12,239)</u>
Other financing sources (uses):			
Operating transfers out		(64,930)	(64,930)
Total other financing sources (uses)		<u>(64,930)</u>	<u>(64,930)</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>73,100</u>	<u>(4,069)</u>	<u>(77,169)</u>
Fund Balance - July 1	<u>4,462</u>	<u>4,462</u>	
Fund Balance - June 30	<u>\$ 77,562</u>	<u>\$ 393</u>	<u>\$ (77,169)</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, 2011

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

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, 2011

	Downtown Parking in Lieu Fee Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 12,600	\$ 4,315	\$ (8,285)
Other	120,000		(120,000)
Total Revenues	132,600	4,315	(128,285)
Fund Balance - July 1	533,857	533,857	
Fund Balance - June 30	\$ 666,457	\$ 538,172	\$ (128,285)

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, 2011

	Oak Tree Preservation Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Other revenues	\$ -	\$ 400	\$ 400
Total Revenues		400	400
Excess revenues over (under) expenditure		400	400
Fund Balance - July 1	7,785	7,785	
Fund Balance - June 30	\$ 7,785	\$ 8,185	\$ 400

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, 2011

	Cal Home Loan Program Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 1,955	\$ 1,955
Total Revenues		1,955	1,955
Expenditures:			
Community development		225,000	(225,000)
Total Expenditures		225,000	(225,000)
Excess revenues over (under) expenditures		(223,045)	(223,045)
Fund Balance - July 1	248,910	248,910	
Fund Balance - June 30	\$ 248,910	\$ 25,865	\$ (223,045)

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, 2011

	Public Works Grants Fund		
	Final Budget	Actual	Variance positive (negative)
Expenditures:			
Public works	\$ -	\$ -	\$ -
Total Expenditures			
Fund Balance - July 1	(95)	(95)	
Fund Balance - June 30	\$ (95)	\$ (95)	\$ -

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, 2011

	Prop 1B Public Transportation Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
From other agencies	\$ -	\$ -	\$ -
Total Revenues			
Fund Balance - July 1	2,365	2,365	
Fund Balance - June 30	\$ 2,365	\$ 2,365	\$ -

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, 2011

	Bridge Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 1,200	\$ 592	\$ (608)
Total Revenues	1,200	592	(608)
Expenditures:			
Capital outlay	100,800	33,754	67,046
Total Expenditures	100,800	33,754	67,046
Excess revenues over (under) expenditures	(99,600)	(33,162)	66,438
Other financing sources (uses):			
Operating transfers in	14,200	14,200	
Total other financing sources (uses)	14,200	14,200	
Excess revenues and other sources over (under) expenditures and other uses	(85,400)	(18,962)	66,438
Fund Balance - July 1	75,329	75,329	
Fund Balance - June 30	\$ (10,071)	\$ 56,367	\$ 66,438

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, 2011

	Park Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 48,200	\$ 17,314	\$ (30,886)
From other agencies	350,000		(350,000)
Charges for current services	156,700	220,704	64,004
Total Revenues	554,900	238,018	(316,882)
Expenditures:			
Capital outlay	567,000	62,375	504,625
Total Expenditures	567,000	62,375	504,625
Excess revenues over (under) expenditures	(12,100)	175,643	187,743
Fund Balance - July 1	1,895,403	1,895,403	
Fund Balance - June 30	\$ 1,883,303	\$ 2,071,046	\$ 187,743

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, 2011

	Storm Drain Development Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 3,000	\$ 2,279	\$ (721)
Charges for current services	53,600	13,569	(40,031)
Total Revenues	56,600	15,848	(40,752)
Expenditures:			
Public works	1,200		1,200
Total Expenditures	1,200		1,200
Excess revenues over (under) expenditures	55,400	15,848	(39,552)
Fund Balance - July 1	278,108	278,108	
Fund Balance - June 30	\$ 333,508	\$ 293,956	\$ (39,552)

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, 2011

	Specific Plans Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 22,500	\$ 3,187	\$ (19,313)
Charges for current services	10,400	60,686	50,286
Other	300	1,857	1,557
Total Revenues	<u>33,200</u>	<u>65,730</u>	<u>32,530</u>
Expenditures:			
Community development	4,500	2,438	2,062
Debt service		31,799	(31,799)
Capital outlay	986,900	917,082	69,818
Total Expenditures	<u>991,400</u>	<u>951,319</u>	<u>40,081</u>
Excess revenues over (under) expenditures	(958,200)	(885,589)	72,611
Fund Balance - July 1	<u>(855,594)</u>	<u>(855,594)</u>	
Fund Balance - June 30	<u>\$ (1,813,794)</u>	<u>\$ (1,741,183)</u>	<u>\$ 72,611</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, 2011

	Airport Road PSR Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ -	\$ -
Total Revenues			
Expenditures:			
Debt service		2,698	(2,698)
Capital outlay	58,000		58,000
Total Expenditures	58,000	2,698	55,302
Excess revenues over (under) expenditures	(58,000)	(2,698)	55,302
Fund Balance - July 1	(180,090)	(180,090)	
Fund Balance - June 30	\$ (238,090)	\$ (182,788)	\$ 55,302

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, 2011

	Bike and Pedestrian Path Facilities Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ -	\$ 568	\$ 568
Charges for current services		28,655	28,655
Total Revenues		29,223	29,223
Fund Balance - July 1	26,909	26,909	
Fund Balance - June 30	\$ 26,909	\$ 56,132	\$ 29,223

