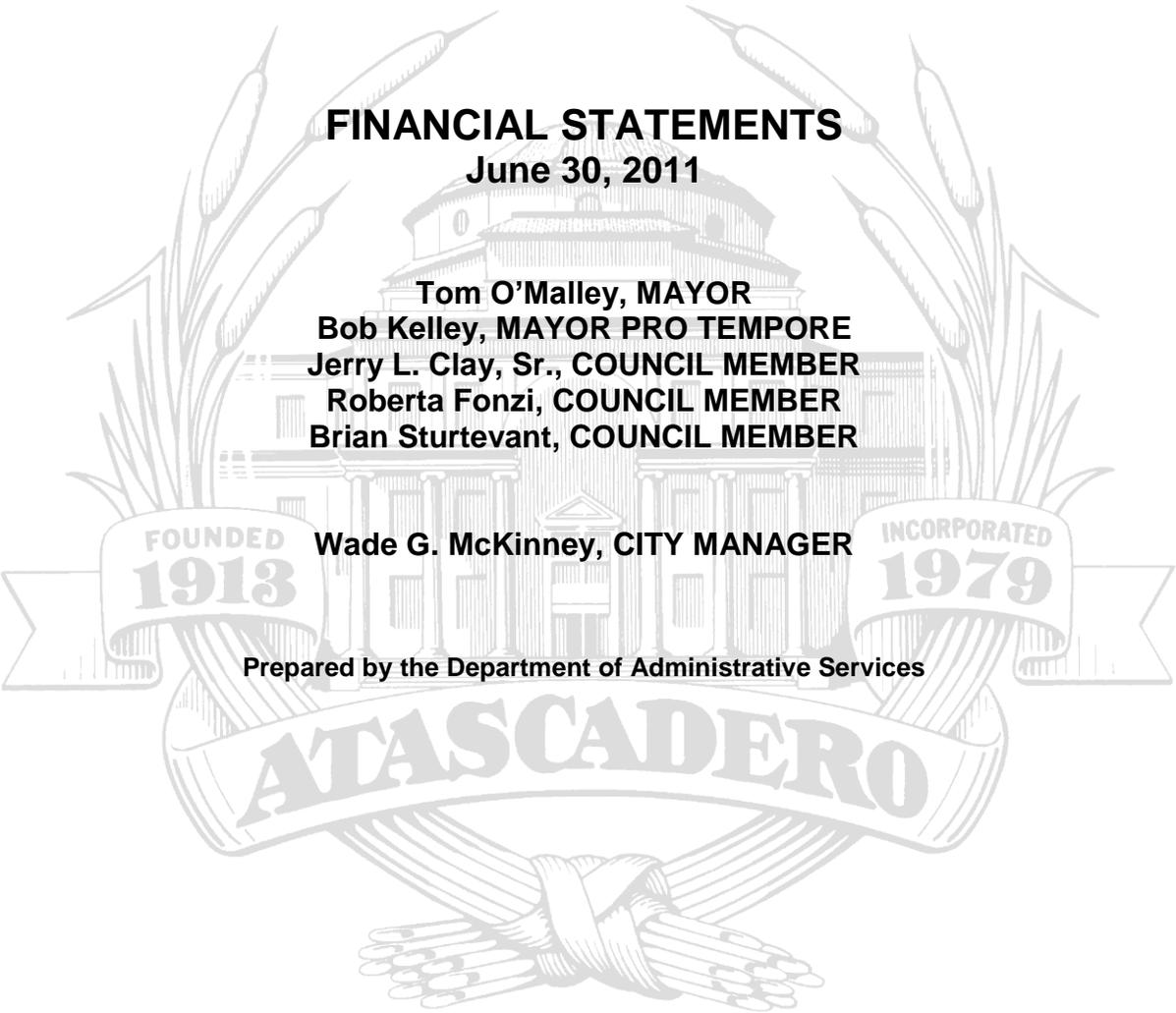


# **CITY OF ATASCADERO**

FINANCIAL STATEMENTS

June 30, 2011



**FINANCIAL STATEMENTS**

**June 30, 2011**

**Tom O'Malley, MAYOR**

**Bob Kelley, MAYOR PRO TEMPORE**

**Jerry L. Clay, Sr., COUNCIL MEMBER**

**Roberta Fonzi, COUNCIL MEMBER**

**Brian Sturtevant, COUNCIL MEMBER**

**Wade G. McKinney, CITY MANAGER**

**Prepared by the Department of Administrative Services**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council  
City of Atascadero, 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 Atascadero, 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 Atascadero, 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 Atascadero 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 3 through 12, the major funds budget comparisons on pages 62 through 82, and the Schedule of Funding Progress for Postemployment Benefits Other Than Pensions on page 83, 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 November 8, 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 non-major governmental funds financial statements and schedules, major capital project funds schedules, budgetary comparison schedules, and internal service funds 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 capital project funds schedules, and internal service funds 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.

MOSS, LEVY & HARTZHEIM LLP

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

November 8, 2011



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2011

### INTRODUCTION

This discussion and analysis of the City of Atascadero's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. For the most complete picture of the City, please read this document in conjunction with the City's basic financial statements, the accompanying notes to the basic financial statements, and the basic financial statements of the City's component unit. The City's financial statements and separate financial statements prepared by the Community Redevelopment Agency of Atascadero are available at City Hall offices.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$157 million. Of this amount, \$22.5 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$1.0 million, which is consistent with the prior fiscal year increase.
- Capital projects expenditures were consistent with the prior fiscal year at \$4.6 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$46.7 million, an increase of \$14 million from the prior fiscal year. This increase was primarily due to the issuance of \$16.0 million in 2010 Lease Revenue Bonds
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,468,236 or 33% of total general fund expenditures.
- The City's total debt increased by about \$15.7 million during the current fiscal year, which was due to the issuance of \$16,010,000 in Lease Revenue bonds less scheduled debt service payments, plus an increase in compensated absences and other post-employment benefits.
- On January 14, 2011, the City and the Community Redevelopment Agency of Atascadero (Agency) entered into significant irrevocable contracts whereby the Agency contracted with the City to complete the Historic City Hall Earthquake Rehabilitation Project (\$13,000,000); the completion of Identified Blight Elimination Projects prioritized by the Agency Board in June of 2010 (\$8,176,820); and the production of affordable housing units (\$5,383,800). In accordance with the agreements, funds were immediately transferred to the City and are held in separate escrow accounts through construction with any remaining funds to be returned to the Agency upon completion of the Projects.

## FINANCIAL HIGHLIGHTS (continued)

- On June 29, 2011, California Governor Brown signed two budget-related Assembly Bills AB 1X 26 and AB 1X 27, which significantly change the California Community Redevelopment Law and affect the future of California Redevelopment Agencies. These bills were challenged in California Supreme Court, and the dissolution bill, AB 1X 26, was upheld, and has dissolved all agencies in the state. This legislation will also affect the agreements discussed above, as well as other agreements between the City and the Agency. See Note 14 for further details.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include the activities of the City of Atascadero using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

### Government-Wide Financial Statements

The Government-Wide Financial Statements present a broad overview of 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 GASB Statement No. 34 in regard to interfund activity, payables and receivables.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the City of Atascadero is improving or declining.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the Government-wide Financial Statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees or are required by grantor agencies to be accounted for in this fashion (*business-type activities*).

The governmental activities include police, fire, parks, recreation, community development, public works, and general government activities. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities. The business-type activities include wastewater and transit.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component unit, for which the government is considered to be financially accountable (the Community Redevelopment Agency of Atascadero). The City has no component units that require discrete presentation in accordance with GASB Statement No. 14, as amended by GASB Statement No. 39.

## **OVERVIEW OF THE FINANCIAL STATEMENTS** *(continued)*

### **Fund Financial Statements**

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Atascadero, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City are divided into two categories of activities – governmental and proprietary.

#### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains multiple individual governmental funds. Information for the General Fund is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The General Fund, the Redevelopment Agency Fund, the Low/Moderate Income Housing Redevelopment Fund, the Blight Elimination Projects Fund and the Historic City Hall Rehabilitation Fund are considered to be the major governmental funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data, including budgetary information, for each of these nonmajor governmental funds is provided in the combining financial statements under the supplementary information section.

A budget comparison statement has been provided to demonstrate compliance with the budget. Budgetary information for the major governmental funds has been provided under the required supplementary information section.

#### **Proprietary Funds**

Proprietary Funds provide the same type of information as the business-type activities in the government-wide financial statements, except that the Proprietary Funds provide greater detail. The City maintains two types of Proprietary Funds: Enterprise Funds and Internal Service Funds. The City's Enterprise Funds are the same as the business-type activities reported in the Government-wide Financial Statements: Transit and Wastewater. The City uses Internal Service Funds to report activities that provide supplies and services for the City's other programs and activities. The City's Internal Services Funds include the Technology Fund, the Building Maintenance and Replacement Fund, and the Vehicle and Equipment Replacement Fund. The Internal Service Funds are combined into one column within the Proprietary Funds statements and are combined with governmental activities in the Government-wide Financial Statements.

**Notes to the Basic 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, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Atascadero, assets exceeded liabilities by about \$157 million at the close of the most recent fiscal year.

	<b>2010-2011 Governmental Activities</b>	<b>2010-2011 Business-Type Activities</b>	<b>2010-2011 Total</b>	<b>2009-2010 Governmental Activities</b>	<b>2009-2010 Business- Type Activities</b>	<b>2009-2010 Total</b>
Current and other assets	\$ 58,089,555	\$ 10,508,563	\$ 68,598,118	\$ 42,354,428	\$10,714,973	\$ 53,069,401
Capital assets	107,836,619	14,794,665	122,631,284	105,446,198	14,866,288	120,312,486
Total assets	<u>165,926,174</u>	<u>25,303,228</u>	<u>191,229,402</u>	<u>147,800,626</u>	<u>25,581,261</u>	<u>173,381,887</u>
Current liabilities	3,874,852	252,639	4,127,491	2,700,565	311,745	3,012,310
Noncurrent liabilities	30,108,853	10,224	30,119,077	14,369,047	11,727	14,380,774
Total liabilities	<u>33,983,705</u>	<u>262,863</u>	<u>34,246,568</u>	<u>17,069,612</u>	<u>323,472</u>	<u>17,393,084</u>
Net assets:						
Invested in capital assets, net of related debt	95,007,617	14,794,665	109,802,282	95,375,836	14,866,288	110,242,124
Restricted	24,642,590	-	24,642,590	23,713,267	-	23,713,267
Unrestricted	12,292,262	10,245,700	22,537,962	11,641,911	10,391,501	22,033,412
Total net assets	<u>\$ 131,942,469</u>	<u>\$ 25,040,365</u>	<u>\$ 156,982,834</u>	<u>\$ 130,731,014</u>	<u>\$25,257,789</u>	<u>\$ 155,988,803</u>

The largest portion of the City's net assets (70%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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 16% of the City's net assets represent resources subject to external restrictions on how they may be used. The remaining 14% (\$22,537,962) is considered unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. There was an increase of \$504,550 in unrestricted net assets from fiscal year 2009-2010 to 2010-2011.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS** *(continued)*

Consistent with the prior fiscal year, as of the end of the current fiscal year, the City is able to report positive balances in both categories of net assets, for both the government as a whole, as well as for its separate governmental and business-type activities.

During the current fiscal year, the City's net assets increased by \$1.0 million. Information about changes in net assets is summarized below:

**SUMMARY OF CHANGES IN NET ASSETS**  
 For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2010-2011</u> <u>Governmental</u> <u>Activities</u>	<u>2010-2011</u> <u>Business-</u> <u>Type Activities</u>	<u>2010-2011</u> <u>Total</u>	<u>2009-2010</u> <u>Governmental</u> <u>Activities</u>	<u>2009-2010</u> <u>Business-</u> <u>Type Activities</u>	<u>2009-2010</u> <u>Total</u>
<b>Revenues:</b>						
Program Revenues						
Charges for services	\$ 2,068,560	\$ 1,930,599	\$ 3,999,159	\$ 2,080,904	\$ 1,909,905	\$ 3,990,809
Operating grants and contributions	1,653,560	495,533	2,149,093	1,507,538	474,542	1,982,080
Capital grants and contributions	3,354,535	149,306	3,503,841	3,737,926	110,696	3,848,622
General Revenues:						
Secured and unsecured property taxes	10,354,971	-	10,354,971	9,738,208	-	9,738,208
Sales and use taxes	2,862,255	-	2,862,255	2,583,898	-	2,583,898
Other taxes	1,781,022	-	1,781,022	1,697,865	-	1,697,865
Motor vehicle in lieu	144,594	-	144,594	83,854	-	83,854
Loss on Inclusionary Housing Loans	-	-	-	(351,117)	-	(351,117)
Investment Income	415,503	82,942	498,445	440,705	151,998	592,703
Total Revenues	<u>22,635,000</u>	<u>2,658,380</u>	<u>25,293,380</u>	<u>21,519,781</u>	<u>2,647,141</u>	<u>24,166,922</u>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS *(continued)*

### SUMMARY OF CHANGES IN NET ASSETS For the Fiscal Years Ended June 30, 2011 and 2010

	<u>2010-2011</u> <u>Governmental</u> <u>Activities</u>	<u>2010-2011</u> <u>Business-</u> <u>Type Activities</u>	<u>2010-2011</u> <u>Total</u>	<u>2009-2010</u> <u>Governmental</u> <u>Activities</u>	<u>2009-2010</u> <u>Business-</u> <u>Type Activities</u>	<u>2009-2010</u> <u>Total</u>
<b>Program Expenses</b>						
General Government	\$ 2,005,166	\$ -	\$ 2,005,166	\$ 2,210,946	\$ -	\$ 2,210,946
Public Safety	9,418,822	-	9,418,822	9,557,316	-	9,557,316
Community Development	2,829,741	-	2,829,741	2,120,633	-	2,120,633
Community, Recreation & Zoo Services	2,313,018	-	2,313,018	2,073,394	-	2,073,394
Parks & Open Space	709,193	-	709,193	820,451	-	820,451
Public Works	2,912,850	-	2,912,850	2,835,970	-	2,835,970
Sewer	-	2,218,758	2,218,758	-	2,106,796	2,106,796
Transit	-	657,046	657,046	-	634,434	634,434
Interest on long-term debt	1,234,755	-	1,234,755	615,851	-	615,851
Total Expenses	<u>21,423,545</u>	<u>2,875,804</u>	<u>24,299,349</u>	<u>20,234,561</u>	<u>2,741,230</u>	<u>22,975,791</u>
Increase in net assets	1,211,455	(217,424)	994,031	1,285,220	(94,089)	1,191,131
Net assets- beginning	130,731,014	25,257,789	155,988,803	129,445,794	25,351,878	154,797,672
Net assets- ending	<u>\$ 131,942,469</u>	<u>\$ 25,040,365</u>	<u>\$ 156,982,834</u>	<u>\$ 130,731,014</u>	<u>\$ 25,257,789</u>	<u>\$ 155,988,803</u>

Governmental activities increased the City's net assets by \$1,211,455 while business-type activities decreased the City's net assets by \$217,424.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Atascadero uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS *(continued)*

As of June 30, 2011, the City's governmental funds reported combined ending fund balances of \$46,732,970. Approximately 3% (\$1,391,607) of this total amount cannot be spent because it is in a non-spendable form and/or a non-cash form such as prepaid items, long-term notes receivable and long-term advances receivable. The City's governmental funds Unassigned Fund Balance is (-\$11,785,072). The General Fund portion of this (\$5.5 million) is available for any purpose. The remaining Unassigned Fund Balance is the aggregate amount of Other Governmental Funds where expenditures were made prior to receipt of restricted revenues. The Restricted Fund Balance of \$56,471,501 includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. This category of fund balance reflects interfund activity and the activity related to the \$16 million Lease Revenue bonds issued in the Fall of 2010. The Assigned fund balance (\$654,934) is the amount the City intends to use for a specific purpose.

**General Fund** – The General Fund is the chief operating fund of the City. At June 30, 2011, the total fund balance was \$6,920,444 and the spendable unrestricted fund balance was 79% (\$5,468,236) of the total. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total General Fund balance represents 42% of fund expenditures, down from 46% in the prior fiscal year. The General Fund balance decreased \$597,085 during the fiscal year.

**Redevelopment Agency Fund** – The Redevelopment Agency Fund is the primary fund for the Community Redevelopment Agency of Atascadero. At June 30, 2011, the total fund balance was -\$15,816,293. This is a \$25 million swing from the prior fiscal year balance of \$7,012,317. The Redevelopment Agency transferred over \$16 million for debt service related to the Lease Revenue Bonds that were issued during the fiscal year. In addition, the Agency contracted with the City, transferring over \$6.5 million in assets from this fund to the City for construction of certain Redevelopment Agency priority blight elimination projects. See Note 14 for further information regarding the Redevelopment Agency and the effects of AB X1 26.

**Low / Moderate Income Housing Redevelopment Fund** – The Community Redevelopment Agency of Atascadero Low / Moderate Income Housing Fund was established to promote low and moderate income housing in the City of Atascadero. At June 30, 2011, the total fund balance was a negative (\$276,596). This is down significantly from the prior year balance of \$4,801,359 due primarily to a significant capital contract for production of affordable housing units. The Redevelopment Agency contracted with the City, transferring over \$5.5 million in assets to the City from this fund for production of at least 24 affordable housing units. See Note 14 for further information regarding the Redevelopment Agency and the effect of AB X1 26.

**Blight Elimination Projects Fund** – The Blight Elimination Projects Fund accounts for funds deposited with the City for, and costs associated with, the construction of certain contracted blight elimination projects. The City entered into an agreement with the Redevelopment Agency whereby the Agency deposited \$8,179,378 with the City and the City agreed to construct specific blight elimination projects. Any funds remaining upon completion of the projects must be returned to the Agency. At June 30, 2011, the total fund balance was \$8,196,578. See Note 14 for further information regarding the Redevelopment Agency and the effect of AB X1 26.

**Historic City Hall Rehabilitation Fund** – The Historic City Hall Rehabilitation Fund accounts for all of the costs related to the restoration of the Historic City Hall rotunda building after it was severely damaged in the San Simeon Earthquake on December 22, 2003. At June 30, 2011, the total fund balance was \$12,148,093. This is up significantly from the previous year fund balance of \$9,335. In September of 2010, the City issued \$16.0 million in lease revenue bonds. The Redevelopment Agency received the proceeds of the bonds and will reimburse the City for the related debt service payments. Thirteen million dollars of the bond proceeds were transferred to the Historic City Hall Rehabilitation Fund for rehabilitation of the building and grounds. See Note 14 for further information regarding the Redevelopment Agency and the effect of AB X1 26.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS** *(continued)*

**Other Governmental Funds** – These are nonmajor funds of the City and are presented in the basic financial statements in the aggregate and in detail in the supplementary section of this report. At June 30, 2011, these funds had an aggregate fund balance of \$35,560,744. Of this total \$730 is non-spendable and \$592,693 is assigned for specific uses. The Restricted Fund Balance of \$36,127,740 includes \$17.4 million for debt service on the 2010 lease revenue bonds. The remaining unassigned fund balances in the amount of negative \$1,160,419 is the aggregate amount for several funds where expenditures were made prior to receipt of restricted revenues. More information about these nonmajor funds can be found in the combining and individual fund financial statements and schedules.

### **Proprietary Funds**

The City's two enterprise funds provide the same type of information found in the Government-wide Financial Statements, but in more detail. Highlights of the annual activity for these funds have already been presented in the discussion of the business-type activities.

### **Debt Administration**

Debt, considered a liability of governmental activities, increased in FY 2010-2011 by \$15,739,806. Amortization reduced debt by \$420,000, compensated absences increased it by \$147,375, Other Post Employment Benefits increased it by another \$2,431 and the issuance of lease revenue bonds increased debt by \$16 million.

On September 1, 2010, the City of Atascadero issued \$16,010,000 in Lease Revenue Bonds for the Community Redevelopment Agency of Atascadero. The bonds were issued by the City in order to achieve an overall lower interest rate on the bonds. The bond proceeds were transferred to the Redevelopment Agency for use on the Historic City Hall Project and other redevelopment blight elimination projects. These bonds will mature between fiscal years 2014 and 2040, at interest rates ranging from 3.00% to 5.00%. The Agency will make lease payments, from tax increment revenues, to the City in amounts equal to the annual debt service payments on the bonds. The Bonds will then be repaid by the City using these lease revenues. Debt of the business-type activities decreased by \$1,503 in FY 2010-2011 due to a decrease in compensated absences.

### **Cash Management**

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

### **Capital Assets**

The capital assets of the City are those assets that 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 \$107,836,619 and the net capital assets of the business-type activities totaled \$14,794,665. 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, industry 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 Atascadero.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS (continued)

The following table presents summary information on the City's capital assets:

	<u>2010-2011 Governmental Activities</u>	<u>2010-2011 Business-Type Activities</u>	<u>2010-2011 Total</u>	<u>2009-2010 Governmental Activities</u>	<u>2009-2010 Business-Type Activities</u>	<u>2009-2010 Total</u>
Non-Depreciable:						
Land	\$ 41,123,547	\$ 442,044	\$ 41,565,591	\$ 41,123,547	\$ 442,044	\$ 41,565,591
Construction in progress	13,172,145	447,390	13,619,535	8,673,660	421,757	9,095,417
Depreciable:						
Vehicles and equipment	8,306,171	865,167	9,171,338	8,249,498	864,620	9,114,118
Structures and improvements	20,894,367	24,182,732	45,077,099	20,881,011	23,618,968	44,499,979
Infrastructure	55,415,177	-	55,415,177	55,412,984	-	55,412,984
Accumulated Depreciation	<u>(31,074,788)</u>	<u>(11,142,668)</u>	<u>(42,217,456)</u>	<u>(28,894,502)</u>	<u>(10,481,101)</u>	<u>(39,375,603)</u>
Invested in capital assets, net of related debt	<u>\$ 107,836,619</u>	<u>\$ 14,794,665</u>	<u>\$ 122,631,284</u>	<u>\$ 105,446,198</u>	<u>\$ 14,866,288</u>	<u>\$ 120,312,486</u>

### General Fund Budgetary Highlights

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2011, is presented in the required supplementary information to the basic financial statements. The final budget amounts (which are the focus of this discussion) are different from those presented in the 2010-2011 budget document. This is due to changes that occurred between the time that the budget was prepared and fiscal year-end final budget approvals.

The following summarizes the original and final budget compared with actual results for 2010-2011.

<u>General Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues	\$ 16,772,000	\$ 17,408,930	\$ 15,738,386	\$ (1,670,544)
Expenditures	17,956,390	18,555,320	16,516,522	2,038,798
Other Sources (Uses)	154,830	59,830	181,051	121,221
Fund Balance, beginning	<u>7,517,529</u>	<u>7,517,529</u>	<u>7,517,529</u>	<u>-</u>
Fund Balance, ending	<u>\$ 6,487,969</u>	<u>\$ 6,430,969</u>	<u>\$ 6,920,444</u>	<u>\$ 489,475</u>

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS** *(continued)*

The variance between the final budget and the original budget decreased the General Fund ending fund balance by an additional \$57,000. This change reflects a Council approved contribution toward the new library.

### **Economic Factors and Next Fiscal Year's Budget**

The 2011-2012 Operating and Capital budget was significantly affected by the sluggish fiscal environment. Atascadero has been suffering through the challenge of the economic downturn along with other cities, states and nations. Since the last major downswing in the 1990's, the Council has implemented a conservative fiscal strategy. Using this framework, the City has saved money in the good years so that there is a resource to be drawn from in the bad years. This policy has allowed for stable operations and long-term financial sustainability during this time of economic turmoil.

However, this current downturn has been severe and lengthy, and in combination with unavoidable future cost increases, has required the City to make additional cuts to the already lean operating budgets. These cuts have been difficult on the organization, and will have some impact on the community, although the core missions of the organization remain intact and have been fully funded. While services from the public's perspective will be somewhat impacted, the City's ability to tackle new projects or initiatives has been greatly diminished.