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, 2011

	1993 Public Facilities Debt Service Fund		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Uses of money and property	\$ 12,000	\$ 4,891	\$ (7,109)
Total Revenues	12,000	4,891	(7,109)
Expenditures:			
Debt service:			
Principal	190,000	190,000	
Interest	124,900	124,920	(20)
Paying agent fees	3,000	2,400	600
Total Expenditures	317,900	317,320	580
Excess revenues over (under) expenditures	(305,900)	(312,429)	(6,529)
Other financing sources (uses):			
Operating transfers in	317,900	317,904	4
Total other financing sources (uses)	317,900	317,904	4
Excess revenues and other sources over (under) expenditures and other uses	12,000	5,475	(6,525)
Fund Balance - July 1	413,799	413,799	
Fund Balance - June 30	\$ 425,799	\$ 419,274	\$ (6,525)

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, 2011

	TOTALS		
	Final Budget	Actual	Variance positive (negative)
Revenues:			
Taxes	\$ 1,471,300	\$ 1,483,235	\$ 11,935
Uses of money and property	215,300	69,000	(146,300)
Charges for current services	272,600	376,211	103,611
From other agencies	1,332,900	1,376,631	43,731
Other	129,300	13,359	(115,941)
Total Revenues	<u>3,421,400</u>	<u>3,318,436</u>	<u>(102,964)</u>
Expenditures:			
Public safety		98,353	(98,353)
Public works	1,558,800	1,248,585	310,215
Library & recreation services	16,000	16,063	(63)
Community development	472,100	592,057	(119,957)
Debt service	317,900	351,817	(33,917)
Capital outlay	3,004,400	1,600,171	1,404,229
Total Expenditures	<u>5,369,200</u>	<u>3,907,046</u>	<u>1,462,154</u>
Excess revenues over (under) expenditures	<u>(1,947,800)</u>	<u>(588,610)</u>	<u>1,359,190</u>
Other financing sources (uses):			
Operating transfers in	525,300	808,488	283,188
Operating transfers out	(214,200)	(723,719)	(509,519)
Total other financing sources (uses)	<u>311,100</u>	<u>84,769</u>	<u>(226,331)</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>(1,636,700)</u>	<u>(503,841)</u>	<u>1,132,859</u>
Fund Balances - July 1	<u>6,276,568</u>	<u>6,276,568</u>	
Fund Balances - June 30	<u>\$ 4,639,868</u>	<u>\$ 5,772,727</u>	<u>\$ 1,132,859</u>

MAJOR FUNDS

Redevelopment Agency

This fund accounts for certain financial activities of the City's Redevelopment Agency.

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
REDEVELOPMENT AGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Fiscal Year Ending June 30, 2011**

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 937,600	\$ 937,600	\$ 855,233	\$ (82,367)
Uses of money and property	23,500	23,500	1,461	(22,039)
From other agencies		993,000		(993,000)
Miscellaneous			633	633
Total Revenues	961,100	1,954,100	857,327	(1,096,773)
Expenditures:				
Community development	155,300	2,745,400	520,683	2,224,717
Capital outlay		2,129,900	28,320	2,101,580
Total Expenditures	155,300	4,875,300	549,003	4,326,297
Excess revenues over (under) expenditures	805,800	(2,921,200)	308,324	3,229,524
Other financing sources (uses):				
Transfers in	75,000	75,000	75,000	
Transfers out	(120,000)	(120,000)	(383,219)	(263,219)
Total other financing sources (uses)	(45,000)	(45,000)	(308,219)	(263,219)
Excess revenues and other sources over (under) expenditures and other uses	760,800	(2,966,200)	105	2,966,305
Fund Balance - July 1	302,731	302,731	302,731	
Fund Balance - June 30	\$ 1,063,531	\$ (2,663,469)	\$ 302,836	\$ 2,966,305

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive/(Negative)
	Original	Final		
Revenues:				
Uses of money and property	\$ 45,000	\$ 45,000	\$ 5,475	\$ (39,525)
From other agencies			1,507,025	1,507,025
Charges for current services	933,700	933,700	1,137,353	203,653
Total Revenues	978,700	978,700	2,649,853	1,671,153
Expenditures:				
Public works	60,000	834,200	784,548	49,652
Capital outlay	15,511,800	15,511,800	2,549,499	12,962,301
Total Expenditures	15,571,800	16,346,000	3,334,047	13,011,953
Excess revenues over (under) expenditures	(14,593,100)	(15,367,300)	(684,194)	14,683,106
Other financing sources (uses):				
Transfers in			271,139	271,139
Total other financing sources (uses)			271,139	271,139
Excess revenues and other sources over (under) expenditures and other uses	(14,593,100)	(15,367,300)	(413,055)	14,954,245
Fund Balance - July 1	7,537,140	7,537,140	7,537,140	
Fund Balance - June 30	\$ (7,055,960)	\$ (7,830,160)	\$ 7,124,085	\$ 14,954,245

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive/(Negative)
	Original	Final		
Revenues:				
Uses of money and property	\$ 163,700	\$ 163,700	\$ 67,895	\$ (95,805)
Charges for current services	282,100	282,100	361,100	79,000
Total Revenues	445,800	445,800	428,995	(16,805)
Expenditures:				
General government	179,900	179,900	110,307	69,593
Total Expenditures	179,900	179,900	110,307	69,593
Excess revenues over (under) expenditures	265,900	265,900	318,688	52,788
Fund Balance - July 1	15,663,085	15,663,085	15,663,085	
Fund Balance - June 30	\$ 15,928,985	\$ 15,928,985	\$ 15,981,773	\$ 52,788

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, 2011

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Expenditures:				
Community development	\$ -	\$ -	\$ 2,747	\$ (2,747)
Debt service:				
Interest			148,162	(148,162)
Total Expenditures			150,909	(150,909)
Fund Balance - July 1	(9,887,764)	(9,887,764)	(9,887,764)	
Fund Balance - June 30	\$ (9,887,764)	\$ (9,887,764)	\$ (10,038,673)	\$ (150,909)