There is some good news on the horizon, however. Despite the continued economic gloom in California, Atascadero is enjoying significant new construction of retail space, including the new Galaxy Theatre and surrounding retail outlets. This is great news for the City, socially and financially. Nonetheless, revenue gains from these new projects will not be realized for a few years into the future.

The 2011-2012 budget is the result of significant team work and represents difficult decisions, reductions, compromises and concessions. In preparing the budget, the objective was to provide an effective plan to maintain the Council goals and the City's core services. The Council's top three priorities are:

- Pursuit of Economic Development
- Enhancement of Public Safety
- Stabilization of the City's Finances

To accomplish all of these goals, the 2011-2012 budget includes the planned use of \$1.1 million in reserves, in accordance with the Council's financial strategy.

Legislation recently passed will affect the Community Redevelopment Agency of Atascadero. See Note 14 for additional factors affecting next fiscal year's budget.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT TEAM**

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. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Atascadero, Administrative Services Department, 6907 El Camino Real, Atascadero, CA 93422.

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# **BASIC FINANCIAL STATEMENTS**

**CITY OF ATASCADERO**  
**STATEMENT OF NET ASSETS**  
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 43,589,344	\$ 10,370,079	\$ 53,959,423
Restricted cash and investments:			
Cash with fiscal agents	2,349,550	-	2,349,550
Certificates of deposit	1,633,723	-	1,633,723
Receivables:			
Federal distributions due	2,825,948	280,471	3,106,419
Due from State of California	1,328,312	1,810	1,330,122
Due from County of San Luis Obispo	791,278	55,461	846,739
Accrued interest	73,052	16,308	89,360
Other receivables	267,810	54,106	321,916
Interfund balances	269,672	(269,672)	-
Prepaid expenses	37,255	-	37,255
Notes receivable	3,713,125	-	3,713,125
Deferred charges	437,041	-	437,041
Deposits in excess of estimated claims liability	773,445	-	773,445
Capital assets:			
Non-depreciable:			
Land	41,123,547	442,044	41,565,591
Construction in progress	13,172,145	447,390	13,619,535
Depreciable:			
Equipment	8,306,171	865,167	9,171,338
Structures and improvements	20,894,367	24,182,732	45,077,099
Infrastructure	55,415,177	-	55,415,177
Accumulated depreciation	(31,074,788)	(11,142,668)	(42,217,456)
Total assets	<u>165,926,174</u>	<u>25,303,228</u>	<u>191,229,402</u>

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

**CITY OF ATASCADERO**  
**STATEMENT OF NET ASSETS (continued)**  
**June 30, 2011**

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Accounts payable	\$ 1,576,202	\$ 178,962	\$ 1,755,164
Accrued salaries and compensated absences	598,935	20,188	619,123
Accrued interest payable	378,265	-	378,265
Other payables	13,754	3,006	16,760
Deposits payable	398,227	-	398,227
Deferred revenue	909,469	50,483	959,952
Noncurrent liabilities:			
Due within one year	440,000	-	440,000
Due in more than one year	29,668,853	10,224	29,679,077
Total liabilities	<u>33,983,705</u>	<u>262,863</u>	<u>34,246,568</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	95,007,617	14,794,665	109,802,282
Restricted for:			
Restricted for parks and recreation	1,815,678	-	1,815,678
Restricted for streets, roads and drainage	4,676,689	-	4,676,689
Restricted for redevelopment & housing	685,332	-	685,332
Restricted for debt service	17,464,891	-	17,464,891
Unrestricted	<u>12,292,262</u>	<u>10,245,700</u>	<u>22,537,962</u>
Total net assets	<u>\$ 131,942,469</u>	<u>\$ 25,040,365</u>	<u>\$ 156,982,834</u>

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

**CITY OF ATASCADERO**  
**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	Net Governmental Activities	Net Business-type Activities	Total
Governmental activities:							
General government	\$ 2,005,166	\$ 6,723	\$ 336,652	\$ 1,120,785	\$ (541,006)	\$ -	\$ (541,006)
Public safety	9,418,822	507,941	204,488	70,987	(8,635,406)	-	(8,635,406)
Community development	2,829,741	844,955	143,268	276,582	(1,564,936)	-	(1,564,936)
Community, recreation & zoo services	2,313,018	585,203	72,506	152,215	(1,503,094)	-	(1,503,094)
Parks & open space	709,193	61,737	34,149	117,274	(496,033)	-	(496,033)
Public works	2,912,850	62,001	862,497	1,616,692	(371,660)	-	(371,660)
Interest on long-term debt	1,234,755	-	-	-	(1,234,755)	-	(1,234,755)
Total governmental activities	<u>21,423,545</u>	<u>2,068,560</u>	<u>1,653,560</u>	<u>3,354,535</u>	<u>(14,346,890)</u>	<u>-</u>	<u>(14,346,890)</u>
Business-type activities:							
Sewer	2,261,837	1,824,668	-	-	-	(437,169)	(437,169)
Transit	657,046	105,931	495,533	149,306	-	93,724	93,724
Total business-type activities	<u>2,918,883</u>	<u>1,930,599</u>	<u>495,533</u>	<u>149,306</u>	<u>-</u>	<u>(343,445)</u>	<u>(343,445)</u>
Total government	<u>\$ 24,342,428</u>	<u>\$ 3,999,159</u>	<u>\$ 2,149,093</u>	<u>\$ 3,503,841</u>	<u>(14,346,890)</u>	<u>(343,445)</u>	<u>(14,690,335)</u>
General revenues							
Taxes:							
Secured and unsecured property taxes					10,354,971	-	10,354,971
Sales tax and payments in lieu of sales tax					2,862,255	-	2,862,255
Transient lodging tax					525,530	-	525,530
Franchise taxes					990,037	-	990,037
Business license tax					151,212	-	151,212
Property transfer tax					68,107	-	68,107
Other taxes					46,136	-	46,136
Motor vehicle in lieu					144,594	-	144,594
Investment income					415,503	82,942	498,445
Total general revenues					<u>15,558,345</u>	<u>82,942</u>	<u>15,641,287</u>
Change in net assets					1,211,455	(260,503)	950,952
Net assets at beginning of fiscal year					130,731,014	25,257,789	155,988,803
Net assets at end of fiscal year					<u>\$ 131,942,469</u>	<u>\$ 24,997,286</u>	<u>\$ 156,939,755</u>

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

**CITY OF ATASCADERO**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
June 30, 2011

	General Fund	Redevelopment Agency Fund	Low/Moderate Income Housing Redevelopment Fund	Blight Elimination Projects Fund	Historic City Hall Rehabilitation Fund	Other NonMajor Governmental Funds	Totals
<b>ASSETS</b>							
Cash and investments	\$ 4,105,851	\$ 1,205,252	\$ -	\$ 8,195,946	\$ 11,501,539	\$ 12,617,680	\$ 37,626,268
Restricted cash and investments:							
Cash and investments with fiscal agent	-	-	-	-	-	2,349,550	2,349,550
Certificates of deposit	133,723	1,500,000	-	-	-	-	1,633,723
Receivables:							
Federal distributions due	136,602	-	-	-	881,438	1,289,699	2,307,739
Due from State of California	478,189	-	-	-	458,900	218,450	1,155,539
Due from County of San Luis Obispo	143,456	30,405	10,530	-	-	606,887	791,278
Accrued interest	6,540	2,464	-	12,956	21,069	20,614	63,643
Other receivables	208,653	8,482	-	-	-	50,675	267,810
Due from other funds	1,998,069	176,755	-	-	-	1,621,886	3,796,710
Prepaid items	14,792	-	-	-	910	730	16,432
Notes receivable	-	-	-	-	-	3,713,125	3,713,125
Interfund advances receivable	1,375,175	-	1,335,322	-	-	16,010,000	18,720,497
Total assets	<u>\$ 8,601,050</u>	<u>\$ 2,923,358</u>	<u>\$ 1,345,852</u>	<u>\$ 8,208,902</u>	<u>\$ 12,863,856</u>	<u>\$ 38,499,296</u>	<u>\$ 72,442,314</u>

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

**CITY OF ATASCADERO**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET (continued)**  
June 30, 2011

	General Fund	Redevelopment Agency Fund	Low/Moderate Income Housing Redevelopment Fund	Blight Elimination Projects Fund	Historic City Hall Rehabilitation Fund	Other NonMajor Governmental Funds	Totals
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 468,929	\$ 18,890	\$ 562	\$ 12,324	\$ 715,763	\$ 341,250	\$ 1,557,718
Accrued salaries and benefits	567,183	264	-	-	-	15,194	582,641
Due to other funds	-	-	1,621,886	-	-	1,883,767	3,505,653
Deferred revenue	233,778	-	-	-	-	675,691	909,469
Deposits	398,227	-	-	-	-	-	398,227
Other payables	12,489	-	-	-	-	1,265	13,754
Interfund advances payable	-	18,720,497	-	-	-	21,385	18,741,882
Total liabilities	<u>1,680,606</u>	<u>18,739,651</u>	<u>1,622,448</u>	<u>12,324</u>	<u>715,763</u>	<u>2,938,552</u>	<u>25,709,344</u>
Fund Balances:							
Nonspendable	1,389,967	-	-	-	910	730	1,391,607
Restricted	-	-	-	8,196,578	12,147,183	36,127,740	56,471,501
Assigned for circumstances- development services	62,241	-	-	-	-	-	62,241
Assigned for road projects	-	-	-	-	-	592,693	592,693
Unassigned	<u>5,468,236</u>	<u>(15,816,293)</u>	<u>(276,596)</u>	<u>-</u>	<u>-</u>	<u>(1,160,419)</u>	<u>(11,785,072)</u>
Total fund balances	<u>6,920,444</u>	<u>(15,816,293)</u>	<u>(276,596)</u>	<u>8,196,578</u>	<u>12,148,093</u>	<u>35,560,744</u>	<u>46,732,970</u>
Total liabilities and fund balances	<u>\$ 8,601,050</u>	<u>\$ 2,923,358</u>	<u>\$ 1,345,852</u>	<u>\$ 8,208,902</u>	<u>\$ 12,863,856</u>	<u>\$ 38,499,296</u>	<u>\$ 72,442,314</u>

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

**CITY OF ATASCADERO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2011**

Total fund balances - governmental funds		\$ 46,732,970
In governmental funds, only current assets are reported. In the statement of net assets, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets at historical cost	\$ 109,294,051	
Accumulated depreciation	<u>(22,237,464)</u>	
	Net	87,056,587
Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Long-term assets consist of deposits in excess of estimated claims and judgments.		773,445
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.		
		(378,265)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net assets, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Bonds payable	28,395,000	
Compensated absences payable	1,534,083	
Other Post Employment Benefits	<u>150,263</u>	
		(30,079,346)
In governmental funds, bond issuance costs are expensed when the bonds are issued. In the government-wide statement of activities, the costs are recorded as an asset and amortized over the life of the bond.		
		437,041
Internal service funds are used by management to charge the costs of various City activities to individual governmental and enterprise funds. The unrestricted net assets of the internal service funds are included in the Governmental Activities in the Statement of Net Assets.		
		<u>27,400,037</u>
	Total net assets, governmental activities	<u>\$ 131,942,469</u>

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

**CITY OF ATASCADERO**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2011

	General Fund	Redevelopment Agency Fund	Low/Moderate Income Housing Redevelopment Fund	Blight Elimination Projects Fund	Historic City Hall Rehabilitation Fund	Other NonMajor Governmental Funds	Totals
<b>Revenues:</b>							
Secured and unsecured property taxes	\$ 7,048,088	\$ 1,015,932	\$ 745,780	\$ -	\$ -	\$ 1,545,171	\$ 10,354,971
Taxes based on sales and use	2,862,255	-	-	-	-	-	2,862,255
Franchise tax	990,037	-	-	-	-	-	990,037
Other taxes	744,862	-	-	-	-	-	744,862
Licenses and permits	206,390	-	-	-	-	329,149	535,539
Intergovernmental revenues:							
Motor vehicle in lieu	144,594	-	-	-	-	-	144,594
Grants	179,167	-	-	-	1,627,715	1,298,089	3,104,971
Other governmental revenues	86,676	-	-	-	-	999,447	1,086,123
Charges for services:							
Public safety	387,928	-	-	-	-	-	387,928
Development	699,496	-	-	-	-	-	699,496
Recreation, parks, pavilion and zoo	630,059	-	-	-	-	-	630,059
Other services	37,621	-	-	-	-	-	37,621
Fines and forfeitures	90,655	-	-	-	-	-	90,655
Use of money and property	160,435	431,544	(8,234)	69,403	91,830	9,866	754,844
Other revenues	1,470,123	-	-	-	-	48,563	1,518,686
<b>Total revenues</b>	<b>15,738,386</b>	<b>1,447,476</b>	<b>737,546</b>	<b>69,403</b>	<b>1,719,545</b>	<b>4,230,285</b>	<b>23,942,641</b>

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

**CITY OF ATASCADERO**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)**  
**For the Fiscal Year Ended June 30, 2011**

	General Fund	Redevelopment Agency Fund	Low/Moderate Income Housing Redevelopment Fund	Blight Elimination Projects Fund	Historic City Hall Rehabilitation Fund	Other NonMajor Governmental Funds	Totals
<b>Expenditures:</b>							
Current:							
General government	\$ 2,485,538	\$ -	\$ -	\$ -	\$ 75,767	\$ 9,968	\$ 2,571,273
Public safety	9,130,176	-	-	-	-	72,130	9,202,306
Community development	1,592,486	778,210	271,701	323	18,698	65,772	2,727,190
Community, recreation, and zoo services	1,776,851	-	-	-	8,344	260,705	2,045,900
Parks and open space	564,236	31,084	-	-	-	60,241	655,561
Public works	909,618	23,639	-	-	6,983	1,180,099	2,120,339
Capital outlay	57,617	299,491	-	37,709	2,523,453	1,635,615	4,553,885
Debt service:							
Principal	-	-	-	-	-	420,000	420,000
Interest	-	115,223	-	-	-	1,038,630	1,153,853
Bond Issuance Costs	-	-	-	-	-	282,606	282,606
Total expenditures	<u>16,516,522</u>	<u>1,247,647</u>	<u>271,701</u>	<u>38,032</u>	<u>2,633,245</u>	<u>5,025,766</u>	<u>25,732,913</u>
Excess of revenues over (under) expenditures	<u>(778,136)</u>	<u>199,829</u>	<u>465,845</u>	<u>31,371</u>	<u>(913,700)</u>	<u>(795,481)</u>	<u>(1,790,272)</u>
<b>Other Financing Sources (Uses):</b>							
Bonds Issued	-	-	-	-	-	16,010,000	16,010,000
Premium on bonds issued	-	-	-	-	-	90,283	90,283
Transfers in	276,430	43,030	-	8,179,378	13,052,458	23,846,174	45,397,470
Transfers out	<u>(95,379)</u>	<u>(23,071,469)</u>	<u>(5,543,800)</u>	<u>(14,171)</u>	<u>-</u>	<u>(16,672,651)</u>	<u>(45,397,470)</u>
Total other financing sources and uses	<u>181,051</u>	<u>(23,028,439)</u>	<u>(5,543,800)</u>	<u>8,165,207</u>	<u>13,052,458</u>	<u>23,273,806</u>	<u>16,100,283</u>
Net changes in fund balances	(597,085)	(22,828,610)	(5,077,955)	8,196,578	12,138,758	22,478,325	14,310,011
Fund balances - June 30, 2010	<u>7,517,529</u>	<u>7,012,317</u>	<u>4,801,359</u>	<u>-</u>	<u>9,335</u>	<u>13,082,419</u>	<u>32,422,959</u>
Fund balances - June 30, 2011	<u>\$ 6,920,444</u>	<u>\$ (15,816,293)</u>	<u>\$ (276,596)</u>	<u>\$ 8,196,578</u>	<u>\$ 12,148,093</u>	<u>\$ 35,560,744</u>	<u>\$ 46,732,970</u>

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

**CITY OF ATASCADERO****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2011

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Total net change in fund balances - governmental funds	\$ 14,310,011
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital outlay of \$4,553,883 is greater than depreciation expense \$(1,393,031) in the period.	3,160,852
The issuance of long-term debt, including bond premiums and issuance costs, provides (uses) current financial resources to governmental funds. In the government-wide statements, bonds issued are treated as debt, while premiums are deferred and amortized over the life of the bond. This amount is the net of \$16,010,000 in bond principal issued, plus bond premiums received (\$90,283), less costs associated with issuing the bonds (\$282,606).	(15,817,677)
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities.	420,000
In governmental funds, the issuance costs associated with long-term debt are reported as expenses in the fiscal year debt is issued. In the government-wide statements, the issuance costs are recorded as assets and are amortized over the life of the related debt.	(17,142)
In governmental 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:	(178,983)
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, leave earned exceeded the amounts used by \$141,908	(141,908)
In the statement of activities, some claims and judgment expenses do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	72,340
In the statement of activities, the long-term liability for Other Post Employment Benefits is recognized. The increase in the long-term liability does not require the use of current financial resources and is not reported in governmental funds.	(2,431)
Internal service funds are used by management to charge the costs of various City activities to individual governmental and enterprise funds. The change in the unrestricted net assets of the internal service funds is included in the Governmental Activities in the Statement of Activities. This amount is the net of the change in net assets \$1,995,250 less the contributions of cash and fixed assets from other governmental funds (\$2,588,857).	<u>(593,607)</u>
Changes in net assets of governmental activities	<u>\$ 1,211,455</u>

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

**CITY OF ATASCADERO**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
June 30, 2011

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Wastewater Fund</u>	<u>Transit Fund</u>	<u>Totals</u>	
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 10,370,079	\$ -	\$ 10,370,079	\$ 5,963,076
Receivables:				
Federal distributions due	5,429	275,042	280,471	518,209
Due from State of California	1,810	-	1,810	172,773
Due from County of San Luis Obispo	51,834	3,627	55,461	-
Accrued interest	16,308	-	16,308	9,409
Other receivables	52,511	1,595	54,106	-
Prepaid expenses	-	-	-	20,823
Interfund advances receivable	21,385	-	21,385	-
Total current assets	<u>10,519,356</u>	<u>280,264</u>	<u>10,799,620</u>	<u>6,684,290</u>
Capital Assets:				
Non-depreciable:				
Land	442,044	-	442,044	-
Construction in progress	134,465	312,925	447,390	6,340,053
Depreciable:				
Vehicles and equipment	433,527	431,640	865,167	8,219,418
Structure and improvements	24,056,322	126,410	24,182,732	15,057,885
Accumulated depreciation	<u>(10,770,069)</u>	<u>(372,599)</u>	<u>(11,142,668)</u>	<u>(8,837,324)</u>
Net capital assets	<u>14,296,289</u>	<u>498,376</u>	<u>14,794,665</u>	<u>20,780,032</u>
Total assets	<u>24,815,645</u>	<u>778,640</u>	<u>25,594,285</u>	<u>27,464,322</u>

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

**CITY OF ATASCADERO**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS (continued)**  
**June 30, 2011**

	<b>Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Wastewater Fund</b>	<b>Transit Fund</b>	<b>Totals</b>	
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	\$ 133,077	\$ 45,885	\$ 178,962	\$ 18,484
Accrued salaries and benefits	18,662	1,526	20,188	16,294
Deferred revenue	-	50,483	50,483	-
Due to other funds	-	291,057	291,057	-
Other payables	2,640	366	3,006	-
Noncurrent Liabilities:				
Compensated absences	10,224	-	10,224	29,507
Total liabilities	<u>164,603</u>	<u>389,317</u>	<u>553,920</u>	<u>64,285</u>
<b>NET ASSETS</b>				
Invested in capital assets	14,296,289	498,376	14,794,665	20,780,032
Unrestricted	<u>10,354,753</u>	<u>(109,053)</u>	<u>10,245,700</u>	<u>6,620,005</u>
Total net assets	<u>\$ 24,651,042</u>	<u>\$ 389,323</u>	<u>\$ 25,040,365</u>	<u>\$ 27,400,037</u>

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

**CITY OF ATASCADERO**  
**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
For the Fiscal Year Ended June 30, 2011

	<b>Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Wastewater Fund</b>	<b>Transit Fund</b>	<b>Totals</b>	
<b>Operating Revenues:</b>				
Service fees	\$ 1,782,654	\$ 105,931	\$ 1,888,585	\$ 946,155
Installation, extension and connection fees	38,969	-	38,969	-
Other	3,045	-	3,045	-
Total operating revenues	<u>1,824,668</u>	<u>105,931</u>	<u>1,930,599</u>	<u>946,155</u>
<b>Operating Expenses:</b>				
Salaries and benefits	491,368	41,344	532,712	408,183
Office expense	286	1,513	1,799	611
Advertising	-	1,450	1,450	-
Computer maintenance and replacement	17,290	9,310	26,600	4,870
Insurance	37,139	15,382	52,521	27,000
Occupancy and rental costs	9,381	1,020	10,401	391,406
Utilities	234,532	-	234,532	40,483
Communications	6,406	1,234	7,640	6,185
Operating supplies	94,522	455	94,977	26,491
Vehicle and equipment operating costs	134,990	145,951	280,941	4,229
Contract services	126,955	258,519	385,474	70,932
Professional development	2,411	375	2,786	7,047
Recruitment	-	-	-	392
Franchise fees	34,700	-	34,700	-
Administrative charges	229,400	124,910	354,310	90,320
Special projects:				
Sewer line trench settlement repairs	17,592	-	17,592	-
Manhole repairs	9,913	-	9,913	-
Collection System Video Taping	116,820	-	116,820	-
Salt and Nutrient Management Plan	421	-	421	-
Sewer System Management Plan	1,865	-	1,865	-
Santa Rosa Sewer Improvement	43,079	-	43,079	-
Technology equipment	-	-	-	4,142
Aerial Photo	-	-	-	9,000
Depreciation	<u>609,903</u>	<u>55,583</u>	<u>665,486</u>	<u>880,895</u>
Total operating expenses	<u>2,218,973</u>	<u>657,046</u>	<u>2,876,019</u>	<u>1,972,186</u>
Operating income (loss)	<u>(394,305)</u>	<u>(551,115)</u>	<u>(945,420)</u>	<u>(1,026,031)</u>

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

**CITY OF ATASCADERO**

PROPRIETARY FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (continued)

For the Fiscal Year Ended June 30, 2011

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Wastewater Fund</u>	<u>Transit Fund</u>	<u>Totals</u>	
<b>Non-Operating Revenues (Expenses):</b>				
Transportation Development Act Funds - Operations	\$ -	\$ 276,186	\$ 276,186	\$ -
Section 5307 Revenues - Operations	-	219,347	219,347	-
FEMA Earthquake Repair Grant	-	-	-	280,197
OES Earthquake Repair Grant	-	-	-	93,399
Interest income	86,531	(3,589)	82,942	50,048
Gain / (loss) on sale of capital assets	215	-	215	8,780
	<u>86,746</u>	<u>491,944</u>	<u>578,690</u>	<u>432,424</u>
Total non-operating revenues				
Change in net assets prior to capital contributions	<u>(307,559)</u>	<u>(59,171)</u>	<u>(366,730)</u>	<u>(593,607)</u>
<b>Capital Contributions:</b>				
Capital contributions from other funds	-	-	-	2,588,857
Transportation Development Act Funds - Capital	-	14,609	14,609	-
Section 5307 Revenues - Capital (Transit Center)	-	45,334	45,334	-
Section 5307 Revenues - Capital (Bus Stop Improvements)	-	12,424	12,424	-
ARRA Capital Grant- Bus Shelter/Parking Area	-	1,277	1,277	-
ARRA Capital Grant- Dial A Ride Bus	-	547	547	-
ARRA Capital Grant- Bus Stop Improvements	-	65,330	65,330	-
Prop 1B Grant- Driver & Vehicle Safety	-	3,437	3,437	-
PTMISEA- Driver & Vehicle Safety	-	6,348	6,348	-
	<u>-</u>	<u>149,306</u>	<u>149,306</u>	<u>2,588,857</u>
Total capital contributions				
Change in net assets	<u>(307,559)</u>	<u>90,135</u>	<u>(217,424)</u>	<u>1,995,250</u>
Total net assets, June 30, 2010	<u>24,958,601</u>	<u>299,188</u>	<u>25,257,789</u>	<u>25,404,787</u>
Total net assets, June 30, 2011	<u>\$ 24,651,042</u>	<u>\$ 389,323</u>	<u>\$ 25,040,365</u>	<u>\$ 27,400,037</u>

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

**CITY OF ATASCADERO**  
**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2010

	<b>Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Wastewater Fund</b>	<b>Transit Fund</b>	<b>Totals</b>	
<b>Cash Flows From Operating Activities:</b>				
Receipts from customers	\$ 1,823,700	\$ 117,770	\$ 1,941,470	\$ -
Internal activity - payments from other funds	70,731	-	70,731	946,155
Payments to suppliers of goods and services	(1,164,448)	(659,212)	(1,823,660)	(692,556)
Payments for employee services	(489,792)	(41,125)	(530,917)	(398,717)
Net cash provided (used) by operating activities	240,191	(582,567)	(342,376)	(145,118)
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Receipts from intergovernmental agencies	-	735,460	735,460	-
Net cash provided (used) by non-capital related financing activities	-	735,460	735,460	-
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition of fixed assets	(444,559)	(149,304)	(593,863)	(110,464)
Capital grant proceeds	-	-	-	446,273
Proceeds from sale of capital assets	215	-	215	8,780
Net cash provided (used) by capital and related financing activities	(444,344)	(149,304)	(593,648)	344,589

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

**CITY OF ATASCADERO**  
**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS (continued)**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Wastewater Fund</u>	<u>Transit Fund</u>	<u>Totals</u>	
<b>Cash Flows From Investing Activities:</b>				
Interest income	\$ 102,547	\$ (3,589)	\$ 98,958	\$ 58,439
Principal received on interfund advances	24,886	-	24,886	-
Net cash provided (used) by investing activities	127,433	(3,589)	123,844	58,439
Net increase (decrease) in cash and cash equivalents	(76,720)	-	(76,720)	257,910
Cash and cash equivalents - June 30, 2010	10,446,799	-	10,446,799	5,705,166
Cash and cash equivalents - June 30, 2011	<u>\$ 10,370,079</u>	<u>\$ -</u>	<u>\$ 10,370,079</u>	<u>\$ 5,963,076</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (394,305)	\$ (551,115)	\$ (945,420)	\$ (1,026,031)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	609,903	55,583	665,486	880,895
Change in assets and liabilities:				
Receivables, net	(968)	11,839	10,871	-
Prepaid expenses	-	-	-	(9,442)
Due from other funds	70,731	-	70,731	-
Accounts payable	(42,639)	(14,055)	(56,694)	(6)
Accrued salaries and benefits	3,079	219	3,298	3,999
Due to other funds	-	(85,355)	(85,355)	-
Other payables	(4,107)	317	(3,790)	-
Compensated absences	(1,503)	-	(1,503)	5,467
Net cash provided (used) by operating activities	<u>\$ 240,191</u>	<u>\$ (582,567)</u>	<u>\$ (342,376)</u>	<u>\$ (145,118)</u>

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

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# **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**CITY OF ATASCADERO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The accompanying basic financial statements present the financial activity of the City, which is the primary government, along with the financial activities of its component unit, which is an entity for which the City is financially accountable. Although they are separate legal entities, blended component units are in substance part of the City's operations and are reported as an integral part of the City's basic financial statements. The City's component unit, which is described below, is a blended component unit of the City.

The City Council serves in a separate session as the governing body of the Community Redevelopment Agency of Atascadero, although this Agency is a legal entity apart from the City.

The Community Redevelopment Agency of Atascadero is included as a component unit in the accompanying financial statements. The financial activities of the foregoing entity have been aggregated and merged (termed "blended") with those of the City in the accompanying financial statements, as it meets the criteria for inclusion as set forth in the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39.

The Community Redevelopment Agency of Atascadero was established in 1999, by the City Council, to eliminate blight within the defined project areas by encouraging and assisting planned development of low-income housing and commercial projects. Separate financial statements are prepared by the Community Redevelopment Agency of Atascadero and are available at City Hall offices.

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 United States of America.

The accompanying financial statements are presented on the basis set forth in Governmental Accounting Standards Board Statements No. 34, Basic Financial Statements—Management's Discussion and Analysis—for State and Local Governments; No. 36, Recipient Reporting for Certain Non-Exchange Revenues, an Amendment of GASB Statement No. 33; No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Government – Omnibus; and No. 38, Certain Financial Statement Note Disclosures.

These statements require that the financial statements described below be presented.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

**CITY OF ATASCADERO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

B. Basis of Presentation (continued)

Government-Wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Major Funds

GASB Statement No. 34 defines major funds and requires that the City's major governmental funds are identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures/expenses equal to ten percent of their fund-type total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund

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

Redevelopment Agency Fund

This fund accounts for the operating activities of the Redevelopment Agency. The Agency's primary purpose is to eliminate blighted areas by encouraging the development of residential, commercial, industrial, recreational, and public facilities.

Low/Moderate Income Housing Redevelopment Fund

This fund uses Redevelopment Housing Increment to promote low and moderate income housing within the City.

Blight Elimination Project Fund

This fund is used to complete the Identified Blight Elimination Projects so indicated by the Executive Board of the Atascadero Community Redevelopment Agency. These Projects are key components of the revised Downtown Revitalization Plan and will improve pedestrian, vehicle, and bicycle traffic; provide adequate parking; and improve the economic vitality of the Downtown Core.

Historic City Hall Rehabilitation Fund

This fund accounts for the rehabilitation of the historic City Hall building.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

C. Major Funds (continued)

The City reported the following major proprietary funds:

Wastewater Fund

This fund accounts for the activities associated with the City's sewer plant operation and maintenance.

Transit Fund

This fund accounts for the activities associated with the operation and maintenance of transportation services, such as and including the Dial-a-Ride Transit System.

D. Internal Service Funds

The Internal Service Funds are used to account for services rendered on a cost-reimbursement basis within the City. The City maintains three internal service funds: the Technology Fund, the Vehicle and Equipment Replacement Fund, and the Building Maintenance and Replacement Fund. The Internal Service Funds are presented in total on the Proprietary Funds financial statements. They are included in the governmental activities in the government-wide financial statements since they represent internal governmental activities.

E. Basis of Accounting

The government-wide and proprietary 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and proprietary funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues from nonoperating revenues. Operating revenues generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Wastewater Fund and the Transit Fund are charges to customers for services. The Wastewater Fund also recognizes as operating revenue the installation, extension and connections fees intended to recover the cost of connecting new customers to the system. All revenues not meeting these definitions are reported as non-operating revenues, including non-exchange transactions such as local transportation funds and federal Section 5307 revenues.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

E. Basis of Accounting (continued)

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, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest, and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures/expenses. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

F. Compensated Absences

In compliance with Governmental Accounting Standards Board Statement No. 16, the City has established a liability for accrued vacation, other leave and certain sick leave in relevant funds. For governmental funds, the current liability appears in the respective funds. All vacation, sick and other leave paid is accrued when incurred in the government-wide and proprietary funds financial statements. This liability is set up for the current employees at the current rates of pay. If vacation and certain other leave are not used by the employee during the term of employment, compensation is payable to the employee at the time of retirement or termination. Such compensation is calculated at the employee's prevailing rate at the time of retirement or termination. Each fiscal year, an adjustment to the liability is made based on pay rate changes and adjustments for the current portion. The General Fund is primarily responsible for the repayment of the governmental portion of compensated absences.

G. Property Taxes

California Constitution Article XIII A limits the combined property tax rate to one percent of a property's assessed valuation. Additional taxes may be imposed with voter approval. Assessed value is calculated at one hundred percent of a property's fair value, as defined by Article XIII A, and may be increased no more than two percent per year unless a change in ownership or new construction occurs. The state legislature has determined the method of distributing the one percent tax levy among the various taxing jurisdictions.

Property tax revenues are recognized in the fiscal year for which taxes have been levied, and collected within sixty days of fiscal year end. Property taxes are billed and collected as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/Lien Date(s)	January 1	January 1
Levy Date(s)	July 1	July 1
Due Date(s)	November 1 (50%) February 1 (50%)	August 1
Delinquency Date(s)	December 10 (Nov.) April 10 (Feb.)	August 31

**CITY OF ATASCADERO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2011

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

G. Property Taxes (continued)

The City adopted an alternative method of property tax distribution (the "Teeter Plan"). Under this method, the City receives 100% of its secured property tax levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The City receives payments as a series of advances made by the County throughout the fiscal year. The secured property tax levy is recognized as revenue upon receipt including the final payment, which generally is received within 60 days after the fiscal year end.

H. Capital Assets Additions and Retirements

Capital assets 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 capital assets with costs exceeding a minimum of \$2,500, and with useful lives exceeding one year.

With the implementation of GASB Statement No. 34, the City has recorded all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems.

The City's collection of zoo animals is not capitalized. The collection of animals is held for public education purposes, is well cared for and there is a City commitment to continue the collection.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each fiscal year represents that fiscal 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 fiscal year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets.

Structures and Improvements	3-100 years
Equipment	3-25 years
Infrastructure	15-100 years

I. Estimates

The preparation of 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, requires management to make estimates and 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF ATASCADERO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

J. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Proprietary Funds' "deposits" in the Citywide cash management pool are, in substance, demand deposits and are, therefore, considered cash equivalents for purposes of the statement of cash flows.

K. Performance Bonds

The City receives performance bonds from developers to ensure compliance and completion of projects that affect the City's infrastructure. These commitments may be in the form of cash, certificates of deposit in the City's name, letters of credit, or surety bonds. Upon receipt, these deposits are recorded both as an asset and a liability. For purposes of simplifying the balance sheet, the performance bonds asset account in the amount of \$22,105,390 was netted against the liability account of \$22,269,437 in fiscal year 2011. The net balance in the performance bond deposits liability account at June 30, 2011, was \$164,047 and is included in the "Deposits" liability reported in the basic financial statements.

L. Short-Term Debt

The City has no short-term debt.

M. Long-Term Contracts

The City uses the percentage-of-completion method of accounting for long-term contracts, recognizing the pro rata portion of the contract in the accounting period covered by the contract.

N. Fund Balance

Categories of Fund Balance

In accordance with Government Accounting Standards Board Statement #54, the City classifies fund balances as follows:

Non-spendable- includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints

Restricted- includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation

Assigned- includes fund balance amounts that are constrained for specific purposes by the City through formal action of the City Council and does not lapse at fiscal year end

Unassigned- includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds

**CITY OF ATASCADERO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

N. Fund Balance (continued)

Non-Spendable Fund Balance

The non-spendable fund balance of \$1,391,607 is comprised of amounts reported in non-spendable form and/or not in cash form such as prepaid items, long-term notes receivable and long-term advances receivable.

Assigned Fund Balance

An assigned fund balance of \$62,241 is reported in the General Fund for City general fund contracts that were executed and outstanding at June 30, 2011. In fiscal years 2001/2002 through 2007/2008, the City Council took action moving funds annually to the Capital Projects Fund for major road rehabilitation projects. At June 30, 2011, \$592,693 of these funds remain in the fund and are assigned to be spent on major road rehabilitation projects.

Use of Fund Balance Order

The City budgets and expends funds for each project or expense based on specific identified funding sources that are available now and in the future. This means that at times the City may use unrestricted funds first for a particular project, leaving the eligible restricted funds available for a specific future project; however it is the City's general policy to use restricted amounts first when both restricted and unrestricted amounts are available. Similarly, the City would typically first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Minimum Fund Balance Policy

The City adopted a formal fund balance policy stating that as part of the biennial budget process, fund balance shall be evaluated to determine the prudent level of reserves based on eleven key measurements. The policy further states that except in the case of natural or fiscal emergencies, the City's general fund balance shall not fall below 20% of General Fund expenditures.

Major Special Revenue Funds

The purpose for each major fund may be found in Note 1(C); however each major special revenue fund and its revenue source is listed below:

**Major Special Revenue Fund**

Redevelopment Agency Fund  
Low/Moderate Income Housing Redevelopment Fund

**Revenue Source**

Redevelopment Tax Increment  
Redevelopment Tax Increment

**CITY OF ATASCADERO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2011

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

N. Fund Balance (continued)

Detailed Schedule of Fund Balances

A detailed schedule of fund balances is provided below:

Disclosure of Fund Balance Reported on Balance Sheet June 30, 2011							
	General Fund	Redevelopment Agency Fund	Low/Moderate Income Housing Redevelopment Fund	Blight Elimination Projects Fund	Historic City Hall Rehabilitation Fund	Other NonMajor Governmental Funds	Totals
<b>FUND BALANCES:</b>							
<b>Nonspendable</b>							
Prepaid Items	\$ 14,792	\$ -	\$ -	\$ -	\$ 910	\$ 730	\$ 16,432
Interfund Advances Receivable	1,375,175	-	-	-	-	-	1,375,175
<b>Restricted</b>							
Public Safety	-	-	-	-	-	823,133	823,133
Streets, Roads and Drainage	-	-	-	-	-	4,083,266	4,083,266
Parks, Open Space & Recreation	-	-	-	-	-	1,815,678	1,815,678
Community Development and Blight Elimination	-	-	-	8,196,578	-	119,361	8,315,939
Historic City Hall Rehabilitation	-	-	-	-	12,147,183	-	12,147,183
Affordable Housing	-	-	-	-	-	6,044,039	6,044,039
Debt Service	-	-	-	-	-	23,242,263	23,242,263
<b>Assigned</b>							
Community Development and Blight Elimination	62,241	-	-	-	-	-	62,241
Streets, Roads and Drainage	-	-	-	-	-	592,693	592,693
Unassigned	5,468,236	(15,816,293)	(276,596)	-	-	(1,160,419)	(11,785,072)
<b>Total Fund Balances</b>	<b>\$6,920,444</b>	<b>\$ (15,816,293)</b>	<b>\$ (276,596)</b>	<b>\$ 8,196,578</b>	<b>\$12,148,093</b>	<b>\$35,560,744</b>	<b>\$ 46,732,970</b>

**CITY OF ATASCADERO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2011

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

O. 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." The Statement is effective for periods beginning after June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Implementation of the Statement and the impact on the City's financial statements are explained in Note 1(N) Fund Balances.

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 the 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 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. Budgetary Information

Biennial budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. After adoption of the final budget, transfers of appropriations within a general fund department, or within other funds, can be made by the City Manager or his appointee. Budget modifications between funds, and increases or decreases to a fund's overall budget, must be approved by the City Council or Agency Board. Numerous properly authorized amendments were made during the fiscal year.

Budgetary control is enhanced by integrating the budget into the general ledger accounts. Encumbrance accounting is employed (e.g., purchase orders) to avoid expenditures over budget. Encumbrances outstanding at fiscal year end are automatically re-budgeted in the following fiscal year.

B. Deficit Fund Balances

Deficit fund balances in the following funds exist due to large purchases incurred prior to the receipt of the long-term reimbursing revenues:

General Government Facilities Fees Fund	\$ (314,476)
Fire Aerial Vehicle Impact Fees Fund	\$ (845,943)

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

B. Deficit Fund Balances (continued)

A deficit fund balance of (\$276,596) exists in the Low/Moderate Income Housing Redevelopment Fund due to an overestimation of available funds for commitment. This is a short-term deficit fund balance and should be positive in fiscal year 2011/2012.

A deficit fund balance of (\$15,816,293) exists in the Redevelopment Agency General Fund due to the accounting treatment of advances payable. In September 2010, the City issued \$16,010,000 on behalf of the Redevelopment Agency in order to receive a lower interest rate on the bonds. This \$16,010,000 Agency debt is properly recorded as an advance payable liability of the Redevelopment Agency. The liability will be paid off by the Redevelopment Agency over the next 30 years.

C. Excess of Expenditures over Appropriations

	<u>Excess Expenditures</u>
Special Revenue Funds	
Apple Valley Landscape and Lighting District	\$ 7,573

Expenses exceeded projections in the Apple Valley Landscape and Lighting District due to increased landscape maintenance costs and the expense of increased City oversight.

**CITY OF ATASCADERO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

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**NOTE 3 – CASH AND INVESTMENTS**

Cash balances from all funds are combined and invested to the extent possible, pursuant to the Investment Policy and Guidelines approved by the City Council, as well as State Government Code. The earnings from these investments are allocated monthly to each fund, based on an average of monthly opening and closing balances of cash and investments. Investments are stated at fair value.

Cash and investments at June 30, 2011, consisted of the following:

Pooled Cash and Investments	
Cash and cash equivalents	\$ 158,927
Investments	19,190,028
Local Agency Investment Fund (State Pool)	<u>36,244,191</u>
Total Pooled Cash and Investments	<u>55,593,146</u>
Funds with Fiscal Agents:	
United States Treasury Money Fund	<u>2,349,550</u>
Total Funds with Fiscal Agents	<u>2,349,550</u>
Total Cash and Investments	<u>\$ 57,942,696</u>

Cash and investments are reflected in the accompanying financial statements as follows:

	Governmental Activities	Business- Type Activities	Total
Cash and investments	\$ 43,589,344	\$ 10,370,079	\$ 53,959,423
Cash and investments held by fiscal agents	2,349,550	-	2,349,550
Restricted certificates of deposit	<u>1,633,723</u>	<u>-</u>	<u>1,633,723</u>
Total Cash and Investments	<u>\$ 47,572,617</u>	<u>\$ 10,370,079</u>	<u>\$ 57,942,696</u>

**CITY OF ATASCADERO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

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**NOTE 3 – CASH AND INVESTMENTS (continued)**

A. Deposits with Financial Institutions

For custodial credit risk associated with deposits, the City follows the California Government Code, which requires California financial institutions to secure the City's deposits by pledging government securities as collateral. The fair value of the pledged securities must equal 110% of the City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes equal to 150% of the City's deposits.

At fiscal year end, the City's bank account balance was \$223,523. The entire balance was insured by federal depository insurance. Certificates of Deposit totaling \$14,587,033 are fully insured.

B. State Investment Pool

The fair value of the City's position in the State LAIF pool is the same as the value of the pool shares. The State LAIF pool credit quality is unrated.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. Separate financial statements for LAIF can be obtained by writing Local Agency Investment Fund, Post Office Box 942809, 915 Capitol Mall C-15, Sacramento, CA 94209-0001.

C. Authorized Investments

The City's Investment Policy lists the following as authorized investments:

- Local Agency Investment Fund (LAIF)
- U.S. Government Obligations
- Bankers' Acceptances
- Commercial Paper
- Certificates of Deposit and Passbook Savings Accounts
- Money Market Funds

**CITY OF ATASCADERO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

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**NOTE 3 – CASH AND INVESTMENTS (continued)**

D. Marking Investments to Fair Value (GASB Statement No. 31)

In fiscal year 1997/98, the City adopted Governmental Accounting Standards Board Statement No. 31, which requires that the City's investments be carried at fair value instead of cost. Under GASB Statement No. 31, the City must adjust the carrying value 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 Statement No. 31 applies to all City investments, even if held to maturity and redeemed at full face value. Since the City's policy is to hold all investments to maturity, the fair value adjustments required by GASB Statement No. 31 result in accounting gains or losses (called "recognized" 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 its 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 the requirements of GASB Statement No. 31, the City is reporting the amount of resources which would actually have been available if it had been required to liquidate all of its investments at any fiscal year end.

E. Investments

Investments for the City are summarized below:

<b>Investments</b>	<u>Fair Value</u>	<u>Percent of Portfolio</u>
Government Securities	\$ 4,602,995	8%
Certificates of Deposit	14,587,033	26%
Local Agency Investment Fund (State Pool)	36,244,191	66%
Total Investments Managed by City	<u>\$ 55,434,219</u>	<u>100%</u>
 <b>Investments Held by Fiscal Agents</b>		
United States Treasury Money Fund	\$ 2,349,550	100%
Total Investments Held by Fiscal Agents	<u>\$ 2,349,550</u>	<u>100%</u>

**NOTE 3 – CASH AND INVESTMENTS (continued)**

E. Investments (continued)

	Fair Value	On Demand	Within One Month	One Month to One Year	One to Five Years	Six to Ten Years
<b>Investments</b>						
Government Securities	\$ 4,602,995	\$ -	\$ -	\$ -	\$ 4,602,995	\$ -
Certificates of Deposit	14,587,033	-	750,458	3,260,838 *	10,442,014	133,723 **
Local Agency Investment Fund (State Pool)	36,244,191	36,244,191	-	-	-	-
Total Investments Managed by City	<u>\$ 55,434,219</u>	<u>\$36,244,191</u>	<u>\$ 750,458</u>	<u>\$ 3,260,838</u>	<u>\$ 15,045,009</u>	<u>\$ 133,723</u>
Percentage of Portfolio	100%	65%	1%	6%	27%	0%

\* \$1,500,000 in certificates of deposit with a local bank, service as a loan guarantee for Colony Square Commercial Development, approved by the Redevelopment Agency Board April 14, 2009.

\*\* \$133,723 in certificates of deposit with a local bank, serving as collateral for the Local Road Improvement Loan Program, approved by Council June 14, 2005.

*Interest Rate Risk.* This is the risk that the market value of securities in the portfolio will fall, due to changes in general interest rates. In accordance with its Investment Policy, the City mitigates interest rate risk by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pool.

*Credit Risk.* This is the risk of loss due to the failure of the security issuer or backer. The City mitigates credit risk by:

- Limiting investments to the safest types of securities.
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business.
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by Nationally Recognized Statistical Rating Organizations (NRSROs). It is the City’s policy to limit its investments in these investment types to the top rating issued by NRSROs. The City does not hold any commercial paper or corporate bonds. Government securities held by the City are rated AAA, the top rating issued by NRSROs. The City’s investment in the State LAIF pool is unrated, as are the investments in the Certificates of Deposit.

**NOTE 3 – CASH AND INVESTMENTS (continued)**

E. Investments (continued)

	Fair Value	Rating as of June 30, 2011	
		AAA	Not Rated
<b>Investments</b>			
Government Securities	\$ 4,602,995	\$ 4,602,995	\$ -
Certificates of Deposit	14,587,033	-	14,587,033
Local Agency Investment Fund (State Pool)	36,244,191	-	36,244,191
Total Investments Managed by City	<u>\$ 55,434,219</u>	<u>\$ 4,602,995</u>	<u>\$ 50,831,224</u>

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments in government securities are held in trust by Union Bank and are exposed to custodial credit risk because these investments are uninsured and collateralized with securities held by the Union Bank's trust department or agency, but not in the City's name. The amounts held under this custodial arrangement are not limited by the City's Investment Policy.

*Concentration Credit Risk.* The City's Investment Policy provides guidelines (by type of investment vehicle that limits either the dollar amount, the percent of the portfolio or the maturity term) for diversifying the investment portfolio so that potential losses on individual securities will be minimized. The City's Investment Policy outlines the following criteria related to portfolio diversification:

- No more than forty percent (40%) of the City's portfolio shall be invested in U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations, which have a liquid market with a readily determinable market value.
- Up to forty percent (40%) of the City's portfolio may be invested in bankers' acceptances that are defined as bills of exchange or time drafts, drawn on and accepted by a commercial bank, which are eligible for purchase by the Federal Reserve System, although no more than thirty percent (30%) of the portfolio may be invested in bankers' acceptances with any one commercial bank. Additionally, the maturity periods cannot exceed 180 days.
- A maximum of twenty-five percent (25%) of the City's portfolio may be invested in highest tier (e.g., A-1, P-1, F-1 or D-1 or higher) commercial paper as rated by Moody's or Standard and Poor's rating service. Issuing corporations must be organized and operating in the United States, have \$500 million total assets, and have at least an "A" rating (by Moody's or Standard and Poor's) on debt other than commercial paper. The maturity period cannot exceed 270 days. Purchases of eligible commercial paper may not exceed 10% of the outstanding paper of an issuing corporation.
- There is no limit as to the amount of the investment portfolio that may be deposited in certificates of deposit or passbook savings accounts. The minimum requirements for certificate of deposit investments shall be:
  - Investments and accrued interest shall never exceed the FDIC insurance limit in any one institution.
  - Qualified institutions must have a minimum equity ratio of 6% and a minimum capitalization of \$10,000,000.
- Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec 80a-1 et seq.) shall not exceed twenty percent (20%) of the agency's surplus money that may be invested pursuant to the City's Investment Policy.