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, 2011

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 2,992,600	\$ 2,992,600	\$ 2,693,338	\$ (299,262)
From other agencies	5,000	5,000	28,366	23,366
Uses of money and property	155,000	155,000	50,261	(104,739)
Total Revenues	3,152,600	3,152,600	2,771,965	(380,635)
Expenditures:				
Debt service:				
Interest	1,460,500	1,460,500	1,460,458	42
Principal	1,472,200	1,472,200	1,472,154	46
Paying agent fees	5,000	5,000	1,130	3,870
Total Expenditures	2,937,700	2,937,700	2,933,742	3,958
Excess revenues over (under) expenditures	214,900	214,900	(161,777)	(376,677)
Fund Balance - July 1	7,310,169	7,310,169	7,310,169	
Fund Balance - June 30	\$ 7,525,069	\$ 7,525,069	\$ 7,148,392	\$ (376,677)

**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, 2011**

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 4,100,000	\$ 4,100,000	\$ 3,722,949	\$ (377,051)
Uses of money and property	20,500	20,500	68,628	48,128
Miscellaneous			137,631	137,631
Total Revenues	4,120,500	4,120,500	3,929,208	(191,292)
Expenditures:				
General government			369,422	(369,422)
Debt service:				
Interest	300,300	300,300	855,184	(554,884)
Principal	215,000	215,000	380,000	(165,000)
Paying agent fees	5,000	5,000	4,103	897
Fiscal agreement payments			2,057,867	(2,057,867)
Capital outlay		213,000	108,994	104,006
Total Expenditures	520,300	733,300	3,775,570	(3,042,270)
Excess revenues over (under) expenditures	3,600,200	3,387,200	153,638	(3,233,562)
Other financing sources (uses):				
Operating transfers out	(392,900)	(392,900)	(392,904)	(4)
Total other financing sources (uses)	(392,900)	(392,900)	(392,904)	(4)
Excess revenues and other sources over (under) expenditures and other uses	3,207,300	2,994,300	(239,266)	(3,233,566)
Fund Balance - July 1	135,972	135,972	135,972	
Fund Balance - June 30	\$ 3,343,272	\$ 3,130,272	\$ (103,294)	\$ (3,233,566)

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, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>SENIOR CITIZEN</u>				
Assets:				
Cash and investments	\$ 241,214	\$ 14,294	\$ 51,047	\$ 204,461
Total Assets	<u>\$ 241,214</u>	<u>\$ 14,294</u>	<u>\$ 51,047</u>	<u>\$ 204,461</u>
Liabilities:				
Accounts payable	\$ -	\$ 600	\$ 600	\$ -
Accrued salary & benefits payable	5,834	794	5,834	794
Due to others	235,380	12,900	44,613	203,667
Total Liabilities	<u>\$ 241,214</u>	<u>\$ 14,294</u>	<u>\$ 51,047</u>	<u>\$ 204,461</u>
<u>WAR MEMORIAL HOSPITAL SCHOLARSHIP</u>				
Assets:				
Cash and investments	\$ 109,708	\$ 1,373	\$ 5,527	\$ 105,554
Total Assets	<u>\$ 109,708</u>	<u>\$ 1,373</u>	<u>\$ 5,527</u>	<u>\$ 105,554</u>
Liabilities:				
Accounts payable	\$ 5,000	\$ -	\$ 5,000	\$ -
Due to others	104,708	1,373	527	105,554
Total Liabilities	<u>\$ 109,708</u>	<u>\$ 1,373</u>	<u>\$ 5,527</u>	<u>\$ 105,554</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, 2011

	Balance June 30, 2010		Additions		Deductions		Balance June 30, 2011
<u>CUSTOMER DEPOSITS</u>							
Assets:							
Cash and investments	\$ 673,851	\$	460,953	\$	526,153	\$	608,651
Total Assets	<u>\$ 673,851</u>	\$	<u>460,953</u>	\$	<u>526,153</u>	\$	<u>608,651</u>
Liabilities:							
Accounts payable	\$ 13,336	\$	249,528	\$	251,199	\$	11,665
Customer deposits	660,515		211,425		274,954		596,986
Total Liabilities	<u>\$ 673,851</u>	\$	<u>460,953</u>	\$	<u>526,153</u>	\$	<u>608,651</u>
<u>TOURISM AND LODGING BID</u>							
Assets:							
Cash and investments	\$ 76,016	\$	1,301,662	\$	1,311,522	\$	66,156
Accounts receivable	57,490		56,213		57,490		56,213
Total Assets	<u>\$ 133,506</u>	\$	<u>1,357,875</u>	\$	<u>1,369,012</u>	\$	<u>122,369</u>
Liabilities:							
Accounts payable	\$ 10,818	\$	600,770	\$	582,909	\$	28,679
Due to others	122,688		757,105		786,103		93,690
Total Liabilities	<u>\$ 133,506</u>	\$	<u>1,357,875</u>	\$	<u>1,369,012</u>	\$	<u>122,369</u>
<u>TOTAL - ALL AGENCY FUNDS</u>							
Assets:							
Cash and investments	\$ 1,100,789	\$	1,778,282	\$	1,894,249	\$	984,822
Accounts receivable	57,490		56,213		57,490		56,213
Total Assets	<u>\$ 1,158,279</u>	\$	<u>1,834,495</u>	\$	<u>1,951,739</u>	\$	<u>1,041,035</u>
Liabilities:							
Accounts payable	\$ 29,154	\$	850,898	\$	839,708	\$	40,344
Accrued salary & benefits payable	5,834		794		5,834		794
Customer deposits	660,515		211,425		274,954		596,986
Due to others	462,776		771,378		831,243		402,911
Total Liabilities	<u>\$ 1,158,279</u>	\$	<u>1,834,495</u>	\$	<u>1,951,739</u>	\$	<u>1,041,035</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	2010	2011
Governmental activities						
Invested in capital assets, net of related debt	\$ 107,693,936	\$ 122,168,978	\$ 123,267,038	\$ 126,146,832	\$ 119,279,344	122,187,153
Restricted	829,674	1,286,753	1,168,175	2,170,711	1,124,540	47,001,688
Unrestricted	30,782,721	26,014,158	25,740,998	26,732,780	34,942,358	(11,754,149)
Total governmental activities net assets	<u>\$ 139,306,331</u>	<u>\$ 149,469,889</u>	<u>\$ 150,176,211</u>	<u>\$ 155,050,323</u>	<u>\$ 155,346,242</u>	<u>\$ 157,434,692</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 54,373,577	\$ 54,078,917	\$ 57,702,782	\$ 67,486,229	\$ 68,996,920	70,131,072
Restricted	479					
Unrestricted	33,620,918	40,862,436	42,105,837	35,069,547	34,719,423	31,915,247
Total business-type activities net assets	<u>\$ 87,994,974</u>	<u>\$ 94,941,353</u>	<u>\$ 99,808,619</u>	<u>\$ 102,555,776</u>	<u>\$ 103,716,343</u>	<u>\$ 102,046,319</u>
Primary government						
Invested in capital assets, net of related debt	\$ 162,067,513	\$ 176,247,895	\$ 180,969,820	\$ 193,633,061	\$ 188,276,264	192,318,225
Restricted	830,153	1,286,753	1,168,175	2,170,711	1,124,540	47,001,688
Unrestricted	64,403,639	66,876,594	67,846,835	61,802,327	69,661,781	20,161,098
Total primary government net assets	<u>\$ 227,301,305</u>	<u>\$ 244,411,242</u>	<u>\$ 249,984,830</u>	<u>\$ 257,606,099</u>	<u>\$ 259,062,585</u>	<u>\$ 259,481,011</u>