**NOTE 3 – CASH AND INVESTMENTS (continued)**

F. Funds with Fiscal Agents

The City had \$2,349,550 in cash and investments as of June 30, 2011, held by fiscal agents pledged for the payment or security of certain bonds. Investments held by fiscal agents consist of \$79,500 held by the trustee for the 1993 Camino Real Improvement Bonds, \$123 for the 1992 Street Improvement Bonds, \$852,423 for the 2005 Redevelopment Agency Tax Allocation Bonds and \$1,417,504 for the 2010 Lease Revenue Bonds. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments its fiscal agents may make.

**NOTE 4 – CAPITAL ASSETS**

A. Capital Assets Additions and Retirements

Capital assets activity in the Governmental Activities for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers Between Assets</u>	<u>Balance June 30, 2011</u>
<b>Governmental Activities</b>					
Non-Depreciable Capital Assets					
Land	\$ 41,123,547	\$ -	\$ -	\$ -	\$ 41,123,547
Construction in progress	8,673,660	4,498,485	-	-	13,172,145
Total non-depreciable capital assets	<u>49,797,207</u>	<u>4,498,485</u>	<u>-</u>	<u>-</u>	<u>54,295,692</u>
Depreciable Capital Assets					
Vehicles and equipment	8,249,498	150,313	(93,640)	-	8,306,171
Structures and improvements	20,881,011	13,356	-	-	20,894,367
Infrastructure	55,412,984	2,193	-	-	55,415,177
Total depreciable capital assets	84,543,493	165,862	(93,640)	-	84,615,715
Less Accumulated Depreciation	<u>(28,894,502)</u>	<u>(2,273,926)</u>	<u>93,640</u>	<u>-</u>	<u>(31,074,788)</u>
Net depreciable capital assets	<u>55,648,991</u>	<u>(2,108,064)</u>	<u>-</u>	<u>-</u>	<u>53,540,927</u>
Net governmental capital assets	<u>\$ 105,446,198</u>	<u>\$ 2,390,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,836,619</u>

**CITY OF ATASCADERO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 June 30, 2011

**NOTE 4 – CAPITAL ASSETS (continued)**

A. Capital Assets Additions and Retirements (continued)

Capital assets activity in the Business-Type Activities for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers Between Assets</u>	<u>Balance June 30, 2011</u>
<b>Business-Type Activities</b>					
Non-Depreciable Capital Assets					
Land	\$ 442,044	\$ -	\$ -	\$ -	\$ 442,044
Construction in progress	421,757	593,317	-	(567,684)	447,390
Total non-depreciable capital assets	<u>863,801</u>	<u>593,317</u>	<u>-</u>	<u>(567,684)</u>	<u>889,434</u>
Depreciable Capital Assets					
Vehicles and equipment	864,620	547	-	-	865,167
Structures and improvements	23,618,968	-	(3,920)	567,684	24,182,732
Total depreciable capital assets	24,483,588	547	(3,920)	567,684	25,047,899
Less Accumulated Depreciation	<u>(10,481,102)</u>	<u>(665,486)</u>	<u>3,920</u>	<u>-</u>	<u>(11,142,668)</u>
Net depreciable capital assets	<u>14,002,486</u>	<u>(664,939)</u>	<u>-</u>	<u>567,684</u>	<u>13,905,231</u>
Net business-type capital assets	<u>\$ 14,866,287</u>	<u>\$ (71,622)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,794,665</u>

B. Depreciation Allocations

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program were as follows:

**Governmental Activities:**

General government	\$ 53,308
Public safety	402,095
Community development	91,352
Community, recreation & zoo services	289,400
Parks & open space	111,708
Public works	<u>1,326,063</u>
Total Depreciation Expense- Governmental Activities	<u>\$ 2,273,926</u>

**NOTE 4 – CAPITAL ASSETS (continued)**

B. Depreciation Allocations (continued)

**Business-Type Activities:**

Sewer	\$ 609,903
Transit	<u>55,583</u>
Total Depreciation- Business-Type Activities	<u>\$ 665,486</u>

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES, AND TRANSFERS**

A. Interfund Receivables and Payables

Due to/due from other funds consist of short-term interfund loans made for the purposes of cash flows. They are expected to be repaid by the borrowing fund within one year. The composition of due to/due from balances at June 30, 2011, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 1,707,012
General Fund	Transit Fund	291,057
Nonmajor Governmental Funds	Low/Moderate Income Housing Redevelopment Fund	1,621,886
Redevelopment Agency Fund	Nonmajor Governmental Funds	<u>176,755</u>
Total		<u>\$ 3,796,710</u>

B. Interfund Advances

Interfund advances consist of formal long-term interfund loans between funds. Each interfund advance has an underlying loan agreement and specific loan re-payment schedule that exceeds one year. The composition of interfund advance balances at June 30, 2011, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Redevelopment Agency Fund	\$ 1,375,175
Low / Moderate Income Housing Redevelopment Fund	Redevelopment Agency Fund	1,335,322
Nonmajor Governmental Fund	Redevelopment Agency Fund	16,010,000
Wastewater Fund	Nonmajor Governmental Fund	<u>21,385</u>
Total		<u>\$18,741,882</u>

**CITY OF ATASCADERO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

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**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES, AND TRANSFERS (continued)**

B. Interfund Advances (continued)

There is a formal agreement adopted by the City Council setting the terms, conditions and repayment schedule for each interfund advance. Each advance has a specific purpose as follows:

- The General Fund /Redevelopment Agency advance balance is comprised of three separate advances to the Redevelopment Agency Fund.  
1998 Advance - In November of 1998, the City began advancing funds to the Agency for start-up costs, and continued to advance funds through June 2000 under this agreement. Funds advanced under this loan agreement total \$155,175 and carry an interest rate of the LAIF stated rate plus 3% each month.  
  
2001 Advance - In fiscal year 2001, the Agency and the City entered into a revolving loan agreement to cover operating costs. This loan amount may not exceed \$500,000 at any one time and carries a 9% interest rate. As needed during the course of each fiscal year, the Agency will pay off this revolving advance payable and immediately receive a new \$500,000 advance from the City. This allows the Agency to spend these loaned amounts from the City on operational expenditures. It was not necessary to revolve this loan during the current fiscal year. At June 30, 2011, the outstanding balance on this advance was \$500,000.  
  
2002 Advance - During fiscal year 2002, \$720,000 was advanced to the Agency for the purchase of property. Interest on this advance is 9%.
- The interfund loan from the Low/Moderate Income Housing Redevelopment Fund to the Redevelopment Agency Fund was made in 2010 in order to make the 2010 SERAF payment to the State. The loan is scheduled to be paid in one lump sum during fiscal year 2014/2015.
- In September of 2010, the City issued \$16,010,000 in bonds on behalf of the Redevelopment Agency in order for the Agency to achieve and overall lower debt service cost. At the time of the bond issuance, a reimbursement agreement was entered into whereby the City advanced the Agency the proceeds of the bond and the Agency is required to make annual payments to the City in the amount of the debt service on the bonds. Annual principal payments on the advance are required between fiscal years 2014 and 2040, at interest rates ranging from 3.0% to 5.0%.
- The interfund advance from the Wastewater Fund to the Assessment District #9 Fund is for a sewer improvement project and is expected to be paid in full during fiscal year 2011/2012.

C. Interfund Transfers

Interfund transfers were made as follows:

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, ADVANCES, AND TRANSFERS (continued)**

D. Interfund Transfers (continued)

\$ 840	Transfer from the General Fund to the De Anza Landscape & Lighting Fund for open space maintenance
56,539	Transfer from the General Fund to the Library Expansion Facilities Fees Fund for a portion of the City's contribution to the purchase of the new library facility
38,000	Transfer from the General Fund to the Redevelopment Agency General Fund for tourism, marketing and promotion
5,030	Transfer from the Business Improvement Association Fund to Redevelopment Agency General Fund for tourism, marketing and promotion
276,430	Transfer from the Community Facilities District Fund to the General Fund for fire, police and park services
445,966	Transfer from the Redevelopment General Fund to the 2010 Bond Debt Service Fund for debt service
46,635	Transfer from the Redevelopment Agency General Fund to the Capital Projects Fund for the Lake Park Frontage Improvement Project
6,271	Transfer from Gas Tax Fund to CDBG Fund for sidewalk barrier removal
222	Transfer from the Traffic Congestion Relief Fund Fund to the Gas Tax Fund for street maintenance
531	Transfer from the Local Transportation Fund to the Capital Projects Fund for the Atascadero Creek Trail Project
12,144	Transfer from the Amapoa Tecorida Fees Fund to the Storm Drain Facilities Fees Fund for the 2006 Marchant Avenue Drainage Project
362	Transfer from the Redevelopment Agency 2005 Bond Fund to the Capital Projects Fund for the Downtown Streetscape II Project
14,171	Transfer from the Blight Elimination Fund to the Capital Projects Fund for the Downtown Streetscape III Project
21,208	Transfer from the Redevelopment Agency 2005 Bond Fund to the Capital Projects Fund for the Downtown Streetscape III Project
268,562	Transfer from the Local Transportation Fund to the Capital Projects Fund for the Downtown Streetscape III Project
381	Transfer from the Local Transportation Fund to the Public Works Impact Fees Fund for a portion of the Lewis Avenue Bridge Project
381	Transfer from the Capital Projects Fund to the Public Works Impact Fees Fund for a portion of the Lewis Avenue Bridge Project
763	Transfer from the 2005 Redevelopment Bond Project Fund to the Public Works Impact Fees Fund for a portion of the Lewis Avenue Bridge Project
16,010,000	Transfer of bonds issued from the Redevelopment Agency Fund to the 2010 Redevelopment Bond Project Fund
1,417,398	Transfer from the 2010 Redevelopment Bond Project Fund to the 2010 Bond Debt Service Fund for cash with fiscal agent required to be held by the City
237,797	Transfer from the 2005 Redevelopment Bond Project Fund to the Blight Elimination Projects Fund for contracted blight elimination projects
1,425,171	Transfer from the 2010 Redevelopment Bond Project Fund to the Blight Elimination Projects Fund for contracted blight elimination projects
6,516,410	Transfer from the Redevelopment Agency General Fund to the Blight Elimination Projects Fund for specific contracted blight elimination projects
52,458	Transfer from the Redevelopment Agency General Fund to the Historic City Hall Rehabilitation Fund for prior fiscal year project costs
13,000,000	Transfer from the 2010 Bond Project Fund to the Historic City Hall Rehabilitation Fund for the Historic City Hall Project
5,543,800	Transfer from the Redevelopment Agency Low/Moderate Income Housing Fund to the Low Moderate Housing Production Fund for the production of affordable housing

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\$ 45,397,470

**NOTE 6 – LONG-TERM DEBT**

A. Compensated Absences

City employees accumulate earned but unused vacation and certain other leave pay benefits which can be converted to cash at termination of employment. In the statement of activities, the expenditure is allocated to each function based on usage. The vested benefits payable in accordance with various collective bargaining agreements at June 30, 2011, total \$1,563,590 for governmental activities and \$10,224 for business-type activities.

B. 1999 Camino Real Limited Obligation Refunding Improvement Bonds

On February 17, 1999, the City issued \$1,590,000 of Limited Obligation Refunding Bonds in order to refund the 1993 Camino Real Improvement Bonds. The City is required to make principal payments in amounts that range from \$40,000 to \$160,000 annually on September 2 of each year to 2013. Interest payments are due semi-annually on each March 2 and September 2. The interest payments made through maturity are based on an interest rate of between 4.40% and 5.75%. The City is contingently liable on the bonds, as defined by Statement No. 6 of the Governmental Accounting Standards Board.

Fiscal Year Ending June 30,	1999 Camino Real Limited Obligation Refunding Improvement Bonds	
	Principal	Interest
2012	\$ 145,000	\$ 21,846
2013	150,000	13,475
2014	160,000	4,600
	<u>\$ 455,000</u>	<u>\$ 39,921</u>

**NOTE 6 – LONG-TERM DEBT (continued)**

C. 2005 Redevelopment Agency Tax Allocation Bonds

The Atascadero Community Redevelopment Agency issued \$12,490,000 in Tax Allocation bonds for improvements to the downtown core. These bonds will mature between fiscal years 2011 and 2035, at interest rates ranging from 3.00% to 5.00%. The Bonds will be repaid with the Agency's Tax Increment Revenues.

The following is a summary of principal and interest payments to be made in future fiscal years:

Fiscal Year Ending June 30,	2005 Redevelopment Agency Tax Increment Bonds	
	Principal	Interest
2012	\$ 295,000	\$ 551,368
2013	305,000	541,020
2014	315,000	529,929
2015	325,000	517,523
2016	340,000	504,222
2017-2021	1,915,000	2,289,935
2022-2026	2,390,000	1,799,995
2027-2031	3,030,000	1,143,687
2032-2035	3,015,000	310,625
	<u>\$ 11,930,000</u>	<u>\$ 8,188,304</u>

**NOTE 6 – LONG-TERM DEBT (continued)**

D. 2010 Lease Revenue Bonds

On September 1, 2010, the City of Atascadero issued \$16,010,000 in Lease Revenue Bonds for the Community Redevelopment Agency of Atascadero. The bonds were issued by the City in order to achieve an overall lower interest rate on the bonds. The bond proceeds were transferred to the Redevelopment Agency for use on the Historic City Hall Project and other redevelopment blight elimination projects. These bonds will mature between fiscal years 2014 and 2040, at interest rates ranging from 3.0% to 5.0%. The Agency will make payments, from tax increment revenues, to the City in amounts equal to the annual debt service payments on the bonds. The Bonds will then be repaid by the City using these revenues.

The following is a summary of principal and interest payments to be made in future fiscal years:

Fiscal Year Ending June 30,	2010 Lease Revenue Bonds	
	Principal	Interest
2012	\$ -	\$ 764,512
2013	-	764,513
2014	-	764,512
2015	210,000	761,363
2016	215,000	754,450
2017-2021	1,215,000	3,651,775
2022-2026	1,460,000	3,385,094
2027-2031	1,830,000	3,007,750
2032-2036	3,180,000	2,469,500
2037-2040	7,900,000	1,026,250
	<u>\$ 16,010,000</u>	<u>\$ 17,349,719</u>

**CITY OF ATASCADERO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2011

**NOTE 6 – LONG-TERM DEBT (continued)**

D. Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Payments	Balance June 30, 2011	Due Within One Year
<b>Governmental Activities:</b>					
<b>Bonds Payable:</b>					
Camino Real 1999 Limited Obligation Refunding Improvement Bonds	\$ 590,000	\$ -	\$ (135,000)	\$ 455,000	\$ 145,000
2005 Redevelopment Bonds	12,215,000	-	(285,000)	11,930,000	295,000
2010 Lease Revenue Bonds	-	16,010,000	-	16,010,000	-
Compensated Absences	1,416,215	147,375	-	1,563,590	-
Other Post Employment Benefits	147,832	4,831	(2,400)	150,263	-
<b>Total Governmental Activities</b>	<b>\$ 14,369,047</b>	<b>\$ 16,162,206</b>	<b>\$ (422,400)</b>	<b>\$ 30,108,853</b>	<b>\$ 440,000</b>
<b>Business-type Activities:</b>					
Compensated Absences	\$ 11,727	\$ -	\$ (1,503)	\$ 10,224	\$ -
<b>Total Business-type Activity</b>	<b>\$ 11,727</b>	<b>\$ -</b>	<b>\$ (1,503)</b>	<b>\$ 10,224</b>	<b>\$ -</b>

**NOTE 7 - EMPLOYEE RETIREMENT BENEFITS**

A. Public Employees' Retirement System (PERS)

Plan Description

The City of Atascadero's 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. The City of Atascadero contributes to a risk pool under PERS which is part of the Public Agency portion of the California Public Employees' Retirement System, (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within 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 (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, Post Office Box 942701, Sacramento, CA 94229-2701.

**CITY OF ATASCADERO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2011

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**NOTE 7 - EMPLOYEE RETIREMENT BENEFITS (continued)**

A. Public Employees' Retirement System (PERS) (continued)

Funding Policy

Active plan members in the CalPERS are required to contribute 8% for miscellaneous members or 9% for safety members of their annual covered salary. The City makes 5.85% (of the 8%) of the contributions required of miscellaneous City employees and 9% (of the 9%) of the contributions required of safety employees on their behalf and for their account. The City of Atascadero 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 required employer contribution rate for the fiscal year 2010-2011 was 13.242% for miscellaneous employees and 24.907% for safety employees. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. The City's contributions to CalPERS for the fiscal year ending June 30, 2011, 2010, and 2009, were \$1,533,259, \$1,536,988, and \$1,696,714 respectively and equal 100% of the required contributions for each year.

B. Defined Contribution Plan

The City offers a defined contribution plan, Nationwide Retirement Solutions, for those employees that are excluded from CalPERS membership due to part-time or elected status. The plan is approved as an FICA substitute. Members contribute 5% and the City contributes 2.5%. Total employee contributions for the year were \$11,814, and total contributions from the City were \$5,907. Nationwide Retirement Solutions is the public employee plan subsidiary of Nationwide Financial Services, Inc. (NYSE: NFS).

**NOTE 8 – OTHER POST EMPLOYMENT BENEFITS**

A. Other Post Employment Benefits

Plan Description

In addition to the CalPERS pension benefits described above, the City provides post-retirement health benefits for Executive Management (City Council, City Manager, and Department Heads). The City agreed to reimburse the retiree for retiree and/or retiree's dependent health (medical/dental/vision) insurance premiums, disability insurance, long-term health care or life insurance premiums up to a maximum of \$200 per month. The benefit is available upon retirement from CalPERS or other similar retirement program after age 50, and the employee must have served for eight years with the City. The benefit extends between the date of retirement and age 65. Currently, there is one person receiving benefits and eleven other people that may become eligible for benefits under this program.

Funding Policy

The City accounts for this benefit on a pay-as-you-go basis. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay for benefits and administrative costs. These expenditures are paid as they come due. In fiscal year ended, June 30, 2011, the City's total contributions were \$2,400.

**CITY OF ATASCADERO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

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**NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (continued)**

A. Other Post Employment Benefits (continued)

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$	17,585
Interest on net OPEB obligation		527
Adjustment to annual required contribution		(13,281)
Annual OPEB cost (expense)		<u>4,831</u>
Contributions made		<u>(2,400)</u>
Increase (decrease) in net OPEB obligation		2,431
Net OPEB obligation, beginning of fiscal year		<u>147,832</u>
Net OPEB obligation, end of fiscal year	\$	<u><u>150,263</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and 2010, were as follows:

<u>For Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Const Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 18,334	13.1%	\$ 143,238
2010	\$ 6,994	34.3%	\$ 147,832
2011	\$ 4,831	49.7%	\$ 150,263

**NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (continued)**

A. Other Post Employment Benefits (continued)

Funded Status and Funding Progress

As of June 30, 2011, the actuarial accrued liability for benefits was \$150,263, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,143,344, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 13.1 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision 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, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

*Retirement age for active employees* – Based on the historical average retirement age for the covered group, public safety active plan members were assumed to retire at age 50, or at the first subsequent year in which the member would qualify for benefits and other active plan members were assumed to retire at age 55, or at the first subsequent year in which the member would qualify for benefits.

*Mortality* – All active and inactive plan members were expected to live through age 65 (the age that benefits terminate).

*Turnover* – Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement/age and for development of an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 3.0 percent was used. In addition, a simplified version of the projected unit credit and level cost method was used. The remaining amortization period at June 30, 2011, was thirty years.

**CITY OF ATASCADERO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2011

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**NOTE 9 – REVENUE LIMITATIONS IMPOSED BY CALIFORNIA PROPOSITION 218**

Proposition 218, which was approved by voters in November 1996, will regulate the City's ability to impose, increase and extend taxes, assessments, and fees. Any new, increase, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future years by the voters.

**NOTE 10 - RISK MANAGEMENT**

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Atascadero 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 lines of coverage. The California JPIA 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 nine-member Executive Committee.

B. 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. This initial funding is paid at the beginning of 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.

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 \$30,000 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 \$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 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 two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2010-11 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.

**NOTE 10 - RISK MANAGEMENT (continued)**

B. Self-Insurance Programs of the Authority (continued)

Liability (continued)

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by 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.

Workers' Compensation

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 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.

C. Purchased Insurance

Pollution Legal Liability Insurance

The City of Atascadero participates in the pollution legal liability insurance program (formerly 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 Atascadero. 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 Atascadero participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Atascadero property is currently insured according to a schedule of covered property submitted by the City of Atascadero to the Authority. City of Atascadero property currently has all-risk property insurance protection in the amount of \$41,836,271. 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.

**CITY OF ATASCADERO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

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**NOTE 10 - RISK MANAGEMENT (continued)**

C. Purchased Insurance (continued)

Crime Insurance

The City of Atascadero purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

Special Event Tenant User Liability Insurance

The City of Atascadero 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 Atascadero according to a schedule. The City of Atascadero then pays for the insurance. The insurance is arranged by the Authority.

D. Adequacy of Protection

During the past three fiscal 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 or insured liability coverage in 2010-11.

E. Unemployment

The City is fully self-insured for unemployment claims.

F. Self Insurance

The City retains the risk for losses incurred prior to joining the 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 for claims prior to joining the Authority. Losses are debited and investment income is credited to specific member accounts. The City has not incurred any losses in excess of insurance coverage.

**NOTE 10 - RISK MANAGEMENT (continued)**

F. Self Insurance (continued)

Self-insurance activity as of and for the fiscal year ended June 30, 2011, is summarized as follows:

	<b>Workers'</b>
	<b>Compensation</b>
Interest earnings and other income	\$ 6,738
Claims expense	107,998
Estimated liability for reported claims and settlement expenses	557,600
Assets on deposit	<u>1,331,045</u>
Assets in excess of (less than) liabilities	<u><u>\$ 773,445</u></u>

Changes in the balances of claim liabilities during the past two fiscal years are as follows:

	<b>Workers'</b>
	<b>Compensation</b>
Deposits June 30, 2009	\$ 601,150
Claim payments and related expenditures	(91,915)
Decrease in estimated claims liability June 30, 2010	182,800
Deposits and interest earnings	<u>9,070</u>
Deposits (unpaid claims liability) June 30, 2010	701,105
Claim payments and related expenditures	(107,998)
Decrease in estimated claims liability June 30, 2011	173,600
Deposits and interest earnings	<u>6,738</u>
Deposits (unpaid claims liability) June 30, 2011	<u><u>\$ 773,445</u></u>

**CITY OF ATASCADERO**

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2011

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**NOTE 11 – CONTINGENCIES AND COMMITMENTS**

According to the City's attorney, no contingent liabilities are outstanding and no lawsuits of any significant financial consequence are pending or the risks are covered by the City's insurance programs.

The City had received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

The City leases office space at 6907 El Camino Real in Atascadero. The renewed lease term began March 1, 2010 and continues through December 31, 2012. The rate is \$31,133 per month. The City may terminate the lease at any time with 60 days notice.

Construction and other significant commitments as of June 30, 2011, including encumbrances outstanding at fiscal year end, are as follows:

General Fund	\$	62,241
Redevelopment Agency Fund		33,835
Low / Moderate Income Housing Fund		35,971
Community Development Block Grant Fund		15,318
Gas Tax Fund		11,273
Local Transportation Fund		500
Storm Drainage Facilities Fees Fund		30,757
Capital Projects Fund		444,409
Blight Elimination Projects Fund		11,000
2005 Redevelopment Bond Project Fund		147,730
Historic City Hall Rehabilitation Fund		21,366,077
Wastewater Fund		89,251
Transit Fund		49,979
Building Maintenance and Replacement Fund		93,758
Total	\$	<u>22,392,099</u>

**NOTE 12 – NET ASSETS**

GASB Statement No. 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

A. Net Assets

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions under GASB Statement No. 34. These captions apply only to Net Assets, which is determined only at the government-wide level, and are described below:

Invested in capital assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes. Restricted Net Assets includes \$25,083,786 restricted by enabling legislation.

Unrestricted describes the portion of Net Assets which is not restricted as to use.

**NOTE 13 – SUBSEQUENT EVENTS**

On June 29, 2011, the California Governor signed Assembly Bills X1 26 and X1 27 as part of the State's budget package. Assembly Bill X1 26 required each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provided a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program (VARP). Under this program, each city could adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-2012 and annual payments each fiscal year thereafter. The City of Atascadero adopted such an ordinance of August 9, 2011.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011, on behalf of cities, counties and redevelopment agencies, petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that these bills violated the California Constitution. On December 29, 2011 the Court issued an opinion in the case, upholding AB X1 26 and invalidating AB X1 27. As a result, all California redevelopment agencies were dissolved effective February 1, 2012 and no opportunity to participate in the VARP is available.

The legislation requires the creation of successor agencies and oversight boards to continue to satisfy enforceable obligations of each former RDA and to administer the dissolution and wind down of each dissolved RDA. The City of Atascadero is acting as the successor agency for the Community Redevelopment Agency of Atascadero and is also acting as the Housing Successor Agency for the Housing funds. February 1, 2012 is the effective date of asset transfers from the dissolved RDA to the successor agencies. Assets of the Agency will eventually be transferred to the County Assessor to be distributed among the taxing entities in the County.

**NOTE 13 – SUBSEQUENT EVENTS (continued)**

The legislation adopted in June 2011 also retroactively limits the transfers that occurred between the Agency and the City after January 1, 2011. In addition to several agreements entered into on January 14, 2011 between the Agency and City which required the transfer of assets, there were many other transfers from the Agency to the City during this time period. These transfers may be affected by AB X1 26 and could be invalidated by the State Controller.

Agencies throughout California, including the City of Atascadero, continue to evaluate AB X1 26 and understand its effects. The details of the outcome are unknown as this time. Additional clarification is expected to come from the State Department of Finance, Legislature, and professional best practices.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - SUMMARY

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Secured and unsecured property taxes	\$ 7,462,140	\$ 7,462,140	\$ 7,048,088	\$ (414,052)
Taxes based on sales and use	2,931,100	2,931,100	2,862,255	(68,845)
Franchise tax	1,103,460	1,103,460	990,037	(113,423)
Other taxes	640,970	640,970	744,862	103,892
Licenses and permits	211,350	211,350	206,390	(4,960)
Intergovernmental revenues:				
Motor vehicle in-lieu and related payments	75,000	75,000	144,594	69,594
Other governmental revenues	93,540	93,540	86,676	(6,864)
Grants	29,400	180,030	179,167	(863)
Charges for services:				
Public safety	1,127,660	1,142,950	387,928	(755,022)
Development	643,920	1,072,130	699,496	(372,634)
Recreation, parks, pavilion and zoo	617,040	635,260	630,059	(5,201)
Other services	62,820	62,820	37,621	(25,199)
Fines and forfeitures	116,880	116,880	90,655	(26,225)
Use of money and property	195,850	195,850	160,435	(35,415)
Other revenues	1,460,870	1,485,450	1,470,123	(15,327)
<b>Total revenues</b>	<b>16,772,000</b>	<b>17,408,930</b>	<b>15,738,386</b>	<b>(1,670,544)</b>
<b>Expenditures:</b>				
Employee services	13,227,160	13,283,260	11,988,656	1,294,604
Operating supplies & services	4,521,520	4,543,270	3,942,962	600,308
Special purchases, projects and community funding	188,710	662,580	527,287	135,293
Capital outlay	19,000	66,210	57,617	8,593
<b>Total expenditures</b>	<b>17,956,390</b>	<b>18,555,320</b>	<b>16,516,522</b>	<b>2,038,798</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,184,390)</b>	<b>(1,146,390)</b>	<b>(778,136)</b>	<b>368,254</b>

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - SUMMARY (continued)

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Other Financing Sources (Uses):</b>				
Transfers in	\$ 276,430	\$ 276,430	\$ 276,430	\$ -
Transfers out	(121,600)	(216,600)	(95,379)	121,221
Total other financing sources and uses	154,830	59,830	181,051	121,221
Net changes in fund balance	<u>\$ (1,029,560)</u>	<u>\$ (1,086,560)</u>	(597,085)	<u>\$ 489,475</u>
Fund balance - June 30, 2010			7,517,529	
Fund balance - June 30, 2011			<u>\$ 6,920,444</u>	

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DETAIL

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Property taxes:				
Secured property tax	\$ 4,868,810	\$ 4,868,810	\$ 4,702,267	\$ (166,543)
Property tax in lieu of VLF	2,279,620	2,279,620	2,157,408	(122,212)
Unsecured property taxes	138,710	138,710	131,153	(7,557)
Supplemental property taxes	180,000	180,000	68,167	(111,833)
Prior year secured and unsecured	(5,000)	(5,000)	(11,796)	(6,796)
Property tax penalties and interest	-	-	889	889
Taxes based on sales:				
Sales and use taxes	2,192,400	2,192,400	2,177,349	(15,051)
Sales tax in-lieu payments	738,700	738,700	684,906	(53,794)
Transient occupancy tax	410,000	410,000	525,530	115,530
Franchise taxes:				
Cable television franchise fees	242,530	242,530	215,441	(27,089)
Electricity franchise fees	219,870	219,870	203,428	(16,442)
Garbage disposal franchise fees	380,750	380,750	363,244	(17,506)
Landfill franchise fees	16,000	16,000	13,615	(2,385)
Recycling franchise fees	15,000	15,000	18,592	3,592
Gas franchise fees	195,000	195,000	141,017	(53,983)
Wastewater franchise fees	34,310	34,310	34,700	390
Business licenses	162,500	162,500	151,212	(11,288)
Property transfer tax	68,470	68,470	68,107	(363)
Other miscellaneous taxes	-	-	13	13
<b>Total Taxes</b>	<b>12,137,670</b>	<b>12,137,670</b>	<b>11,645,242</b>	<b>(492,428)</b>
Licenses and Permits:				
Construction permits	162,790	162,790	172,915	10,125
Grading and drainage permits	15,000	15,000	7,963	(7,037)
Encroachment permits	17,140	17,140	17,181	41
Tree application fees	14,280	14,280	7,560	(6,720)
Planning Inspections	2,140	2,140	771	(1,369)
<b>Total Licenses and Permits</b>	<b>211,350</b>	<b>211,350</b>	<b>206,390</b>	<b>(4,960)</b>

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DETAIL (continued)

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues (continued):</b>				
Intergovernmental Revenues:				
Motor vehicle in-lieu (VLF)	\$ 75,000	\$ 75,000	\$ 144,594	\$ 69,594
Homeowners' tax relief	47,740	47,740	46,123	(1,617)
State mandated costs	19,000	19,000	10,370	(8,630)
Other County Reimbursements	-	-	2,785	2,785
P.O.S.T. reimbursement	26,800	26,800	27,398	598
Grants:				
JAG police grant - small	2,260	2,260	148	(2,112)
JAG police grant - large	5,740	5,740	2,505	(3,235)
Bulletproof vest grant	-	-	175	175
OTS mini grant 2010 Click It or Ticket	4,750	4,750	3,908	(842)
OTS Grant- 2011 DUI	-	112,130	73,322	(38,808)
OTS mini grant 2010 DUI	9,740	9,740	8,452	(1,288)
FEMA earthquake funding	5,180	5,180	5,184	4
FEMA administration	-	-	7,609	7,609
CalEMA earthquake funding	1,730	1,730	1,728	(2)
CalEMA administration	-	-	38,051	38,051
FEMA Fire Equipment Grant 2010	-	25,780	25,384	(396)
County SLO Works Program	-	9,640	9,639	(1)
Avoid the 14 Grant	-	3,080	3,062	(18)
<b>Total Intergovernmental Revenues</b>	<b>197,940</b>	<b>348,570</b>	<b>410,437</b>	<b>61,867</b>
Charges for Services:				
Public safety:				
First response charges	110,510	110,510	102,372	(8,138)
Weed abatement services	100,000	115,290	113,299	(1,991)
Mutual aid- Fire	869,160	869,160	133,051	(736,109)
Mutual Aid- Police	-	-	6,188	6,188
Police false alarms	3,310	3,310	3,570	260
Fingerprints	16,500	16,500	15,043	(1,457)
Vehicle release fees	15,750	15,750	9,120	(6,630)
Other public safety services	12,430	12,430	5,285	(7,145)

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DETAIL (continued)

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues (continued):</b>				
Charges for Services (continued):				
Development:				
Zoning fees	\$ 42,840	\$ 42,840	\$ 14,199	\$ (28,641)
Subdivision fees- Planning	25,700	25,700	8,971	(16,729)
Subdivision fees- Public Works	10,710	10,710	1,900	(8,810)
General and specific plans	13,560	13,560	-	(13,560)
EIR and annexations fees	110,000	525,810	489,681	(36,129)
Assessment district formations	8,880	8,880	3,179	(5,701)
Appeals	1,610	1,610	-	(1,610)
Planning review	48,200	48,200	17,521	(30,679)
Building plan check fees	305,000	305,000	101,561	(203,439)
Public Works plan check fees	50,300	50,300	22,038	(28,262)
Fire plan check & inspection fees	26,130	26,130	24,647	(1,483)
Public improvements revenue	-	12,400	12,399	(1)
Other planning fees	990	990	3,400	2,410
Recreation:				
Aquatics	8,600	8,600	21,825	13,225
Adult sports	41,200	41,880	46,693	4,813
Youth sports	30,900	30,900	38,500	7,600
Classes	63,000	71,960	88,425	16,465
Special events	35,540	35,540	28,379	(7,161)
Teen Center membership	4,500	4,500	3,329	(1,171)
Administrative:				
Copy and mailing fees	6,570	6,570	4,689	(1,881)
Document imaging fee	18,750	18,750	14,622	(4,128)
Business license application fees	20,850	20,850	18,135	(2,715)
Other administrative charges	-	-	175	175
Business license renewal fees	16,650	16,650	-	(16,650)
Pavilion rentals and concessions	142,200	142,200	135,378	(6,822)
Colony Park Community Center rentals	5,800	5,800	19,905	14,105
Other facility rentals	2,600	2,600	1,644	(956)
Park charges	22,600	22,600	50,375	27,775
Zoo	260,100	268,680	195,606	(73,074)
<b>Total Charges for Services</b>	<b>2,451,440</b>	<b>2,913,160</b>	<b>1,755,104</b>	<b>(1,158,056)</b>

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DETAIL (continued)

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues (continued):</b>				
Fines and Forfeitures:				
Motor vehicle fines	\$ 75,000	\$ 75,000	\$ 56,898	\$ (18,102)
Traffic school fines	15,000	15,000	12,058	(2,942)
Misdemeanor and other minor fines	15,500	15,500	13,766	(1,734)
Parking fines	4,880	4,880	1,185	(3,695)
Fire and code enforcement fines	500	500	200	(300)
Business license penalties	5,500	5,500	6,068	568
Other penalties	500	500	480	(20)
Total Fines and Forfeitures	116,880	116,880	90,655	(26,225)
Use of Money and Property:				
Interest	195,850	195,850	160,435	(35,415)
Total Use of Money and Property	195,850	195,850	160,435	(35,415)
Other Revenues:				
Interfund administrative charges	1,243,180	1,243,180	1,215,906	(27,274)
Workers' comp reimbursement	10,000	10,000	17,490	7,490
Donations:				
Police	-	4,340	4,332	(8)
Fire	-	12,300	12,284	(16)
Recreation	-	-	450	450
Parks	-	2,940	2,942	2
Zoo Society- education and operations	20,000	25,000	25,532	532
Other zoo donations	3,000	3,000	1,837	(1,163)
Dove Creek commercial agreement	40,000	40,000	40,000	-
Insurance reimbursements	-	-	2,189	2,189
Contribution from Technology Services and Replacement Fund for surplus charges	75,800	75,800	75,800	-
Contribution from Vehicle and Equipment Replacement Fund for surplus charges	60,090	60,090	60,090	-
Other revenues	8,800	8,800	11,271	2,471
Total Other Revenues	1,460,870	1,485,450	1,470,123	(15,327)
<b>Total Revenues</b>	<b>16,772,000</b>	<b>17,408,930</b>	<b>15,738,386</b>	<b>(1,670,544)</b>

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DETAIL (continued)

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final
	Original	Final		Budget Positive (Negative)
<b>Expenditures:</b>				
City Council:				
Salaries and benefits	\$ 18,860	\$ 25,680	\$ 25,670	\$ 10
Office expense	600	780	778	2
Advertising	750	750	700	50
Computer maintenance and replacement	7,030	7,030	7,030	-
Occupancy	88,770	88,770	88,770	-
Communications	500	500	314	186
Operating supplies	4,650	4,650	3,710	940
Vehicle & equipment operating costs	500	500	-	500
Contract services	5,000	1,630	201	1,429
Professional development	22,600	21,080	19,291	1,789
Community outreach	53,350	55,670	55,670	-
Chamber of Commerce	48,140	48,140	47,977	163
Tourism	38,000	-	-	-
Business Development	12,000	12,000	10,000	2,000
LAFCO Contribution	22,270	16,270	15,865	405
Special projects & community funding:				
Community events	600	600	560	40
Economic Development Strategy	12,830	12,830	-	12,830
Building Public Trust Program	-	1,570	1,567	3
Human Resources Grants	20,000	20,000	-	20,000
<b>Total City Council</b>	<b>356,450</b>	<b>318,450</b>	<b>278,103</b>	<b>40,347</b>
City Clerk:				
Salaries and benefits	2,890	2,920	2,910	10
Office expense	1,150	1,390	1,383	7
Advertising	16,000	16,000	12,414	3,586
Computer maintenance and replacement	400	400	-	400
Contract services	6,700	6,430	6,045	385
Professional development	3,720	3,720	2,114	1,606
Municipal election	19,500	19,500	16,989	2,511
<b>Total City Clerk</b>	<b>50,360</b>	<b>50,360</b>	<b>41,855</b>	<b>8,505</b>

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DETAIL (continued)

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
City Treasurer:				
Salaries and benefits	\$ 9,510	\$ 9,510	\$ 9,227	\$ 283
Office expense	50	50	-	50
Occupancy	880	880	880	-
Contract services	3,600	3,600	3,500	100
Professional development	800	800	-	800
Total City Treasurer	14,840	14,840	13,607	1,233
City Attorney:				
Office expense	480	480	125	355
Communications	80	80	52	28
Contract services	334,750	334,750	199,903	134,847
Total City Attorney	335,310	335,310	200,080	135,230
City Manager:				
Salaries and benefits	711,140	724,930	720,913	4,017
Office expense	9,790	9,790	7,091	2,699
Computer maintenance and replacement	31,770	31,770	31,770	-
Insurance	32,500	32,500	28,309	4,191
Occupancy	24,050	24,050	24,050	-
Communications	4,800	4,800	3,069	1,731
Operating supplies	11,600	11,600	6,620	4,980
Vehicle & equipment operating costs	9,400	9,400	9,146	254
Contract services	26,200	12,410	4,173	8,237
Professional development	24,350	29,520	28,968	552
Citywide training	7,000	2,200	2,200	-
Recruitment	500	130	-	130
Employee development	2,000	2,000	532	1,468
Contingency	100,000	93,810	-	93,810
Total City Manager	995,100	988,910	866,841	122,069

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DETAIL (continued)

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Administrative Services:				
Salaries and benefits	\$ 693,030	\$ 700,920	\$ 700,862	\$ 58
Office expense	15,370	15,260	12,361	2,899
Computer maintenance and replacement	76,630	76,630	72,508	4,122
Insurance	32,610	32,610	28,204	4,406
Occupancy	17,860	17,860	17,860	-
Communications	1,100	1,100	762	338
Operating supplies	50	160	152	8
Vehicle & equipment operating costs	3,650	3,650	3,600	50
Contract services	249,010	241,390	241,383	7
Professional development	3,850	3,540	2,558	982
Recruitment	-	40	32	8
Contingency	5,000	5,000	-	5,000
Total Administrative Services	<u>1,098,160</u>	<u>1,098,160</u>	<u>1,080,282</u>	<u>17,878</u>
Police:				
Salaries and benefits	4,746,370	4,746,370	4,401,776	344,594
Office expense	20,170	16,860	12,891	3,969
Advertising	-	200	195	5
Computer maintenance and replacement	180,720	180,720	173,763	6,957
Insurance	184,890	184,890	160,859	24,031
Occupancy	39,550	35,850	33,143	2,707
Utilities	44,510	44,510	39,984	4,526
Communications	47,880	46,380	35,297	11,083
Operating supplies	22,380	17,790	17,376	414
Vehicle & equipment operating costs	216,110	216,110	211,489	4,621
Contract services	261,230	265,820	265,811	9
Professional development	9,520	9,550	9,541	9
Recruitment	3,950	10,560	10,335	225
Contingency	10,000	10,000	-	10,000
Special purchases, projects & studies:				
Desks	-	1,110	1,102	8
Surveillance equipment	-	560	552	8
	<u>5,787,280</u>	<u>5,787,280</u>	<u>5,374,114</u>	<u>413,166</u>

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DETAIL (continued)

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Police Grants:				
Salaries and benefits	\$ 18,210	\$ 85,530	\$ 49,760	\$ 35,770
Office expense	-	500	141	359
Computer maintenance and replacement	-	240	235	5
Operating supplies	3,420	12,910	10,623	2,287
Contract Services	2,760	3,280	1,495	1,785
Professional development	36,100	42,590	35,133	7,457
Special purchases:				
Police radios	-	1,340	1,340	-
Radio antenna for police station	1,520	-	-	-
Checkpoint lighting	-	3,620	3,611	9
Portable generator	-	1,140	1,136	4
Radar equipment	-	1,830	-	1,830
Personal protective vests	4,060	4,060	3,421	639
Capital outlay:				
GIS traffic collision mapping	-	28,580	20,650	7,930
	<u>66,070</u>	<u>185,620</u>	<u>127,545</u>	<u>58,075</u>
Total Police	<u>5,853,350</u>	<u>5,972,900</u>	<u>5,501,659</u>	<u>471,241</u>
Fire:				
Salaries and benefits	2,915,540	2,895,500	2,789,580	105,920
Office expense	5,520	7,040	7,033	7
Computer maintenance and replacement	110,250	106,500	106,500	-
Insurance	142,000	124,990	124,989	1
Occupancy	23,450	25,680	25,680	-
Utilities	23,050	19,520	19,520	-
Communications	16,550	11,770	11,763	7
Operating supplies	31,100	27,840	27,831	9
Vehicle and equipment operating costs	96,930	130,640	128,833	1,807
Contract services	4,280	7,870	7,867	3
Professional development	24,430	20,410	20,405	5
Recruitment	2,270	1,650	1,646	4
Contingency	10,000	7,140	-	7,140
Special purchases, projects & studies:				
Dishwasher	-	610	606	4
	<u>3,405,370</u>	<u>3,387,160</u>	<u>3,272,253</u>	<u>114,907</u>

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DETAIL (continued)

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Mutual Aid Fires:				
Salaries and benefits	\$ 599,850	\$ 599,850	\$ 91,015	\$ 508,835
Operating supplies	35,000	35,000	-	35,000
Mutual aid travel	-	-	10,877	(10,877)
Vehicle & equipment operating costs	3,000	3,000	-	3,000
Contract services	3,500	3,500	-	3,500
	<u>641,350</u>	<u>641,350</u>	<u>101,892</u>	<u>539,458</u>
Weed Abatement and Other Fire Programs:				
Salaries and benefits	169,720	160,580	159,040	1,540
Office expense	750	1,320	1,309	11
Advertising	1,500	1,530	1,530	-
Computer maintenance and replacement	2,860	2,860	2,860	-
Operating supplies	2,320	1,170	728	442
Vehicle & equipment operating costs	700	2,420	1,712	708
Contract services:				
Weed abatement	50,000	90,330	88,325	2,005
Other	-	1,000	1,000	-
Special purchases, projects & studies:				
Replacement fire hose	-	18,950	18,518	432
Capital outlay:				
Thermal imaging camera	-	9,690	9,686	4
DRT vehicle replacement	-	9,580	9,573	7
	<u>227,850</u>	<u>299,430</u>	<u>294,281</u>	<u>5,149</u>
Total Fire	<u>4,274,570</u>	<u>4,327,940</u>	<u>3,668,426</u>	<u>659,514</u>

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DETAIL (continued)

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Community Development:				
Salaries and benefits	\$ 890,490	\$ 890,490	\$ 810,350	\$ 80,140
Office expense	16,500	15,250	12,521	2,729
Advertising	5,600	5,600	5,290	310
Computer maintenance and replacement	120,000	121,250	121,246	4
Insurance	51,810	51,810	45,103	6,707
Occupancy	34,760	34,760	34,760	-
Communications	3,600	3,600	2,453	1,147
Operating supplies	1,800	1,800	1,005	795
Vehicle operations	16,160	16,160	14,502	1,658
Contract services	107,000	98,230	64,448	33,782
Professional development	15,400	15,400	11,489	3,911
Recruitment	1,100	1,100	166	934
Contingency	5,000	5,000	-	5,000
Special purchases, projects & studies:				
2010 Housing Element Update	1,250	1,250	1,005	245
Wal-Mart EIR	67,150	349,760	331,794	17,966
Eagle Ranch EIR	-	133,200	89,437	43,763
Factory Outlet Assessment	36,970	45,740	45,740	-
Total Community Development	<u>1,374,590</u>	<u>1,790,400</u>	<u>1,591,309</u>	<u>199,091</u>
Central Reception:				
Salaries and benefits	68,110	68,710	63,316	5,394
Office expense	1,580	1,580	689	891
Computer maintenance and replacement	7,080	7,080	7,080	-
Insurance	4,410	4,410	3,883	527
Occupancy	5,660	5,660	5,660	-
Communications	440	440	348	92
Vehicle & equipment operating costs	650	280	-	280
Professional development	150	150	-	150
Recruitment	230	-	-	-
Total Central Reception	<u>88,310</u>	<u>88,310</u>	<u>80,976</u>	<u>7,334</u>

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DETAIL (continued)

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Community Services Administration:				
Salaries and benefits	\$ 239,290	\$ 231,910	\$ 192,113	\$ 39,797
Office expense	7,800	7,360	4,022	3,338
Advertising	150	930	930	-
Computer maintenance and replacement	7,100	7,100	7,100	-
Insurance	8,380	8,380	7,263	1,117
Occupancy	8,560	8,560	8,560	-
Communications	700	700	660	40
Operating supplies	590	590	153	437
Vehicle and equipment operating costs	3,600	3,600	3,600	-
Contract services	-	7,380	7,372	8
Professional development	4,240	3,760	1,999	1,761
Recruitment	-	30	29	1
Contingency	5,000	-	-	-
<b>Total Community Services Administration</b>	<b>285,410</b>	<b>280,300</b>	<b>233,801</b>	<b>46,499</b>
Recreation:				
Salaries and benefits	255,970	256,790	225,671	31,119
Office expense	5,290	5,300	1,213	4,087
Advertising	3,100	3,100	1,320	1,780
Computer maintenance and replacement	14,170	14,170	14,165	5
Insurance	16,880	16,880	15,122	1,758
Occupancy	24,540	24,800	17,078	7,722
Utilities	4,210	4,190	3,827	363
Communications	750	770	463	307
Operating supplies	26,730	24,530	20,416	4,114
Vehicle and equipment operating costs	3,890	2,490	2,428	62
Contract services	88,990	102,100	96,662	5,438
Professional development	2,800	1,760	210	1,550
Recruitment	2,200	1,310	256	1,054
Parking lot repairs	-	970	970	-
<b>Total Recreation</b>	<b>449,520</b>	<b>459,160</b>	<b>399,801</b>	<b>59,359</b>