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

	2006	2007	2008	2009	2010	2011
Expenses						
Governmental activities:						
General government	\$ 499,902	\$ 1,516,575	\$ 4,205,603	\$ 2,664,573	\$ 2,961,021	\$ 3,286,502
Public safety	11,715,883	13,846,830	13,825,505	14,644,352	13,758,631	13,499,438
Public works	8,347,720	9,922,306	10,665,983	10,372,489	11,747,078	9,540,795
Library and recreation services	4,560,785	4,960,652	4,455,244	4,380,035	2,711,980	4,291,096
Community development	7,124,605	4,600,339	4,752,684	3,812,797	8,811,192	4,371,661
Interest on long-term debt	1,709,387	2,265,878	2,588,398	2,389,710	2,548,696	2,683,223
Total governmental activities expenses	33,958,282	37,112,580	40,493,417	38,263,956	42,538,598	37,672,715
Business-type activities:						
Water operations	3,734,082	4,113,070	4,399,286	5,482,678	5,860,310	7,664,671
Sewer operations	3,621,438	3,672,572	4,130,267	4,374,113	4,964,606	5,800,479
Airport operations	681,207	765,078	748,673	779,181	750,705	676,039
Transit operations	1,088,576	1,246,765	1,149,988	1,402,596	1,408,455	1,710,841
Total business-type activities expenses	9,125,303	9,797,485	10,428,214	12,038,568	12,984,076	15,852,030
Total primary government expenses	\$ 43,083,585	\$ 46,910,065	\$ 50,921,631	\$ 50,302,524	\$ 55,522,674	\$ 53,524,745
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 43,872	\$ 46,693	\$ 45,877	\$ 39,648	\$ 34,819	\$ 42,696
Public safety	620,003	760,126	1,025,247	922,764	531,567	437,302
Public works	20,944	7,626	1,612	340,091	250,738	199
Library and recreation services	791,830	827,976	795,118	710,085	696,325	656,694
Community development	5,777,450	5,399,402	3,782,118	2,094,258	4,401,371	2,384,892
Operating contributions and grants		300,000			2,009,355	2,430,437
Capital contributions and grants	7,129,023	3,634,416	4,765,465	2,581,818	3,008,669	1,085,061
Total governmental activities program revenues	14,383,122	10,976,239	10,415,437	6,688,664	10,932,844	7,037,281
Business-type activities:						
Charges for services:						
Water operations	3,590,654	4,312,130	4,227,593	4,008,362	3,608,107	3,578,713
Sewer operations	3,864,353	4,059,804	4,367,772	4,495,292	4,535,599	4,680,024
Airport operations	18,544	20,935	53,839	121,382	34,550	57,812
Transit operation	132,078	160,685	156,103	149,782	154,382	168,026
Operating contributions and grants					2,051,606	1,735,664
Capital contributions and grants	7,313,475	4,571,395	3,548,974	2,977,958	2,675,879	3,412,948
Total business-type activities program revenues	14,919,104	13,124,949	12,354,281	11,752,776	13,060,123	13,633,187
Total primary government program revenues	\$ 29,302,226	\$ 24,101,188	\$ 22,769,718	\$ 18,441,440	\$ 23,992,967	\$ 20,670,468

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

	2006	2007	2008	2009	2010	2011
Net (expense)/revenue						
Governmental activities	\$ (19,575,160)	\$ (26,136,341)	\$ (30,077,980)	\$ (31,575,292)	\$ (31,605,754)	(30,635,434)
Business-type activities	5,793,801	3,327,464	1,926,067	(285,792)	76,047	(2,218,843)
Total primary government net expense	\$ (13,781,359)	\$ (22,808,877)	\$ (28,151,913)	\$ (31,861,084)	\$ (31,529,707)	\$ (32,854,277)
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	\$ 17,723,203	17,045,729
Sales taxes	6,183,527	8,237,072	7,691,562	6,702,166	5,945,622	7,072,495
Other taxes	4,640,054	4,933,674	5,182,504	5,027,312	4,885,432	5,158,832
From other agencies	3,953,811	3,837,498	2,972,863	2,610,537	328,877	1,035,443
Licenses and permits	341,034	376,088	420,059	432,448	424,333	412,206
Other	911,550	1,273,805	1,582,640	1,255,776	1,398,201	1,276,238
Uses of money and property	875,397	2,521,193	2,573,339	1,870,103	1,092,676	640,141
Transfers in/(out)	18,700	(330,235)	102,396	127,496	103,329	82,800
Total governmental activities	30,890,463	36,299,899	38,320,960	36,449,404	31,901,673	32,723,884
Business-type activities:						
Taxes	72,152	70,807	52,457	49,304	47,918	44,906
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	1,139,931	586,713
Transfers in/(out)	(18,700)	330,235	(102,396)	(127,496)	(103,329)	(82,800)
Total business-type activities	3,515,625	3,618,915	2,941,199	3,032,949	1,084,520	548,819
Total primary government	\$ 34,406,088	\$ 39,918,814	\$ 41,262,159	\$ 39,482,353	\$ 32,986,193	\$ 33,272,703
Change in Net Assets						
Governmental activities	\$ 11,315,303	\$ 10,163,558	\$ 8,242,980	\$ 4,874,112	\$ 295,919	2,088,450
Business-type activities	9,309,426	6,946,379	4,867,266	2,747,157	1,160,567	(1,670,024)
Total primary government	\$ 20,624,729	\$ 17,109,937	\$ 13,110,246	\$ 7,621,269	\$ 1,456,486	\$ 418,426

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

	2006	2007	2008	2009	2010	2011
General fund						
Reserved	\$ 1,819,571	\$ 2,171,603	\$ 2,544,927	2,332,243	2,340,337	
Unreserved	6,602,512	6,400,258	6,027,797	6,026,892	4,559,268	
Nonspendable:						
Prepaid items						21,960
Assigned to:						
Capital projects						3,792,244
Unassigned:						6,942,863
Total general fund	<u>\$ 8,422,083</u>	<u>\$ 8,571,861</u>	<u>\$ 8,572,724</u>	<u>\$ 8,359,135</u>	<u>\$ 6,899,605</u>	<u>\$ 10,757,067</u>
All other governmental funds						
Reserved	\$ 7,115,402	\$ 17,667,211	\$ 18,661,111	\$ 19,548,017	21,522,402	
Unreserved, reported in:						
Special revenue funds	6,963,650	7,911,169	8,112,255	7,084,440	\$ 4,919,632	
Capital projects funds	10,521,780	(3,977,038)	(4,618,045)	(4,308,354)	(3,204,741)	
Debt service funds	1,474,597	33,930	(309,871)	1,015,232	7,789,940	
Nonspendable:						
Prepaid items						70,000
Restricted for:						
Debt service funds						15,620,479
Community development						703,038
Capital projects						28,840,189
Other restrictions						1,026,113
Assigned to:						
Capital projects						116,873
Unassigned:						(20,188,846)
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>	<u>\$ 31,027,233</u>	<u>\$ 26,187,846</u>

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

	2006	2007	2008	2009	2010	2011
Revenues						
Taxes	\$ 24,789,972	\$ 28,660,022	\$ 30,672,302	\$ 30,153,044	\$ 28,554,257	\$ 29,277,055
Licenses and permits	1,531,411	924,967	853,515	770,006	674,693	722,679
Fines and forfeitures	307,138	321,533	379,876	335,345	268,484	235,076
Uses of money and property	1,193,603	2,690,477	1,882,106	2,042,562	1,224,746	727,223
From other agencies	4,477,647	3,777,991	4,758,566	4,061,243	4,702,105	4,345,730
Charges for current services	6,441,726	6,103,246	4,598,357	3,213,044	4,331,563	2,825,739
Other	911,549	1,273,806	1,581,564	1,253,973	1,403,160	1,274,859
Total revenues	39,653,046	43,752,042	44,726,286	41,829,217	41,159,008	39,408,361
Expenditures						
General government	194,652	1,271,921	2,294,079	2,331,382	4,095,371	2,863,428
Public safety	11,625,058	13,105,217	13,106,157	13,922,924	13,218,140	13,843,752
Public works	5,578,195	5,998,723	6,870,697	6,683,959	5,652,991	5,155,004
Library and recreation services	4,173,170	4,554,183	4,053,268	4,040,414	3,860,779	3,918,655
Community development	4,837,054	3,549,712	3,551,725	2,689,798	3,201,403	2,231,242
Interest	1,687,136	2,238,598	2,588,398	2,390,047	2,399,784	2,677,813
Principal	2,845,829	2,917,391	2,837,346	2,111,322	2,157,373	2,135,975
Paying agent fees	8,267	7,019	7,440	7,877	6,292	7,633
Bond insurance costs					403,734	
Capital outlay	13,497,123	13,144,260	7,103,548	4,799,427	5,638,717	5,581,717
Fiscal agreements payments	918,079	1,112,911	1,215,983	1,699,267	4,418,893	2,057,867
Total expenditures	45,364,563	47,899,935	43,628,641	40,676,417	45,053,477	40,473,086
Excess of revenues over (under) expenditures	(5,711,517)	(4,147,893)	1,097,645	1,152,800	(3,894,469)	(1,064,725)
Other financing sources (uses):						
Operating transfers in	12,983,207	6,639,069	3,665,614	4,032,464	3,747,587	2,248,465
Operating transfers out	(12,964,507)	(6,969,304)	(3,563,218)	(3,904,968)	(3,644,258)	(2,165,665)
Capital leases/bond proceeds	1,789,000		31,435,000		12,339,508	
Bond premium			963,102			
Payments to refunded debt			(33,387,102)		(2,320,000)	
Proceeds from postclosure liability	154,126	187,749				
Total other financing sources (uses)	1,961,826	(142,486)	(886,604)	127,496	10,122,837	82,800
Net change in fund balances	(3,749,691)	(4,290,379)	211,041	1,280,296	6,228,368	(981,925)
Fund balances July 1	38,483,943	34,497,512	30,207,133	30,418,174	31,698,470	37,926,838
Prior period adjustment	(236,740)					
Fund balances June 30	\$ 34,497,512	\$ 30,207,133	\$ 30,418,174	\$ 31,698,470	\$ 37,926,838	\$ 36,944,913