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DETAIL (continued)

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Community Center:				
Salaries and benefits	\$ 128,310	\$ 128,310	\$ 98,614	\$ 29,696
Office expense	1,900	1,900	671	1,229
Advertising	500	500	-	500
Computer maintenance and replacement	8,970	8,970	7,470	1,500
Insurance	12,320	12,320	10,158	2,162
Occupancy	17,180	15,780	15,780	-
Utilities	62,500	62,500	30,281	32,219
Communications	1,600	3,000	1,558	1,442
Operating supplies	20,500	20,500	7,824	12,676
Vehicle and equipment operations	6,360	6,360	3,859	2,501
Contract services	21,400	21,110	8,295	12,815
Professional development	250	250	225	25
Recruitment	400	400	32	368
Vandalism repairs	-	290	288	2
Total Community Center	<u>282,190</u>	<u>282,190</u>	<u>185,055</u>	<u>97,135</u>
Pavilion:				
Salaries and benefits	148,690	145,170	121,541	23,629
Office expense	940	880	776	104
Advertising	6,000	6,060	6,057	3
Computer maintenance and replacement	6,580	6,580	6,580	-
Insurance	9,160	9,160	7,828	1,332
Occupancy	5,920	5,920	5,920	-
Utilities	21,150	20,950	20,676	274
Communications	1,310	1,440	1,434	6
Operating supplies	8,760	7,500	7,499	1
Vehicle and equipment operating costs	820	310	264	46
Contract services	21,980	27,050	23,524	3,526
Professional development	800	410	405	5
Recruitment	80	760	753	7
Special purchases, projects & studies:				
Tables	-	1,860	1,852	8
Capital outlay:				
Ice machine	4,000	3,780	3,137	643
Window blinds	15,000	13,360	13,356	4
Total Pavilion	<u>251,190</u>	<u>251,190</u>	<u>221,602</u>	<u>29,588</u>

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DETAIL (continued)

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Zoo:				
Salaries and benefits	\$ 479,890	\$ 473,610	\$ 473,578	\$ 32
Office expense	1,660	2,630	2,622	8
Advertising	500	1,500	1,496	4
Computer maintenance and replacement	17,260	17,260	17,260	-
Insurance	23,240	20,150	20,148	2
Occupancy	3,940	3,940	3,940	-
Utilities	23,100	38,030	38,027	3
Communications	580	690	687	3
Operating supplies	59,370	67,510	67,498	12
Vehicle and equipment operating costs	6,130	4,710	4,704	6
Contract services	16,350	30,410	30,409	1
Professional development	9,270	7,790	7,789	1
Recruitment	1,050	560	558	2
Special purchases, projects & studies:				
Animal acquisition	-	2,400	2,392	8
Shelving and storage	-	480	476	4
Total Zoo	<u>642,340</u>	<u>671,670</u>	<u>671,584</u>	<u>86</u>
Public Works Administration:				
Salaries and benefits	586,840	574,910	520,372	54,538
Office expense	6,800	4,150	3,778	372
Advertising	200	170	108	62
Computer maintenance and replacement	74,900	74,930	74,921	9
Insurance	24,790	24,370	21,590	2,780
Occupancy charges	12,760	12,760	12,760	-
Communications	2,600	2,600	2,573	27
Operating supplies	730	900	898	2
Vehicle operations	9,060	9,110	9,104	6
Contract services	14,520	13,080	5,411	7,669
Professional development	4,980	5,070	5,065	5
Recruitment	550	460	32	428
Contingency	5,000	5,000	-	5,000
Special purchases, projects & studies:				
NPDES, Phase II	44,330	44,330	1,726	42,604
Dormant project public improvements	-	12,400	12,399	1
Total Public Works Administration	<u>788,060</u>	<u>784,240</u>	<u>670,737</u>	<u>113,503</u>

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DETAIL (continued)

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Public Works Operations:				
Salaries and benefits	\$ 175,220	\$ 187,150	\$ 187,135	\$ 15
Office expense	3,580	5,860	5,858	2
Advertising	-	370	368	2
Computer maintenance and replacement	4,870	4,870	4,870	-
Insurance	7,770	6,660	6,655	5
Occupancy charges	18,030	19,560	19,556	4
Utilities	1,400	6,040	6,033	7
Communications	1,400	1,010	887	123
Operating supplies	650	1,920	1,921	(1)
Vehicle & equipment operating costs	5,640	4,280	4,276	4
Contract Services	-	400	400	-
Professional development	3,050	490	482	8
Contingency	2,000	-	-	-
Capital outlay:				
Air compressor	-	1,220	1,215	5
<b>Total Public Works Operations</b>	<b>223,610</b>	<b>239,830</b>	<b>239,656</b>	<b>174</b>
Parks:				
Salaries and benefits	369,230	374,420	345,213	29,207
Computer maintenance and replacement	2,140	2,140	2,140	-
Insurance	20,990	20,990	18,272	2,718
Occupancy	5,920	5,920	5,920	-
Utilities	103,050	112,210	112,206	4
Communications	2,600	2,600	2,180	420
Operating supplies	43,250	36,200	36,193	7
Vehicle and equipment operations	31,600	23,920	23,920	-
Contract services	10,250	16,190	16,184	6
Professional development	4,000	3,590	835	2,755
Recruitment	-	40	32	8
Special purchases, projects & studies:				
Creek Maintenance Projects	-	-	450	(450)
Memorial benches	-	510	507	3
Memorial trees	-	2,430	184	2,246
<b>Total Parks</b>	<b>593,030</b>	<b>601,160</b>	<b>564,236</b>	<b>36,924</b>

**CITY OF ATASCADERO**

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - DETAIL (continued)

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Non-Departmental:				
Special purchases, projects & studies:				
Earthquake recovery- relocation	\$ -	\$ -	\$ 6,912	\$ (6,912)
Total Non-Departmental	-	-	6,912	(6,912)
<b>Total expenditures</b>	<b>17,956,390</b>	<b>18,555,320</b>	<b>16,516,522</b>	<b>2,038,798</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,184,390)</b>	<b>(1,146,390)</b>	<b>(778,136)</b>	<b>368,254</b>
<b>Other Financing Sources (Uses):</b>				
Transfer from Community Facilities District Fund	276,430	276,430	276,430	-
Transfer to Gas Tax Fund for streets maintenance	(120,760)	(120,760)	-	120,760
Transfer to De Anza Landscape & Lighting District for open space maintenance	(840)	(840)	(840)	-
Transfer to Library Facilities Fees Fund	-	(57,000)	(56,539)	461
Transfer to Redevelopment Agency Fund for tourism, marketing and promotion	-	(38,000)	(38,000)	-
Total other financing sources (uses)	<b>154,830</b>	<b>59,830</b>	<b>181,051</b>	<b>121,221</b>
Excess of revenues and other sources over (under) expenditures and other uses	<b>\$ (1,029,560)</b>	<b>\$ (1,086,560)</b>	<b>(597,085)</b>	<b>\$ 489,475</b>
Fund balance, June 30, 2010			<u>7,517,529</u>	
Fund balance, June 30, 2011			<u>\$ 6,920,444</u>	

**CITY OF ATASCADERO**  
**REDEVELOPMENT AGENCY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Redevelopment increment- current secured rolls	\$ 1,448,890	\$ 1,448,890	\$ 1,261,402	\$ (187,488)
Redevelopment increment- supplemental rolls	63,840	63,840	29,449	(34,391)
SERAF		-	(274,919)	(274,919)
Interest income	91,790	91,790	57,948	(33,842)
Rental income	373,600	373,600	373,596	(4)
Total revenues	<u>1,978,120</u>	<u>1,978,120</u>	<u>1,447,476</u>	<u>(530,644)</u>
<b>Expenditures:</b>				
Operations and Administration				
Salaries and benefits	-	1,980	1,971	9
Office expense	2,650	670	229	441
Advertising	950	950	228	722
Computer maintenance and replacement	2,230	2,230	2,230	-
Insurance	17,650	17,650	15,375	2,275
Communications	230	230	56	174
Operating supplies	150	150	-	150
Vehicle & equipment operating costs	400	400	-	400
Contract services	134,600	134,600	133,430	1,170
Professional development	20,100	7,490	7,490	-
Administration	269,240	269,240	269,240	-
Interest	122,000	122,000	115,223	6,777
Total Operations and Administration	<u>570,200</u>	<u>557,590</u>	<u>545,472</u>	<u>12,118</u>
Property Management				
Insurance	5,340	5,340	4,965	375
Occupancy	1,000	1,000	1,000	-
Operating supplies	1,000	1,000	-	1,000
Contract services	4,600	4,600	3,200	1,400
Total Property Management	<u>11,940</u>	<u>11,940</u>	<u>9,165</u>	<u>2,775</u>

**CITY OF ATASCADERO**  
 REDEVELOPMENT AGENCY FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Programs and Projects				
Special purchases, projects & studies:				
Advertising	\$ 25,800	\$ 800	\$ 640	\$ 160
Utilities	-	1,720	1,716	4
Operating supplies	5,500	4,600	1,948	2,652
Contract services	128,790	109,200	108,376	824
Tourism	14,360	9,040	9,032	8
Main Street program	59,160	30,000	30,000	-
Special events & promotions	-	9,600	9,600	-
Graffiti removal program	25,000	1,090	1,087	3
Creek improvements	25,000	31,090	31,084	6
Sunken Gardens holiday enhancements	8,300	8,300	-	8,300
Economic Development Strategy	25,000	25,000	23,914	1,086
Historic consultant - Printery	28,410	28,410	-	28,410
Permit fee waiver program	16,480	16,480	14,334	2,146
Design guidelines	9,640	9,640	-	9,640
Restaurant stimulus program	-	1,000,000	-	1,000,000
Tourism, marketing & events	-	128,720	128,509	211
Façade improvement program	40,000	40,000	19,892	20,108
Downtown sidewalk repair program	-	13,390	13,387	3
Site design assistance program	10,000	10,000	-	10,000
Capital outlay:				
Zoo Entrance and Restroom Project	296,780	296,780	299,491	(2,711)
Parking improvements	500,000	500,000	-	500,000
<b>Total Programs and Projects</b>	<b>1,218,220</b>	<b>2,273,860</b>	<b>693,010</b>	<b>1,580,850</b>
<b>Total expenditures</b>	<b>1,800,360</b>	<b>2,843,390</b>	<b>1,247,647</b>	<b>1,595,743</b>
<b>Excess of revenues over (under) expenditures</b>	<b>177,760</b>	<b>(865,270)</b>	<b>199,829</b>	<b>1,065,099</b>

**CITY OF ATASCADERO**  
 REDEVELOPMENT AGENCY FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund for tourism and marketing	\$ -	\$ 38,000	\$ 38,000	\$ -
Transfer from Business Improvement Association Fund for tourism and marketing	-	5,030	5,030	-
Transfer to Capital Projects Fund for Streetscape III Project	(79,500)	-	-	-
Transfer of debt issued to 2010 Bond Project Fund	-	-	(16,010,000)	(16,010,000)
Transfer to 2010 Bond Debt Service Fund for the bond interest payment	-	(445,970)	(445,966)	4
Transfer to Blight Elimination Fund for the Blight Elimination Projects	-	(6,555,750)	(6,516,410)	39,340
Transfer to Historic City Hall Rehabilitation Fund for the City Hall Rehabilitation Project	(4,656,160)	(4,656,160)	(52,458)	4,603,702
Transfer to Capital Projects Fund for Lake Park Frontage Project	(427,320)	(427,320)	(46,635)	380,685
Total other financing sources (uses)	<u>(5,162,980)</u>	<u>(12,042,170)</u>	<u>(23,028,439)</u>	<u>(10,986,269)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (4,985,220)</u>	<u>\$ (12,907,440)</u>	(22,828,610)	<u>\$ (9,921,170)</u>
Fund balance, June 30, 2010			<u>7,012,317</u>	
Fund balance, June 30, 2011			<u>\$ (15,816,293)</u>	

**CITY OF ATASCADERO**

LOW/MODERATE INCOME HOUSING REDEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Current secured increment	\$ 799,140	\$ 799,140	\$ 735,601	\$ (63,539)
Supplemental tax increment	22,130	22,130	10,179	(11,951)
Interest income	159,970	159,970	(8,234)	(168,204)
Total revenues	<u>981,240</u>	<u>981,240</u>	<u>737,546</u>	<u>(243,694)</u>
<b>Expenditures:</b>				
Contract services	10,000	8,980	7,127	1,853
Professional development	-	1,020	1,016	4
Administrative charges	25,770	25,770	25,770	-
Special projects and purchases:				
SLO County Housing Trust Fund	7,000	7,000	7,000	-
Downtown housing assistance program	500,000	500,000	200,052	299,948
2010/2011 RDA Housing Strategy	-	60,000	30,736	29,264
Total expenditures	<u>542,770</u>	<u>602,770</u>	<u>271,701</u>	<u>331,069</u>
Excess of revenues over (under) expenditures	<u>438,470</u>	<u>378,470</u>	<u>465,845</u>	<u>87,375</u>
<b>Other Financing Sources:</b>				
Transfer to Production of Affordable Housing Units				
Fund for affordable housing	-	(5,543,800)	(5,543,800)	-
Total other financing sources	<u>-</u>	<u>(5,543,800)</u>	<u>(5,543,800)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	<u>\$ 438,470</u>	<u>\$ (5,165,330)</u>	<u>(5,077,955)</u>	<u>\$ 87,375</u>
Fund balance, June 30, 2010			<u>4,801,359</u>	
Fund balance, June 30, 2011			<u>\$ (276,596)</u>	

**CITY OF ATASCADERO**

**SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

For the Fiscal Year Ended June 30, 2011

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The following table provides required supplementary information regarding the City's postemployment healthcare benefits.

**SCHEDULE OF FUNDING PROGRESS**

<u>Valuation Date</u>	<u>Actuarial Asset Value</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
6/30/2010	\$ -	\$ 147,832	\$ 147,832	0.0%	\$ 1,168,081	12.7%
6/30/2011	\$ -	\$ 150,263	\$ 150,263	0.0%	\$ 1,143,344	13.1%

**CITY OF ATASCADERO**  
**BLIGHT ELIMINATION PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ -	\$ -	\$ 69,403	\$ 69,403
Total revenues	-	-	69,403	69,403
<b>Expenditures:</b>				
Special projects and purchases:				
Downtown lighting study	-	72,200	-	72,200
Downtown parking improvement study	-	-	323	(323)
Capital outlay:				
Downtown property purchase	-	12,000	15,894	(3,894)
Downtown pedestrian bridge	-	30,000	20,145	9,855
Maiden statue placement	-	51,590	1,670	49,920
Blight Elimination Projects	-	7,845,160	-	7,845,160
Total expenditures	-	8,010,950	38,032	7,972,918
Excess of revenues over (under) expenditures	-	(8,010,950)	31,371	8,042,321
<b>Other Financing Sources:</b>				
Transfer from Redevelopment Agency General Fund for Blight Elimination Projects	-	6,555,750	6,516,410	(39,340)
Transfer from 2010 Bond Project Fund for Blight Elimination Projects	-	1,433,120	1,425,171	(7,949)
Transfer from 2005 Bond Project Fund for Blight Elimination Projects	-	216,710	237,797	21,087
Transfer to Capital Projects Fund for Streetscape III Project	-	(186,430)	(14,171)	172,259
Transfer to Circulation Impact Fee Fund for Lewis Avenue Bridge Project	-	(8,200)	-	8,200
Total other financing sources	-	8,010,950	8,165,207	154,257
Excess of revenues and other sources over (under) expenditures	\$ -	\$ -	8,196,578	\$ 8,196,578
Fund balance, June 30, 2010			-	
Fund balance, June 30, 2011			\$ 8,196,578	

**CITY OF ATASCADERO**  
**HISTORIC CITY HALL REHABILITATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
California Cultural Historical Endowment Grant- Mitigation	\$ 386,590	\$ 386,590	\$ 81,525	\$ (305,065)
California Cultural Historical Endowment Grant- Programming	-	-	3,264	3,264
CalEMA- Earthquake Repair Funds	957,160	957,160	120,276	(836,884)
CalEMA- Earthquake Mitigation Grant	2,009,070	2,009,070	265,455	(1,743,615)
FEMA- Earthquake Repair Funds	2,871,460	2,871,460	360,829	(2,510,631)
FEMA- Earthquake Mitigation Grant	6,027,190	6,027,190	796,366	(5,230,824)
Interest income	-	-	91,830	91,830
Total revenues	<u>12,251,470</u>	<u>12,251,470</u>	<u>1,719,545</u>	<u>(10,531,925)</u>
<b>Expenditures:</b>				
Special projects:				
FEMA Administration	128,980	128,980	102,796	26,184
Programming of City Hall	14,560	14,560	6,996	7,564
Capital outlay:				
Historic City Hall - Earthquake Repairs	11,864,880	11,864,880	1,624,451	10,240,429
Historic City Hall - Rehabilitation	4,912,560	4,912,560	899,002	4,013,558
Total expenditures	<u>16,920,980</u>	<u>16,920,980</u>	<u>2,633,245</u>	<u>14,287,735</u>
Excess of revenues over (under) expenditures	<u>(4,669,510)</u>	<u>(4,669,510)</u>	<u>(913,700)</u>	<u>3,755,810</u>
<b>Other Financing Sources:</b>				
Transfer from the Redevelopment Agency Fund for the rehabilitation of Historic City Hall	4,656,160	4,656,160	52,458	(4,603,702)
Transfer of bond proceeds from the 2010 Bond Project Fund for the rehabilitation of Historic City Hall	-	13,000,000	13,000,000	-
Total other financing sources	<u>4,656,160</u>	<u>17,656,160</u>	<u>13,052,458</u>	<u>(4,603,702)</u>
Excess of revenues and other sources over (under) expenditures	<u>\$ (13,350)</u>	<u>\$ 12,986,650</u>	<u>12,138,758</u>	<u>\$ (847,892)</u>
Fund balance, June 30, 2010			<u>9,335</u>	
Fund balance, June 30, 2011			<u>\$ 12,148,093</u>	

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## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF ATASCADERO**  
NONMAJOR GOVERNMENTAL FUNDS OVERVIEW  
SPECIAL REVENUE FUNDS

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The City has established the following special revenue funds in order to account for the proceeds from revenue sources that are restricted to expenditures for specified purposes:

**Supplemental Law Enforcement Services Fund**

This fund is used for Supplemental Law Enforcement Services grant monies received and to account for the allowed expenditures of these funds.

**In Lieu Low / Moderate Income Housing Fund**

This fund was established to account for the "In Lieu" fees paid by developers for future Low and Moderate Housing projects.

**Production of Affordable Housing Units Fund**

This fund was established as a result of the contractual agreement between the RDA and the City to complete production of 24 affordable housing units, in accordance with the Agency's Housing Production Plan. The Redevelopment Agency paid the City monies up front for these Projects and these funds were deposited into this fund.

**Business Improvement Association Fund**

The City established a Downtown Parking & Business Improvement Area (BIA) in 1986, for the purpose of acquisition, construction, and/or maintenance of parking facilities, decoration of public places, promotion of public events, and the general promotion of business activities in the downtown area. An annual assessment is placed on all businesses in the downtown area, and this fund accounts for the revenues and expenses associated with these BIA monies.

**Community Development Block Grant Fund**

This fund is used for Community Development Block Grant monies received from the federal government. These funds must be used for low or moderate income projects, or to eliminate blight in the community. The City receives an annual allocation from the federal government, based on the number of qualified persons in the City. The City holds an annual hearing to determine how this money is to be spent.

**Tree Plant Fund**

This fund accounts for Tree Mitigation Fees and the expenditure thereof. A fee may be paid by a developer in lieu of planting a tree on improved property. These funds are then used for the preservation and planting of the City's native trees.

**Gas Tax Fund**

This fund accounts for gas tax monies received from the State, which are expended to maintain various streets within the City.

**AB2928 Traffic Congestion Relief Fund**

This fund accounts for Assembly Bill 2928 Traffic Congestion Relief Funds. It is allocated based on population and may only be used for street or road maintenance and reconstruction. It requires a modest General Fund expenditure on streets in order for the City to qualify for this annual allocation.

**Local Transportation Fund**

This fund accounts for Local Transportation funds that can be used for streets projects. Local Transportation Funds (LTF) must first be spent to meet any reasonable community transit need. The City uses LTF monies to run the City's bus system and to contribute to San Luis Obispo Regional Transit Authority. Any remaining funds are accounted for in this fund and must be used for bikepath projects and streets projects.

**Street Assessment Fund**

This fund accounts for assessments collected to maintain various streets within the City.

## **CITY OF ATASCADERO**

### **NONMAJOR GOVERNMENTAL FUNDS OVERVIEW (continued)**

#### **SPECIAL REVENUE FUNDS (continued)**

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##### **General Government Facilities Fees Fund**

General Facilities are those limited to office or work buildings and equipment used by City staff to undertake their daily duties. As the City increases in both population and new businesses, City Hall and the City maintenance yard will increasingly become overcrowded with growing staff. New facilities and equipment will be necessary to extend the current level of service to these new residents and businesses. Because the need for these new facilities and additional equipment is directly related to new construction, a *General Government Facilities Fee* is charged on all new development. These fees are deposited into this fund and then used for expanded/new facilities and equipment as listed in the *Atascadero Master Facilities Plan* updated February 2006.

##### **Circulation System Fees Fund**

Because a developed parcel will generate a statistically predictable amount of trips, depending upon the specific land use of the development, it can be said that all new development contributes to traffic impacts which have significant and widespread cumulative impacts on the City's existing road system. Therefore, the City charges a *Circulation System Fee* in order to fund the creation of more lane miles or more efficient lane miles with which to accommodate the additional trips created by new development. These fees are deposited into this fund and then used for the construction of the new/increased/improved roadway and bridge facilities as listed in the *Atascadero Master Facilities Plan* updated February 2006.

##### **Storm Drainage Facilities Fees Fund**

As vacant land is developed and bare dirt or turf is replaced with impervious rooftop, parking lots, driveways, pools and sidewalks, water runoff increases; the cumulative effects of this additional runoff is managed by constructing the appropriate capital facilities. Because the need for these capital facilities is directly related to new construction, a *Storm Drainage Facilities Fee* is charged on all new development. These fees are deposited into this fund and then used for the construction of the new/increased/improved capital facilities as listed in the *Atascadero Master Facilities Plan* updated February 2006.

##### **Amapoa/Tecorida Drainage Impact Fees Fund**

This fund accounts for Amapoa/Tecorida Drainage Fees collected on all development in the Amapoa/Tecorida area of the City, and were collected in addition to other fees for necessary drainage improvement. In May 2003, the Council voted to rescind this fee and adopt one citywide drainage fee. All remaining funds are being spent on drainage improvements in the Amapoa/Tecorida area.

##### **Law Enforcement Facilities Fees Fund**

Residents and businesses benefit from both direct (response to a call for service) and indirect (crime prevention programs, patrol, etc.) law enforcement services. The addition of new residential units and new businesses necessarily increase the demand upon the law enforcement service level by creating more direct calls for service, more area requiring preventative patrol, and in general, more opportunities for crimes to be committed. If law enforcement capabilities are not expanded, then the increasing number of calls for service will reduce the amount of time available for preventative patrol. Because the need for additional police officers, as well as the need for these officers to be equipped and housed, is directly related to new construction, a *Law Enforcement Facilities Fee* is charged on all new development. These fees are deposited into this fund and then used for the purchase/construction of equipment/stations for these additional officers as listed in the *Atascadero Master Facilities Plan* updated February 2006.