**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
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
2010	8,385,861	4,841,765	2,735,664	1,794,918	105,999	4,977,296	22,841,503
2011	8,290,974	5,286,398	2,998,498	1,793,603	104,931	5,866,416	24,340,820
Percentage Change 2002-2011	192.6%	-2.3%	188.1%	16.2%	-34.2%	180.3%	86.1%

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
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%
2010	2,429,476,741	481,525,922	161,004,214	(34,861,735)	3,106,868,612	1.00000	3,654,522,643	85.01%
2011	2,400,890,771	559,587,252	134,399,199	(35,069,073)	3,129,946,295	1.00000	3,595,053,216	87.06%

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
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
2010	3,468,323,850	171,031,032	(37,640,954)	3,601,713,928	1.00000
2011	3,411,573,503	169,726,949	(37,424,800)	3,543,875,652	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: HdL, San Luis Obispo County Assessor's Office

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Consumer Goods	\$ 133,365,200	\$ 146,375,300	\$ 157,790,700	\$ 170,463,100	\$ 185,474,900	\$ 191,799,000	\$184,760,900	\$178,468,000	\$176,825,700	\$175,037,400
Auto and Transportation	116,414,500	118,953,800	130,783,000	138,936,500	158,172,000	151,434,500	120,267,100	92,053,800	85,848,800	97,557,400
Fuel and Service Stations	50,378,300	57,384,900	58,343,600	73,442,500	92,815,700	91,988,100	112,027,000	106,805,400	87,244,800	107,832,700
Building and Construction	47,453,100	53,968,700	60,726,600	75,787,100	81,811,200	79,867,200	60,632,400	45,084,400	48,919,700	60,252,400
Restaurants and Hotels	47,258,900	51,483,900	59,128,900	63,677,100	70,684,200	78,978,300	87,414,800	85,521,900	80,181,600	76,327,900
Business and Industry	54,834,000	54,519,900	54,294,600	64,153,200	83,545,900	95,576,400	80,075,000	70,764,900	67,797,200	73,454,200
Food and Drugs	33,364,000	33,774,700	36,130,900	38,995,100	39,610,200	41,126,700	39,921,200	40,841,000	39,864,500	39,088,500
Total	\$ 483,068,000	\$ 516,461,200	\$ 557,198,300	\$ 625,454,600	\$ 712,114,100	\$ 730,770,200	\$ 685,098,400	\$619,539,400	\$586,682,300	\$629,550,500
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: HdL companies

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	
2002	1.00000	-	1.0000	0.00230	1.00230
2003	1.00000	0.1775	1.1775	0.00230	1.17980
2004	1.00000	0.1775	1.1775	0.00230	1.17980
2005	1.00000	0.1775	1.1775	0.00223	1.17973
2006	1.00000	0.1082	1.1082	0.00222	1.11042
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
2010	1.00000	0.0876	1.0876	0.00220	1.08980
2011	1.00000	0.0748	1.0748	0.00290	1.07770

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
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%
2010	1.00%	7.25%	8.25%
2011	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	2010/11			2001/02		
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Rank
Paso Robles Ventures LLC	\$ 26,418,890	0.73%	1			
Paso Golden Hill LLC	25,184,875	0.70%	2			
Dry Creek Apartments	20,246,293	0.56%	3	\$ 15,100,000	0.9430%	1
Colin G. Weyrick Trust	16,114,381	0.45%	4			
Blacks Hatchery & Turkey Farm	12,846,386	0.36%	5			
Tri-W Enterprises Inc	12,821,305	0.36%	6	9,881,661	0.6171%	4
Paso Robles Investments LLC	12,810,437	0.36%	7			
Zodiac Investment Inc	12,613,482	0.35%	8			
Brendon Twigden LLC	11,800,000	0.33%	9			
Arciero & Sons Inc	11,689,366	0.33%	10			
North American Jet Charter Inc				14,064,805	0.8783%	2
CEP Investors V LP A DEL LP				11,541,210	0.7207%	3
Paris Sales Co., Inc				9,627,218	0.6012%	5
Walmart Stores				9,405,566	0.5874%	6
Pacific Waste Services				8,108,594	0.5064%	7
Martin Hotel Management Co				7,764,435	0.4849%	8
Woodland Plaza LLC				6,989,003	0.4365%	9
Industries				6,960,322	0.4347%	10
Total Principal Taxpayers	162,545,415	4.52%		99,442,814	6.21%	
All Other Taxpayers	3,432,507,801	95.48%		1,501,839,672	93.79%	
Total Taxpayers	\$ 3,595,053,216	100.00%		\$ 1,601,282,486	100.00%	

Source: Hdl Coren & Cone, San Luis Obispo County Assessor 2010/11 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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

2010/11	2001/02
Tax Remitter	Tax Remitter
Albertson's	Albertsons
AM PM Mini Mart	ATV Agricultural
Arco AM PM	Bay Area Diablo Petroleum
Big Creek Lumber	Big Creek Lumber
BP West Coast Products	Black Oak AM PM
Chevron	Farm Supply
Chevron	GMC
Farm Supply	Hayward Lumber
Golden Hill Mobil	Henderson Petroluem Eagle
JB Dewar	Jack in the Box
Kohls	JB Dewar
Lowe's	JC Penney
Orchard Supply Hardware	Longs
Paso Robles Chevrolet Cadillac	Orchard Supply Hardware
Paso Robles Ford Lincoln Mercury	Paso Robles Ford Lincoln Mercury
Paso Robles GMC Truck	Paso Robles GMC Truck
Rite Aid	Ralphs
Ross	Reneau Chrysler Dodge
San Luis Bay Suzuki Kia	Rite Aid
Santa Cruz Biotechnology	Ross
Sky River	San Luis Bay Suzuki Kia
Target	Staples
Valero Corner	Target
Vons	Vons
Wal Mart	Wal Mart
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
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	4,637,382	91.66%	308,859	4,946,241	97.77%
2010	4,834,774	4,405,221	91.12%	288,601	4,693,821	97.08%
2011	4,772,036	4,425,214	92.73%	207,775	4,632,990	97.09%

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			
2002	\$ -	\$ 694,350	\$ 666,601	\$ 148,504	\$ 127,753	\$ 579,415	\$ 75,644	\$ 2,292,267	0.16%	89
2003	297,970	470,288	660,434	244,819	127,753	1,026,336	75,644	2,903,244	0.17%	108
2004	2,772,294	509,720	658,079	292,976	127,753	1,024,689	75,644	5,461,155	0.30%	201
2005	2,891,825	512,939	651,569	246,648	127,753	1,032,289	-	5,463,023	0.26%	195
2006	2,990,888	510,699	570,070	254,565	3,159,884	934,489	-	8,420,595	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
2010	2,928,713	688,209	314,608	99,459	15,626,541	523,364	-	20,180,894	0.56%	673
2011	2,932,613	1,235,184	314,920	67,452	15,365,068	527,319	-	20,442,556	0.58%	680

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										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 33,082,412	\$ 31,610,258
Percentage of estimated actual assessed value ^a	-	-	2.17%	1.79%	1.48%	1.19%	0.95%	1.02%	0.92%	0.92%	0.89%
Per capita ^b	-	-	\$ 1,415	\$ 1,322	\$ 1,215	\$ 1,104	\$ 1,015	\$ 1,208	\$ 1,189	\$ 1,103	\$ 1,051
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	\$ 7,152,832	\$ 7,058,529
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	\$ 25,929,580	\$ 24,551,729
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	\$ 135,064,272	\$ 132,895,337
Legal debt margin	\$ -	\$ -	\$ 30,530,565	\$ 43,210,772	\$ 57,760,655	\$ 75,278,661	\$ 95,963,896	\$ 102,835,061	\$ 112,419,983	\$ 109,134,692	\$ 108,343,608
Legal debt margin as a percentage of the debt limit	-	-	46.5%	57.4%	67.2%	74.7%	80.8%	77.5%	80.2%	80.8%	81.5%

^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, 2011

2010-11 Assessed Valuation:	\$ 3,594,931,691
Redevelopment Incremental Valuation:	443,810,851
Adjusted Assessed Valuation:	<u>\$ 3,151,120,840</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 6/30/11</u>
Paso Robles Joint Unified School District	\$ 19,624,998	48.4%	\$ 9,490,845
City of Paso Robles	31,610,259	100.0%	31,610,259
Total Direct and Overlapping Tax and Assessment Debt			<u>41,101,104</u>
<u>Direct and Overlapping Tax General Fund Debt</u>			
San Luis Obispo County Certificates of Participation	\$ 37,830,000	8.207%	\$ 3,104,708
San Luis Obispo County Pension Obligations	122,689,398	8.207%	10,069,119
San Luis Obispo Community College District Certificates of Participation	39,210,000	8.176%	3,205,810
Paso Robles Joint Unified School District Certificates of Participation	1,585,000	48.361%	766,522
Paso Robles Union School District Certificates of Participation	-		-
City of Paso Robles Certificates of Participaition	3,270,000	100.000%	3,270,000
Total Direct and Overlapping Tax General Fund Debt			<u>20,416,159</u>
Combined Total Debt			<u>\$ 61,517,263</u> (2)

Ratios to Adjusted Assessed Valuation:	
Combined Direct Debt (\$36,542,413)	1.11%
Combined Total Debt	1.95%

State School Building Aid Repayable as of 6/30/11: \$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.

Source: California Municipal Statistics

**CITY OF EL PASO DE ROBLES
 PLEDGED 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	
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	359,720	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
2010	2,252,954	140,000	548,209	3.27	4,535,599	3,247,229	1,288,370	195,000	328,364	2.46
2011	2,139,438	380,000	855,184	1.73	4,680,024	3,390,689	1,289,335	205,000	322,319	2.45

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
2002	25,812	\$ 28,909	\$ 12,116	33	13,110	6,900	\$ 251	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%
2010	30,004	52,242	24,554	34	13,653	6,910	295.5	10.7%
2011	30,072	49,051	23,054	34	N/A	6,875	280.0	12.0%

Source: HdL Coren & Cone, Demographic and Economic Statistics

**CITY OF EL PASO DE ROBLES
PRINCIPAL EMPLOYERS
For Years 2009 and 2000**

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Paso Robles Joint Unified	650	1	4.42%	614	1	5.00%
California Mid State Fair	600	2	4.08%	420	4	3.42%
Cuesta College - North Campus	564	3	3.84%			
Division of Juvenile Justice	500	4	3.40%	460	3	3.75%
Walmart	312	5	2.12%	263	5	2.14%
California Portland Construction	300	6	2.04%			
City of Paso Robles	240	7	1.63%	132	13	1.07%
Wilkins	201	8	1.37%			
Joslyn-Sunbank Corporation	200	9	1.36%	210	7	1.71%
Paris Precision Products	200	10	1.36%	146	12	1.19%
Sierra Delta Corp	200	11	1.36%			
Specialty Silicone Fabricators	200	12	1.36%	150	11	1.22%
Wilkins - Regulator Division	170	13	1.16%			
Meridian Vineyards	160	14	1.09%			
Applied Technologies	150	15	1.02%			
Jack In the Box	146	16	0.99%			
Ennis Inc	140	17	0.95%	113	15	0.92%
Albertson's	120	18	0.82%	150	11	1.22%
JIT Manufacturing	100	19	0.68%	110	16	0.90%
Paso Robles Public School After	100	20	0.68%			
Twin Cities Hospital				500	2	4.07%
Target				160	9	1.30%
Zurn Industries				155	10	1.26%
San Luis Personnel				225	6	1.83%
Pro Forms				150	11	1.22%
Cognitive Solutions				130	14	1.06%
Volt Services Group				100	17	0.81%
Life Fitness Strength Systems				100	18	0.81%
M.A.T.E.S.				188	8	1.53%
Total	<u>5,253</u>		<u>35.73%</u>	<u>4,476</u>		<u>36.44%</u>
Total City Employment	<u>14,701</u>			<u>12,282</u>		