##### **Fire Facilities Fees Fund**

In addition to providing fire prevention programs, the Fire Department responds to calls for fire and medical services from two existing fire stations. Each new residential and business development creates more calls for service, increasing the likelihood of simultaneous (and thus competing) calls for service. Additionally, as development spreads further from the existing stations, response times will necessarily increase, taking the existing engine companies out of service for greater periods of time. These developments create the need for additional facilities and equipment. Because the need for these new facilities and additional equipment is directly related to new construction, a *Fire Facilities Fee* is charged on all new development. These fees are deposited into this fund and then used for the relocation/construction of fire stations, as well as the purchase of additional equipment, as listed in the *Atascadero Master Facilities Plan* updated February 2006.

## **CITY OF ATASCADERO**

### **NONMAJOR GOVERNMENTAL FUNDS OVERVIEW (continued)**

#### **SPECIAL REVENUE FUNDS (continued)**

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##### **Open Space Acquisition Fees Fund**

Future residential development, by increasing the City's population, will by definition impact the City's available land and decrease open space. Without open space acquisition, the City's remaining available land will be developed and the City will lose much of its historic charm that is so valuable to residents. Because the need for land acquisition is directly related to new construction, an *Open Space Acquisition Fee* is charged on all new development. These fees are deposited into this fund and then used for land acquisitions as listed in the *Atascadero Master Facilities Plan* updated February 2006.

##### **Parkland Facilities Fees Fund**

Residential development, by increasing the City's population, necessarily impacts the City's park system. Without future parkland and continued development of currently owned, but underutilized parkland, the City's parks become overcrowded and overused with the ultimate result becoming a negative experience for park users. Because the need for new facilities and land acquisitions is directly related to new construction, a *Parkland Facilities Fee* is charged on all new development. These fees are deposited into this fund and then used for expanded/new facilities and land acquisitions as listed in the *Atascadero Master Facilities Plan* updated February 2006.

##### **Public Facilities Fees Fund**

The City currently has existing community use facilities, such as the Lake Pavilion and the Youth Center. Future additional residential units will increase the City's population, placing ever greater demands on existing community use facilities, and new or expanded community center space will be necessary to extend the current level of service to new residents. Because the need for these new facilities is directly related to new construction, a *Public Facilities Fee* is charged on all new residential development. These fees are deposited into this fund and then used for expanded/new community use facilities as listed in the *Atascadero Master Facilities Plan* updated February 2006, and for debt service on the Lake Pavilion.

##### **Library Expansion Facilities Fees Fund**

The County Public Library System currently owns a 7,000 square foot library facility within the City limits. While the City is not the library service provider, the City's residents and businesses have an interest in maintaining the library service levels. Additional development within the City will increase the demand for a larger sized library and for more volumes within the library. Because the need for additional volumes and the need for an expanded library is directly related to new construction, a *Library Facilities Fee* is charged on all new development. These fees are deposited into this fund and then will be used for the expansion of the amount of library facility space and the expansion of the library collection as listed in the *Atascadero Master Facilities Plan* updated February 2006. These monies will be accumulated for several years, as necessary for expansion of the existing library facility.

##### **Fire Aerial Vehicle Impact Fees Fund**

This fund accounts for the aerial fire truck impact fees that are imposed on commercial and multi-family residential developments. A platform aerial truck was purchased in fiscal year 2007-2008.

##### **Community Facilities District Fund**

This fund is used to account for fees assessed in the Community Facilities District. This district was established in 2005 in order to provide funding for expansion of police, fire, and parks services as the City's population increases. Developments that must obtain Planning Commission approval are subject to annexation into the city-wide district.

##### **Apple Valley Street & Storm Drain Assessment District Fund**

This fund is used to account for fees assessed in development known as The Colony at Apple Valley. This assessment district was established in 2005 in order to maintain the Street and Storm Drain related improvements in the development.

**CITY OF ATASCADERO**

NONMAJOR GOVERNMENTAL FUNDS OVERVIEW (continued)

SPECIAL REVENUE FUNDS (continued), & CAPITAL PROJECTS FUNDS

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**Apple Valley Landscape & Lighting Assessment District Fund**

This fund is used to account for fees assessed in development known as The Colony at Apple Valley. This assessment district was established in 2005 in order to maintain the Landscape & Lighting related improvements in the development.

**Las Lomas Street & Storm Drain Assessment District Fund**

This fund is used to account for fees assessed in development known as Las Lomas. This assessment district was established in 2005 in order to maintain the Street and Storm Drain related improvements in the development.

**Las Lomas Landscape & Lighting Assessment District Fund**

This fund is used to account for fees assessed in development known as Las Lomas. This assessment district was established in 2005 in order to maintain the Landscape and Lighting related improvements in the development.

**De Anza Street & Storm Drain Assessment District Fund**

This fund is used to account for fees assessed in development known as De Anza Estates. This assessment district was established in 2005 in order to maintain the Street and Storm Drain related improvements in the development.

**De Anza Landscape & Lighting Assessment District Fund**

This fund is used to account for fees assessed in development known as De Anza Estates. This assessment district was established in 2005 in order to maintain the Landscape and Lighting related improvements in the development.

**The City has established the following capital projects funds in order to account for expenditures for specific capital project purposes:**

**Capital Projects Fund**

This fund is typically used to account for the financial resources used in the construction or acquisition of major capital facilities or equipment obtained by special funding such as grants or dedicated reimbursements. It is also used as a type of clearinghouse for projects with many different sources of funding.

**2005 Redevelopment Bond Project Fund**

This fund is used to account for the expenditures of the 2005 Redevelopment Bond proceeds and the related interest on these proceeds. The Community Redevelopment Agency of Atascadero issued bonds in November of 2004 in order to complete a list of projects to revitalize the downtown area. These projects are a key component of the revised Downtown Revitalization Plan. Implementing the plan will improve pedestrian, vehicle and bicycle traffic; provide adequate parking; establish the revitalized Sunken Gardens as the central hub for the area; and promote downtown's economic vitality.

**Assessment District #8 Construction Fund**

This fund contains the balance of monies remaining from a past wastewater construction project.

**Youth Center Construction Fund**

This fund accounts for funds received for and expended on the construction of the new Colony Park Community Center.

**2010 Redevelopment Bond Project Fund**

This fund is used to account for the expenditures of the 2010 Lease Revenue Bond proceeds and the related interest on these proceeds. In September 2010, the City of Atascadero issued lease revenue bonds. The spendable proceeds of these bonds were transferred to this Redevelopment Agency Fund. The Agency Board and the community identified the renovation of the Historic City Hall and specific blight elimination projects as the priority projects for the bond proceeds. In January 2011, the Agency contracted with the City to complete these projects, transferring funds to an escrow account held by the City.

**CITY OF ATASCADERO**

NONMAJOR GOVERNMENTAL FUNDS OVERVIEW (continued)

DEBT SERVICE FUNDS

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The City has established the debt service funds to account for the payment and accumulation of resources related to long-term debt principal and interest for the following debt issues:

**Assessment District #4 Debt Service Fund**

This fund is used to account for fees assessed in Assessment District #4, and the related debt service payments. This assessment district was established in 1986 in order to construct sewer improvements in the area known as Separado/Cayucos.

**Assessment District #7 Debt Service Fund**

Assessment District #7 was formed to bring sewer services to an area referred to as East Santa Rosa Road, pursuant to a regional Water Quality Control Board issued Cease and Desist Order prohibiting septic systems in the area. Rather than issue bonds to construct the necessary sewer improvements, the assessment district received a loan from the City's Wastewater Fund. The proceeds from this loan were used to construct a sewer main extension and the related necessary sewer improvements needed to comply with the Cease and Desist Order.

**Assessment District #9 Debt Service Fund**

Assessment District #9 was formed to bring sewer services to an area referred to as North San Gabriel Road, pursuant to a regional Water Quality Control Board issued Cease and Desist Order prohibiting septic systems in the area. Rather than issue bonds to construct the necessary sewer improvements, the assessment district received a loan from the City's Wastewater Fund. The proceeds from this loan were used to construct a sewer main extension and the related necessary sewer improvements needed to comply with the Cease and Desist Order.

**Assessment District #10 Debt Service Fund**

Assessment District #10 was formed to bring sewer services to an area referred to as West Santa Rosa Road, pursuant to a regional Water Quality Control Board issued Cease and Desist Order prohibiting septic systems in the area. Rather than issue bonds to construct the necessary sewer improvements, the assessment district received a loan from the City's Wastewater Fund. The proceeds from this loan were used to construct a sewer main extension and the related necessary sewer improvements needed to comply with the Cease and Desist Order.

**2005 Redevelopment Bond Debt Service Fund**

The City issued \$12,490,000 in Tax Allocation bonds for improvements to the City's downtown core. The bonds will mature between fiscal years 2010 and 2035, at interest rates ranging from 3.00% to 5.00%. The Bonds will be repaid with the Agency's Tax Increment Revenues.

**1992 Street Assessment Improvement Fund**

This fund is used to account for fees assessed in the 1992 Street Improvement Assessment District and the related debt service payments. This assessment district was formed in 1992 in order to construct street improvements in two non-contiguous sections of the City: the Las Encinas area and the 3F Meadows area. In accordance with the original bond agreement, the District called \$180,000 in aggregate principal bonds on September 2, 1995.

**CITY OF ATASCADERO**

NONMAJOR GOVERNMENTAL FUNDS OVERVIEW (continued)

DEBT SERVICE FUNDS

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**1993 Camino Real Improvement Bonds Fund**

The Assessment District was formed to construct and dedicate off-site improvements and utility services to serve the development now known as Mission Oaks Annex. On July 8, 1993, the City issued \$2,100,000 in 1915/1913 Act assessment bonds at interest rates of 4.5% to 7.25%. Proceeds from these assessment bonds were used to construct street improvements, sewer lines, water mains, electrical and telephone utility extensions, street lighting, traffic signalization, landscaping, and storm drains in and around the area known as Mission Oaks Annex. On February 13, 1999, the City defeased the outstanding bonds and issued new lower interest bonds.

**2010 Bond Debt Service Fund**

The City issued \$16,010,000 in Lease Revenue bonds, transferring the proceeds to the Redevelopment Agency for the rehabilitation of the historic City Hall building, as well as blight elimination projects, as funds allow. The bonds will mature between fiscal years 2014 and 2040, at interest rates ranging from 3.00% to 5.00%. The Bonds will be repaid by the City General Fund, to be reimbursed by the Redevelopment Agency General Fund.

**CITY OF ATASCADERO**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2011**

**Special Revenue Funds**

	<b>Supplemental Law Enforcement Services Fund</b>	<b>In Lieu Low / Moderate Income Housing Fund</b>	<b>Production of Affordable Housing Units Fund</b>	<b>Business Improvement Association Fund</b>	<b>Community Development Block Grant Fund</b>	<b>Tree Plant Fund</b>	<b>Gas Tax Fund</b>
<b>ASSETS</b>							
Cash and investments	\$ 130,600	\$ 467,050	\$ 3,948,103	\$ 1,027	\$ -	\$ 500,197	\$ 642,256
Restricted cash and investments:							
Cash with fiscal agent	-	-	-	-	-	-	-
Receivables:							
Federal distributions due	-	-	-	-	152,667	-	-
Due from State of California	25,000	-	-	-	-	-	90,445
Due from County of San Luis Obispo	-	-	-	-	-	-	-
Accrued interest	222	741	6,259	3	-	793	913
Other receivables	-	-	-	-	362	-	11
Due from other funds	-	-	1,621,886	-	-	-	-
Prepaid items	-	-	-	-	-	-	730
Notes receivable	-	3,713,125	-	-	-	-	-
Interfund advances receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 155,822</u>	<u>\$ 4,180,916</u>	<u>\$ 5,576,248</u>	<u>\$ 1,030</u>	<u>\$ 153,029</u>	<u>\$ 500,990</u>	<u>\$ 734,355</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Accounts payable	\$ 1,564	\$ -	\$ -	\$ -	\$ 10,208	\$ 4,614	\$ 161,624
Accrued salaries and benefits	259	-	-	-	-	945	13,990
Due to other funds	-	-	-	-	142,821	-	-
Deferred revenue	150,589	-	-	-	-	-	-
Other payables	-	-	-	-	-	-	-
Interfund advances payable	-	-	-	-	-	-	-
Total liabilities	<u>152,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,029</u>	<u>5,559</u>	<u>175,614</u>
Fund Balances:							
Nonspendable	-	-	-	-	-	-	730
Restricted	3,410	4,180,916	5,576,248	1,030	-	495,431	558,011
Assigned for road projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>3,410</u>	<u>4,180,916</u>	<u>5,576,248</u>	<u>1,030</u>	<u>-</u>	<u>495,431</u>	<u>558,741</u>
Total liabilities and fund balances	<u>\$ 155,822</u>	<u>\$ 4,180,916</u>	<u>\$ 5,576,248</u>	<u>\$ 1,030</u>	<u>\$ 153,029</u>	<u>\$ 500,990</u>	<u>\$ 734,355</u>

**CITY OF ATASCADERO**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (continued)**  
**June 30, 2011**

	<b>Special Revenue Funds</b>						
	<b>AB2928 Traffic Congestion Relief Fund</b>	<b>Local Transportation Fund</b>	<b>Street Assessment Fund</b>	<b>General Government Facilities Fees Fund</b>	<b>Circulation System Fees Fund</b>	<b>Storm Drainage Facilities Fees Fund</b>	<b>Amapoa/ Tecorida Drainage Impact Fees Fund</b>
<b>ASSETS</b>							
Cash and investments	\$ -	\$ 528,667	\$ 55,254	\$ -	\$ 1,243,203	\$ 744,702	\$ 76,412
Restricted cash and investments:							
Cash with fiscal agent	-	-	-	-	-	-	-
Receivables:							
Federal distributions due	-	-	-	-	-	-	-
Due from State of California	-	-	-	-	-	-	-
Due from County of San Luis Obispo	-	353,394	55	-	1,119	-	-
Accrued interest	-	1,196	87	-	1,927	1,184	126
Other receivables	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Interfund advances receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 883,257</b>	<b>\$ 55,396</b>	<b>\$ -</b>	<b>\$ 1,246,249</b>	<b>\$ 745,886</b>	<b>\$ 76,538</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Accounts payable	\$ -	\$ 6,241	\$ -	\$ -	\$ 2,392	\$ 4,100	\$ -
Accrued salaries and benefits	-	-	-	-	-	-	-
Due to other funds	-	-	-	314,476	-	-	-
Deferred revenue	-	-	-	-	411,133	-	-
Other payables	-	-	-	-	-	-	-
Interfund advances payable	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>6,241</b>	<b>-</b>	<b>314,476</b>	<b>413,525</b>	<b>4,100</b>	<b>-</b>
Fund Balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	877,016	55,396	-	832,724	741,786	76,538
Assigned for road projects	-	-	-	-	-	-	-
Unassigned	-	-	-	(314,476)	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>877,016</b>	<b>55,396</b>	<b>(314,476)</b>	<b>832,724</b>	<b>741,786</b>	<b>76,538</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 883,257</b>	<b>\$ 55,396</b>	<b>\$ -</b>	<b>\$ 1,246,249</b>	<b>\$ 745,886</b>	<b>\$ 76,538</b>

**CITY OF ATASCADERO**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (continued)**  
**June 30, 2011**

**Special Revenue Funds**

	<b>Law Enforcement Facilities Fees Fund</b>	<b>Fire Facilities Fees Fund</b>	<b>Open Space Acquisition Fees Fund</b>	<b>Parkland Facilities Fees Fund</b>	<b>Public Facilities Fees Fund</b>	<b>Library Expansion Facilities Fees Fund</b>	<b>Fire Aerial Vehicle Impact Fees Fund</b>
<b>ASSETS</b>							
Cash and investments	\$ 48,635	\$ 757,035	\$ 394,863	\$ 312,732	\$ 141,302	\$ 7,149	\$ -
Restricted cash and investments:							
Cash with fiscal agent	-	-	-	-	-	-	-
Receivables:							
Federal distributions due	-	-	-	-	-	-	-
Due from State of California	-	-	-	-	-	-	-
Due from County of San Luis Obispo	-	-	-	-	-	-	-
Accrued interest	77	1,194	622	493	223	11	-
Other receivables	-	302	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Interfund advances receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 48,712</b>	<b>\$ 758,531</b>	<b>\$ 395,485</b>	<b>\$ 313,225</b>	<b>\$ 141,525</b>	<b>\$ 7,160</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Accounts payable	\$ -	\$ 18	\$ -	\$ 496	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	845,943
Deferred revenue	-	-	-	22,000	-	-	-
Other payables	-	-	-	-	-	-	-
Interfund advances payable	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>22,496</b>	<b>-</b>	<b>-</b>	<b>845,943</b>
Fund Balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	48,712	758,513	395,485	290,729	141,525	7,160	-
Assigned for road projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(845,943)
<b>Total fund balances</b>	<b>48,712</b>	<b>758,513</b>	<b>395,485</b>	<b>290,729</b>	<b>141,525</b>	<b>7,160</b>	<b>(845,943)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 48,712</b>	<b>\$ 758,531</b>	<b>\$ 395,485</b>	<b>\$ 313,225</b>	<b>\$ 141,525</b>	<b>\$ 7,160</b>	<b>\$ -</b>

**CITY OF ATASCADERO**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (continued)**  
**June 30, 2011**

	<b>Special Revenue Funds</b>						
	<b>Community Facilities District Fund</b>	<b>Apple Valley Street &amp; Storm Drain Assessment District Fund</b>	<b>Apple Valley Landscape &amp; Lighting Assessment District Fund</b>	<b>Las Lomas Street &amp; Storm Drain Assessment District Fund</b>	<b>Las Lomas Landscape &amp; Lighting Assessment District Fund</b>	<b>De Anza Street &amp; Storm Drain Assessment District Fund</b>	<b>De Anza Landscape &amp; Lighting Assessment District Fund</b>
<b>ASSETS</b>							
Cash and investments	\$ 624	\$ 207,715	\$ 175,413	\$ 196,873	\$ 236,556	\$ 190,584	\$ 120,251
Restricted cash and investments:							
Cash with fiscal agent	-	-	-	-	-	-	-
Receivables:							
Federal distributions due	-	-	-	-	-	-	-
Due from State of California	-	-	-	-	-	-	-
Due from County of San Luis Obispo	14,334	549	316	51	108	5,769	2,005
Accrued interest	-	322	280	307	400	295	189
Other receivables	-	-	50,000	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Interfund advances receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 14,958</u>	<u>\$ 208,586</u>	<u>\$ 226,009</u>	<u>\$ 197,231</u>	<u>\$ 237,064</u>	<u>\$ 196,648</u>	<u>\$ 122,445</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Accounts payable	\$ 1,195	\$ 440	\$ 8,997	\$ 440	\$ 14,565	\$ 440	\$ 1,608
Accrued salaries and benefits	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	75,000	-	-	-	-
Other payables	1,265	-	-	-	-	-	-
Interfund advances payable	-	-	-	-	-	-	-
Total liabilities	<u>2,460</u>	<u>440</u>	<u>83,997</u>	<u>440</u>	<u>14,565</u>	<u>440</u>	<u>1,608</u>
Fund Balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	12,498	208,146	142,012	196,791	222,499	196,208	120,837
Assigned for road projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>12,498</u>	<u>208,146</u>	<u>142,012</u>	<u>196,791</u>	<u>222,499</u>	<u>196,208</u>	<u>120,837</u>
Total liabilities and fund balances	<u>\$ 14,958</u>	<u>\$ 208,586</u>	<u>\$ 226,009</u>	<u>\$ 197,231</u>	<u>\$ 237,064</u>	<u>\$ 196,648</u>	<u>\$ 122,445</u>

**CITY OF ATASCADERO**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (continued)**  
**June 30, 2011**

	<b>Capital Projects Funds</b>				<b>Debt Service Funds</b>		
	<b>Capital Projects Fund</b>	<b>2005 Redevelopment Bond Project Fund</b>	<b>Assessment District #8 Construction Fund</b>	<b>Youth Center Construction Fund</b>	<b>2010 Bond Project Fund</b>	<b>Assessment District #4 Debt Service Fund</b>	<b>Assessment District #7 Debt Service Fund</b>
<b>ASSETS</b>							
Cash and investments	\$ -	\$ 301,941	\$ -	\$ -	\$ -	\$ 49,022	\$ -
Restricted cash and investments:							
Cash with fiscal agent	-	-	-	-	-	-	-
Receivables:							
Federal distributions due	833,207	-	-	303,825	-	-	-
Due from State of California	1,730	-	-	101,275	-	-	-
Due from County of San Luis Obispo	228,580	-	-	-	-	-	-
Accrued interest	99	821	-	-	-	78	-
Other receivables	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Interfund advances receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,063,616</b>	<b>\$ 302,762</b>	<b>\$ -</b>	<b>\$ 405,100</b>	<b>\$ -</b>	<b>\$ 49,100</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Accounts payable	\$ 122,208	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-	-	-	-
Due to other funds	8,065	176,755	-	395,707	-	-	-
Deferred revenue	-	7,676	-	9,293	-	-	-
Other payables	-	-	-	-	-	-	-
Interfund advances payable	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>130,273</b>	<b>184,431</b>	<b>-</b>	<b>405,100</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances:							
Nonspendable	-	-	-	-	-	-	-
Restricted	340,650	118,331	-	-	-	49,100	-
Assigned for road projects	592,693	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>933,343</b>	<b>118,331</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,100</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,063,616</b>	<b>\$ 302,762</b>	<b>\$ -</b>	<b>\$ 405,100</b>	<b>\$ -</b>	<b>\$ 49,100</b>	<b>\$ -</b>

**CITY OF ATASCADERO**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (continued)**  
**June 30, 2011**

	<b>Debt Service Funds</b>						
	<b>Assessment District #9 Debt Service Fund</b>	<b>Assessment District #10 Debt Service Fund</b>	<b>2005 Redevelopment Bond Debt Service Fund</b>	<b>1992 Street Assessment Improvement Fund</b>	<b>1993 Camino Real Improvement Bonds Fund</b>	<b>2010 Bond Debt Service Fund</b>	<b>TOTALS</b>
<b>ASSETS</b>							
Cash and investments	\$ 25,377	\$ -	\$ 578,810	\$ 174,324	\$ 361,003	\$ -	\$ 12,617,680
Restricted cash and investments:							
Cash with fiscal agent	-	-	852,423	123	79,500	1,417,504	2,349,550
Receivables:							
Federal distributions due	-	-	-	-	-	-	1,289,699
Due from State of California	-	-	-	-	-	-	218,450
Due from County of San Luis Obispo	548	-	59	-	-	-	606,887
Accrued interest	37	-	915	275	525	-	20,614
Other receivables	-	-	-	-	-	-	50,675
Due from other funds	-	-	-	-	-	-	1,621,886
Prepaid items	-	-	-	-	-	-	730
Notes receivable	-	-	-	-	-	-	3,713,125
Interfund advances receivable	-	-	-	-	-	16,010,000	16,010,000
Total assets	<u>\$ 25,962</u>	<u>\$ -</u>	<u>\$ 1,432,207</u>	<u>\$ 174,722</u>	<u>\$ 441,028</u>	<u>\$ 17,427,504</u>	<u>\$ 38,499,296</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 341,250
Accrued salaries and benefits	-	-	-	-	-	-	15,194
Due to other funds	-	-	-	-	-	-	1,883,767
Deferred revenue	-	-	-	-	-	-	675,691
Other payables	-	-	-	-	-	-	1,265
Interfund advances payable	21,385	-	-	-	-	-	21,385
Total liabilities	<u>21,385</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,938,552</u>
Fund Balances:							
Nonspendable	-	-	-	-	-	-	730
Restricted	4,577	-	1,432,207	174,722	441,028	17,427,504	36,127,740
Assigned for road projects	-	-	-	-	-	-	592,693
Unassigned	-	-	-	-	-	-	(1,160,419)
Total fund balances	<u>4,577</u>	<u>-</u>	<u>1,432,207</u>	<u>174,722</u>	<u>441,028</u>	<u>17,427,504</u>	<u>35,560,744</u>
Total liabilities and fund balances	<u>\$ 25,962</u>	<u>\$ -</u>	<u>\$ 1,432,207</u>	<u>\$ 174,722</u>	<u>\$ 441,028</u>	<u>\$ 17,427,504</u>	<u>\$ 38,499,296</u>