Source: 2000 data is from Paso Robles Chamber of Commerce
2009 data is provided by HdL/InfoGroup

Please note that the Top Employer Report we debuted last year is not being offered this year. The data proved to be unreliable. Because of complaints from customers last year, we've decided not to offer the statistic report going forward.

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

<u>Function/Program</u>	<u>Full-time-Equivalent Employees as of June 30</u>									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
City manager	3	3	5	4	4	4	4	4	4	3
Information technology	1	1	2	2	4	4	6	6	5	5
Human resources	1	1	2	2	3	3	3	3	3	2
Administrative services	8	8	9	9	10	11	11	11	10	9
Police department										
Officers	35	35	37	37	40	41	43	45	45	27
Others		9	10	10	12	12	12	12	12	12
Emergency services										
Firefighters	11	11	19	20	24	24	27	30	26	24
Others	1	1	1	1	1	1	1	1	1	1
Public works										
Maintenance services	28	28	32	32	36	33	36	38	29	21
Airport	1	1	1	1	1	1	1	1	1	1
Water	8	7	8	8	9	9	11	12	12	13.5
Wastewater	8	9	9	9	9	9	12	15	12	13.5
Building/Engineering						9	8	8	6	5
Library and recreation services										
Library services	5	5	5	5	5	5	5	5	5	4
Recreation services	10	11	11	11	11	11	10	10	10	5
Community development										
Planning	3	3	3	3	3	3	4	4	4	4
Housing	1	1	1	1	1	1	1	1	1	0
Engineering	2	2	2	2	2	2	2	2	1	1
Building	7	7	8	8	9	2	2	2	2	0
Total	133	143	165	165	184	185	199	210	189	151

Source: City Forecast 2011

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 Years</u>									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Police department										
Physical arrests	N/A	1,241	1,443	1,486	1,673	1,694	1,575	1688	1662	1345
Parking violations	N/A			1,160	963	1,124	1,019	953	573	505
Traffic violations	N/A	2,584	3,751	3,406	2,927	5,008	4,517	4165	3273	2718
Emergency services										
Emergency responses		2,370	2,436	2,567	2679	2,803	2,821	3018	2918	2902
Fires extinguished	162	166	147	121	125	129	115	124	109	111
Inspections						N/A	329	178	203	328
Public works										
Water										
New connections	N/A	N/A	N/A	N/A	328	54	35	N/A	N/A	32
Water main breaks	N/A	N/A	N/A	N/A	7	2	N/A	N/A	N/A	5
Average daily production (millions of gallons)	N/A	N/A	N/A	N/A	7	7	7	6	N/A	5.64
Peak daily production (millions of gallons)	N/A	N/A	N/A	N/A	12.3	12.33	N/A	N/A	N/A	9.74
Wastewater										
Average daily sewage treatment (millions of gallons)	2.7983	2.7871	2.8556	2.9590	2.7514	2.983	3.02	2.94	2.94	2.95
Library and recreation services										
Library services										
Volumes in collection	N/A	N/A	54,044	56,228	56,070	55,885	57,580	59,109	60,690	64,067
Total volumes borrowed	N/A	N/A	148,315	120,923	160,832	160,249	176,132	191,335	193,716	209,771
Recreation services										
Athletic field permits issued	N/A	N/A	1,418	1,472	2,508	2,595	1,564	2,578	2,104	2,390
Activity admissions	22,448	23,628	24,050	24,501	23,953	25,325	26,060	36,921	50,365	36,500
Community development										
Building permits issued	808	952	1,107	972	947	654	504	406	TBD	TBD
Building inspections conducted	7,434	7,772	8,387	8,603	7140	3,608	2563	2588	TBD	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>									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Personal computers	107	155	161	161	166	174	193	211	211	216
Police department										
Stations	N/A	1	1	1	1	1	1	1	1	1
Patrol units	12	15	14	12	11	12	13	14	14	14
Emergency services										
Fire stations	3	3	3	3	3	3	3	2	2	2
Public works										
Streets (miles)	N/A	N/A	N/A	N/A	140.0	160	173.5	173.5	173.5	173.5
Traffic signals	N/A	N/A	N/A	N/A	20	24	25	26	26	26
Bridges	N/A	N/A	N/A	N/A	4	4	4	4	4	4
Airport	1	1	1	1	1	1	1	1	1	1
Water										
Fire hydrants	N/A	875	890	900	900	900	1087	1087	1087	1728
Storage tanks	N/A	4	4	4	4	4	4	4	4	4
Storage capacity (millions of gallons)	N/A	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1
Water Mains (miles)	N/A	120	120	125	125	125	164	164	164	172.4
Wastewater										
Sanitary sewers (miles)	N/A	N/A	N/A	N/A	137.07	137.07	137.07	140	140	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	101.095	101.095	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	14	14	14	14	13	10	10	10	10	10
Baseball/softball diamonds	10	10	10	10	10	10	10	10	10	10
Soccer/football fields	6	6	6	6	6	6	6	6	6	6
Community centers	3	3	3	3	3	3	3	3	3	2

Source: City Budget