**CITY OF ATASCADERO**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**For Fiscal Year Ended June 30, 2011**

	<b>Special Revenue Funds</b>						
	<b>Supplemental Law Enforcement Services Fund</b>	<b>In Lieu Low / Moderate Income Housing Fund</b>	<b>Production of Affordable Housing Units Fund</b>	<b>Business Improvement Association Fund</b>	<b>Community Development Block Grant Fund</b>	<b>Tree Plant Fund</b>	<b>Gas Tax Fund</b>
<b>Revenues:</b>							
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	3,802	-
Intergovernmental revenues	75,129	-	-	-	152,666	-	739,718
Use of money and property	1,091	(105,400)	32,448	(11)	-	4,211	3,513
Other revenues	-	-	-	-	-	-	520
Total revenues	<u>76,220</u>	<u>(105,400)</u>	<u>32,448</u>	<u>(11)</u>	<u>152,666</u>	<u>8,013</u>	<u>743,751</u>
<b>Expenditures:</b>							
Salaries and benefits	13,399	-	-	-	-	16,318	301,367
Supplies and services	1,469	18,460	-	-	9,968	613	355,245
Special projects and studies	52,474	2,460	-	-	148,969	27,714	4,337
Capital outlay	7,787	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	<u>75,129</u>	<u>20,920</u>	<u>-</u>	<u>-</u>	<u>158,937</u>	<u>44,645</u>	<u>660,949</u>
Excess of revenues over (under) expenditures	<u>1,091</u>	<u>(126,320)</u>	<u>32,448</u>	<u>(11)</u>	<u>(6,271)</u>	<u>(36,632)</u>	<u>82,802</u>
<b>Other Financing Sources (Uses):</b>							
Bonds issued	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-
Transfers in	-	-	5,543,800	-	6,271	-	222
Transfers out	-	-	-	(5,030)	-	-	(6,271)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,543,800</u>	<u>(5,030)</u>	<u>6,271</u>	<u>-</u>	<u>(6,049)</u>
Excess of revenues and other sources over (under) expenditures and other uses	1,091	(126,320)	5,576,248	(5,041)	-	(36,632)	76,753
Fund balance, June 30, 2010	<u>2,319</u>	<u>4,307,236</u>	<u>-</u>	<u>6,071</u>	<u>-</u>	<u>532,063</u>	<u>481,988</u>
Fund balance, June 30, 2011	<u>\$ 3,410</u>	<u>\$ 4,180,916</u>	<u>\$ 5,576,248</u>	<u>\$ 1,030</u>	<u>\$ -</u>	<u>\$ 495,431</u>	<u>\$ 558,741</u>

**CITY OF ATASCADERO**

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)

For Fiscal Year Ended June 30, 2011

	<b>Special Revenue Funds</b>						
	<b>AB2928 Traffic Congestion Relief Fund</b>	<b>Local Transportation Fund</b>	<b>Street Assessment Fund</b>	<b>General Government Facilities Fees Fund</b>	<b>Circulation System Fees Fund</b>	<b>Storm Drainage Facilities Fees Fund</b>	<b>Amapoa/ Tecorida Drainage Impact Fees Fund</b>
<b>Revenues:</b>							
Taxes and assessments	\$ -	\$ -	\$ 2,140	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	8,616	147,523	14,038	-
Intergovernmental revenues	-	257,202	-	-	-	-	-
Use of money and property	1,833	6,935	471	(3,589)	10,297	6,212	686
Other revenues	-	-	-	-	-	-	-
Total revenues	<u>1,833</u>	<u>264,137</u>	<u>2,611</u>	<u>5,027</u>	<u>157,820</u>	<u>20,250</u>	<u>686</u>
<b>Expenditures:</b>							
Salaries and benefits	-	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-	-
Special projects and studies	118,403	161	-	-	3,004	55,891	-
Capital outlay	83,673	52,632	-	-	2,193	30,594	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	<u>202,076</u>	<u>52,793</u>	<u>-</u>	<u>-</u>	<u>5,197</u>	<u>86,485</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(200,243)</u>	<u>211,344</u>	<u>2,611</u>	<u>5,027</u>	<u>152,623</u>	<u>(66,235)</u>	<u>686</u>
<b>Other Financing Sources (Uses):</b>							
Bonds issued	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-
Transfers in	-	-	-	-	1,525	12,144	-
Transfers out	(222)	(269,474)	-	-	-	-	(12,144)
Total other financing sources (uses)	<u>(222)</u>	<u>(269,474)</u>	<u>-</u>	<u>-</u>	<u>1,525</u>	<u>12,144</u>	<u>(12,144)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(200,465)</u>	<u>(58,130)</u>	<u>2,611</u>	<u>5,027</u>	<u>154,148</u>	<u>(54,091)</u>	<u>(11,458)</u>
Fund balance, June 30, 2010	<u>200,465</u>	<u>935,146</u>	<u>52,785</u>	<u>(319,503)</u>	<u>678,576</u>	<u>795,877</u>	<u>87,996</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ 877,016</u>	<u>\$ 55,396</u>	<u>\$ (314,476)</u>	<u>\$ 832,724</u>	<u>\$ 741,786</u>	<u>\$ 76,538</u>

**CITY OF ATASCADERO**

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)

For Fiscal Year Ended June 30, 2011

	<b>Special Revenue Funds</b>						
	<b>Law Enforcement Facilities Fees Fund</b>	<b>Fire Facilities Fees Fund</b>	<b>Open Space Acquisition Fees Fund</b>	<b>Parkland Facilities Fees Fund</b>	<b>Public Facilities Fees Fund</b>	<b>Library Expansion Facilities Fees Fund</b>	<b>Fire Aerial Vehicle Impact Fees Fund</b>
<b>Revenues:</b>							
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	9,949	14,164	24,159	77,961	21,113	7,670	147
Intergovernmental revenues	-	-	-	15,000	-	-	-
Use of money and property	407	16,353	3,355	2,618	1,179	(177)	(9,477)
Other revenues	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>10,356</b>	<b>30,517</b>	<b>27,514</b>	<b>95,579</b>	<b>22,292</b>	<b>7,493</b>	<b>(9,330)</b>
<b>Expenditures:</b>							
Salaries and benefits	-	-	-	-	-	-	-
Supplies and services	-	-	-	496	-	-	-
Special projects and studies	-	-	-	15,000	-	254,750	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,496</b>	<b>-</b>	<b>254,750</b>	<b>-</b>
Excess of revenues over (under) expenditures	<b>10,356</b>	<b>30,517</b>	<b>27,514</b>	<b>80,083</b>	<b>22,292</b>	<b>(247,257)</b>	<b>(9,330)</b>
<b>Other Financing Sources (Uses):</b>							
Bonds issued	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	56,539	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,539</b>	<b>-</b>
Excess of revenues and other sources over (under) expenditures and other uses	<b>10,356</b>	<b>30,517</b>	<b>27,514</b>	<b>80,083</b>	<b>22,292</b>	<b>(190,718)</b>	<b>(9,330)</b>
Fund balance, June 30, 2010	<b>38,356</b>	<b>727,996</b>	<b>367,971</b>	<b>210,646</b>	<b>119,233</b>	<b>197,878</b>	<b>(836,613)</b>
Fund balance, June 30, 2011	<b>\$ 48,712</b>	<b>\$ 758,513</b>	<b>\$ 395,485</b>	<b>\$ 290,729</b>	<b>\$ 141,525</b>	<b>\$ 7,160</b>	<b>\$ (845,943)</b>

**CITY OF ATASCADERO**

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)

For Fiscal Year Ended June 30, 2011

	<b>Special Revenue Funds</b>						
	<b>Community Facilities District Fund</b>	<b>Apple Valley Street &amp; Storm Drain Assessment District Fund</b>	<b>Apple Valley Landscape &amp; Lighting Assessment District Fund</b>	<b>Las Lomas Street &amp; Storm Drain Assessment District Fund</b>	<b>Las Lomas Landscape &amp; Lighting Assessment District Fund</b>	<b>De Anza Street &amp; Storm Drain Assessment District Fund</b>	<b>De Anza Landscape &amp; Lighting Assessment District Fund</b>
<b>Revenues:</b>							
Taxes and assessments	\$ 288,345	\$ 38,290	\$ 21,980	\$ 23,276	\$ 49,464	\$ 37,789	\$ 12,719
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-
Use of money and property	(590)	1,724	1,321	1,635	1,844	1,618	989
Other revenues	-	-	-	-	-	-	-
Total revenues	<u>287,755</u>	<u>40,014</u>	<u>23,301</u>	<u>24,911</u>	<u>51,308</u>	<u>39,407</u>	<u>13,708</u>
<b>Expenditures:</b>							
Salaries and benefits	-	-	-	-	-	-	-
Supplies and services	4,788	3,511	77,673	5,994	99,460	3,617	22,997
Special projects and studies	-	-	-	-	24,046	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	<u>4,788</u>	<u>3,511</u>	<u>77,673</u>	<u>5,994</u>	<u>123,506</u>	<u>3,617</u>	<u>22,997</u>
Excess of revenues over (under) expenditures	<u>282,967</u>	<u>36,503</u>	<u>(54,372)</u>	<u>18,917</u>	<u>(72,198)</u>	<u>35,790</u>	<u>(9,289)</u>
<b>Other Financing Sources (Uses):</b>							
Bonds issued	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	840
Transfers out	(276,430)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(276,430)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>840</u>
Excess of revenues and other sources over (under) expenditures and other uses	6,537	36,503	(54,372)	18,917	(72,198)	35,790	(8,449)
Fund balance, June 30, 2010	<u>5,961</u>	<u>171,643</u>	<u>196,384</u>	<u>177,874</u>	<u>294,697</u>	<u>160,418</u>	<u>129,286</u>
Fund balance, June 30, 2011	<u>\$ 12,498</u>	<u>\$ 208,146</u>	<u>\$ 142,012</u>	<u>\$ 196,791</u>	<u>\$ 222,499</u>	<u>\$ 196,208</u>	<u>\$ 120,837</u>

**CITY OF ATASCADERO**

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)

For Fiscal Year Ended June 30, 2011

	Capital Projects Funds				Debt Service Funds		
	Capital Projects Fund	2005 Redevelopment Bond Project Fund	Assessment District #8 Construction Fund	Youth Center Construction Fund	2010 Redevelopment Bond Project Fund	Assessment District #4 Debt Service Fund	Assessment District #7 Debt Service Fund
<b>Revenues:</b>							
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,556
Licenses and permits	7	-	-	-	-	-	-
Intergovernmental revenues	1,057,821	-	-	-	-	-	-
Use of money and property	(2,320)	4,985	(13)	(4,435)	24,892	419	37
Other revenues	-	-	-	4,535	-	-	43,079
<b>Total revenues</b>	<b>1,055,508</b>	<b>4,985</b>	<b>(13)</b>	<b>100</b>	<b>24,892</b>	<b>419</b>	<b>70,672</b>
<b>Expenditures:</b>							
Salaries and benefits	-	-	-	-	-	-	-
Supplies and services	-	-	1,045	100	282,606	-	338
Special projects and studies	-	-	-	-	-	-	-
Capital outlay	1,409,873	48,863	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,409,873</b>	<b>48,863</b>	<b>1,045</b>	<b>100</b>	<b>282,606</b>	<b>-</b>	<b>338</b>
Excess of revenues over (under) expenditures	(354,365)	(43,878)	(1,058)	-	(257,714)	419	70,334
<b>Other Financing Sources (Uses):</b>							
Bonds issued	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	90,283	-	-
Transfers in	351,469	-	-	-	16,010,000	-	-
Transfers out	(381)	(260,130)	-	-	(15,842,569)	-	-
<b>Total other financing sources (uses)</b>	<b>351,088</b>	<b>(260,130)</b>	<b>-</b>	<b>-</b>	<b>257,714</b>	<b>-</b>	<b>-</b>
Excess of revenues and other sources over (under) expenditures and other uses	(3,277)	(304,008)	(1,058)	-	-	419	70,334
Fund balance, June 30, 2010	936,620	422,339	1,058	-	-	48,681	(70,334)
Fund balance, June 30, 2011	\$ 933,343	\$ 118,331	\$ -	\$ -	\$ -	\$ 49,100	\$ -

**CITY OF ATASCADERO**

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)

For Fiscal Year Ended June 30, 2011

	<b>Debt Service Funds</b>						
	<b>Assessment District #9 Debt Service Fund</b>	<b>Assessment District #10 Debt Service Fund</b>	<b>2005 Redevelopment Bond Debt Service Fund</b>	<b>1992 Street Assessment Improvement Fund</b>	<b>1993 Camino Real Improvement Bonds Fund</b>	<b>2010 Bond Debt Service Fund</b>	<b>TOTALS</b>
<b>Revenues:</b>							
Taxes and assessments	\$ 15,292	\$ 3,632	\$ 850,738	\$ -	\$ 173,950	\$ -	\$ 1,545,171
Licenses and permits	-	-	-	-	-	-	329,149
Intergovernmental revenues	-	-	-	-	-	-	2,297,536
Use of money and property	115	9	1,074	1,490	2,010	107	9,866
Other revenues	-	429	-	-	-	-	48,563
Total revenues	<u>15,407</u>	<u>4,070</u>	<u>851,812</u>	<u>1,490</u>	<u>175,960</u>	<u>107</u>	<u>4,230,285</u>
<b>Expenditures:</b>							
Salaries and benefits	-	-	-	-	-	-	331,084
Supplies and services	481	-	2,200	-	2,166	1	893,228
Special projects and studies	-	-	-	-	-	-	707,209
Capital outlay	-	-	-	-	-	-	1,635,615
Debt service:							
Principal	-	-	285,000	-	135,000	-	420,000
Interest	1,604	176	561,161	-	29,723	445,966	1,038,630
Total expenditures	<u>2,085</u>	<u>176</u>	<u>848,361</u>	<u>-</u>	<u>166,889</u>	<u>445,967</u>	<u>5,025,766</u>
Excess of revenues over (under) expenditures	<u>13,322</u>	<u>3,894</u>	<u>3,451</u>	<u>1,490</u>	<u>9,071</u>	<u>(445,860)</u>	<u>(795,481)</u>
<b>Other Financing Sources (Uses):</b>							
Bonds issued	-	-	-	-	-	16,010,000	16,010,000
Premium on bonds issued	-	-	-	-	-	-	90,283
Operating transfers in	-	-	-	-	-	1,863,364	23,846,174
Operating transfers out	-	-	-	-	-	-	(16,672,651)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,873,364</u>	<u>23,273,806</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>13,322</u>	<u>3,894</u>	<u>3,451</u>	<u>1,490</u>	<u>9,071</u>	<u>17,427,504</u>	<u>22,478,325</u>
Fund balance, June 30, 2010	<u>(8,745)</u>	<u>(3,894)</u>	<u>1,428,756</u>	<u>173,232</u>	<u>431,957</u>	<u>-</u>	<u>13,082,419</u>
Fund balance, June 30, 2011	<u>\$ 4,577</u>	<u>\$ -</u>	<u>\$ 1,432,207</u>	<u>\$ 174,722</u>	<u>\$ 441,028</u>	<u>\$ 17,427,504</u>	<u>\$ 35,560,744</u>

**CITY OF ATASCADERO**

SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
S.L.E.S.F. Grant	\$ 125,550	\$ 225,550	\$ 75,129	\$ (150,421)
Interest income	1,790	1,790	1,091	(699)
Total revenues	<u>127,340</u>	<u>227,340</u>	<u>76,220</u>	<u>(151,120)</u>
<b>Expenditures:</b>				
Employee services	33,950	41,650	13,399	28,251
Operating supplies	2,750	5,410	1,469	3,941
Special projects and purchases:				
Critical response equipment	6,640	6,460	6,040	420
Emergency operations center upgrade	52,450	44,660	40,366	4,294
Speed survey	5,730	6,070	6,068	2
Capital outlay:				
Digital Video Surveillance System	-	7,790	7,787	3
Phone logger / recorded	26,360	25,840	-	25,840
In Car Video	-	90,000	-	90,000
Total expenditures	<u>127,880</u>	<u>227,880</u>	<u>75,129</u>	<u>152,751</u>
Excess of revenues over (under) expenditures	<u>\$ (540)</u>	<u>\$ (540)</u>	<u>1,091</u>	<u>\$ 1,631</u>
Fund balance, June 30, 2010			<u>2,319</u>	
Fund balance, June 30, 2011			<u>\$ 3,410</u>	

**CITY OF ATASCADERO**  
 IN LIEU LOW/MODERATE INCOME HOUSING FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ 12,960	\$ 12,960	\$ 3,930	\$ (9,030)
Gain / (Loss) on Inclusionary Housing Program Loans	-	-	(109,330)	(109,330)
Total revenues	<u>12,960</u>	<u>12,960</u>	<u>(105,400)</u>	<u>(118,360)</u>
<b>Expenditures:</b>				
Contract services	10,000	10,000	-	10,000
Administrative Charges	18,460	18,460	18,460	-
Special projects:				
Closing Cost Program Expense	-	-	2,460	(2,460)
Total expenditures	<u>28,460</u>	<u>28,460</u>	<u>20,920</u>	<u>7,540</u>
Excess of revenues over (under) expenditures	<u>\$ (15,500)</u>	<u>\$ (15,500)</u>	<u>(126,320)</u>	<u>\$ (110,820)</u>
Fund balance, June 30, 2010			<u>4,307,236</u>	
Fund balance, June 30, 2011			<u>\$ 4,180,916</u>	

**CITY OF ATASCADERO**  
**PRODUCTION OF AFFORDABLE HOUSING UNITS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ -	\$ -	\$ 32,448	\$ 32,448
Total revenues	-	-	32,448	32,448
<b>Expenditures:</b>				
Capital outlay:				
Production of 24 Very Low/Low Income Units	-	5,383,800	-	5,383,800
Total expenditures	-	5,383,800	-	5,383,800
Excess of revenues over (under) expenditures	-	(5,383,800)	32,448	5,416,248
<b>Other Financing Sources (Uses):</b>				
Transfer from the RDA Low/Mod Housing Fund	-	5,543,800	5,543,800	-
Total other financing sources (uses)	-	5,543,800	5,543,800	-
Excess of revenues and other sources over (under) expenditures and other uses	\$ -	\$ 160,000	5,576,248	\$ 5,416,248
Fund balance, June 30, 2010			-	
Fund balance, June 30, 2011			\$ 5,576,248	

**CITY OF ATASCADERO**  
**BUSINESS IMPROVEMENT ASSOCIATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ -	\$ -	\$ (11)	\$ (11)
Total revenues	-	-	(11)	(11)
<b>Expenditures:</b>				
Advertising	5,030	-	-	-
Total expenditures	5,030	-	-	-
Excess of revenues over (under) expenditures	(5,030)	-	(11)	(11)
<b>Other Financing Sources (Uses):</b>				
Transfer to Redevelopment Agency Fund for tourism, marketing and promotion	-	(5,030)	(5,030)	-
Total other financing sources (uses)	-	(5,030)	(5,030)	-
Excess of revenues and other sources over (under) expenditures and other uses	\$ (5,030)	\$ (5,030)	(5,041)	\$ (11)
Fund balance, June 30, 2010			6,071	
Fund balance, June 30, 2011			\$ 1,030	

**CITY OF ATASCADERO**

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Community Development Block Grant	\$ 463,890	\$ 463,890	\$ 152,419	\$ (311,471)
CDBG ARRA- Lewis Avenue Barrier Removal	2,900	2,900	247	(2,653)
Total revenues	466,790	466,790	152,666	(314,124)
<b>Expenditures:</b>				
Administration:				
CDBG General Administration	62,560	40,430	9,721	30,709
ARRA Project Administration	1,180	1,180	247	933
Special projects and studies:				
El Camino Homeless Organization	16,240	16,240	16,238	2
North County Women's Shelter Projects	19,250	19,250	18,294	956
Loaves & Fishes Groceries	8,120	8,120	8,119	1
Youth Scholarships	3,250	3,250	3,248	2
Youth Mentor Program	1,620	1,620	1,624	(4)
People's Self Help Housing Remodel	15,320	15,320	-	15,320
Literacy Programs- Literacy Council	1,080	1,080	1,083	(3)
Sidewalk Improvement Project IV - South ECR	94,090	100,360	100,363	(3)
Misc. Sidewalk Improvement Projects	217,830	239,960	-	239,960
Capital outlay:				
Paloma Park Walkway Barrier Removal	14,630	14,630	-	14,630
Lake Park Walkway Barrier Removal	9,900	9,900	-	9,900
Lewis Avenue Barrier Removal - ARRA Project	1,720	1,720	-	1,720
Total expenditures	466,790	473,060	158,937	314,123
Excess of revenues over (under) expenditures	-	(6,270)	(6,271)	(1)
<b>Other Financing Sources (Uses):</b>	-			
Transfer from Gas Tax Fund for the South ECR Sidewalk Barrier Removal Project	-	6,270	6,271	1
Total other financing sources (uses)	-	6,270	6,271	1
Excess of revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	-	\$ -
Fund balance, June 30, 2010			-	
Fund balance, June 30, 2011			\$ -	

**CITY OF ATASCADERO**  
**TREE PLANT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Permits and fees	\$ 5,000	\$ 5,000	\$ 3,802	\$ (1,198)
Interest income	14,870	14,870	4,211	(10,659)
Total revenues	<u>19,870</u>	<u>19,870</u>	<u>8,013</u>	<u>(11,857)</u>
<b>Expenditures:</b>				
Employee Services	15,890	16,330	16,318	12
Office Expense	-	1,000	562	438
Operating supplies	10,000	8,560	51	8,509
Special projects and studies:				
Native Tree Re-Planting Project	38,000	38,000	27,714	10,286
Total expenditures	<u>63,890</u>	<u>63,890</u>	<u>44,645</u>	<u>19,245</u>
Excess of revenues over (under) expenditures	<u>\$ (44,020)</u>	<u>\$ (44,020)</u>	<u>(36,632)</u>	<u>\$ 7,388</u>
Fund balance, June 30, 2010			<u>532,063</u>	
Fund balance, June 30, 2011			<u>\$ 495,431</u>	

**CITY OF ATASCADERO**

GAS TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Section 2103 highway users tax	\$ -	\$ -	\$ 270,792	\$ 270,792
Section 2105 highway users tax	157,290	157,290	146,711	(10,579)
Section 2106 highway users tax	123,710	123,710	120,272	(3,438)
Section 2107 highway users tax	205,930	205,930	195,943	(9,987)
Section 2107.5 highway users tax	6,000	6,000	6,000	-
Interest income	7,500	7,500	3,513	(3,987)
Other revenues	-	-	520	520
Total revenues	<u>500,430</u>	<u>500,430</u>	<u>743,751</u>	<u>243,321</u>
<b>Expenditures:</b>				
Salaries and benefits	365,160	365,160	301,367	63,793
Advertising	-	230	228	2
Computer maintenance & replacement	4,570	4,570	4,570	-
Insurance	28,350	28,350	24,275	4,075
Occupancy	500	270	-	270
Utilities	65,000	65,000	62,193	2,807
Communications	3,200	3,200	2,359	841
Operating supplies and equipment	44,890	44,890	20,278	24,612
Vehicle and equipment operations	34,560	34,560	27,181	7,379
Contract services	119,250	97,530	48,162	49,368
Professional development	1,800	2,250	2,249	1
Administrative charges	163,750	163,750	163,750	-
Special projects:				
Crosswalk Safety Improvement Projects		15,000	4,337	10,663
Total expenditures	<u>831,030</u>	<u>824,760</u>	<u>660,949</u>	<u>163,811</u>
Excess of revenues over (under) expenditures	<u>(330,600)</u>	<u>(324,330)</u>	<u>82,802</u>	<u>407,132</u>
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund for street maintenance	120,760	120,760	-	(120,760)
Transfer from AB2928 Fund for streets projects	125,000	125,000	222	(124,778)
Transfer to CDBG Fund for the South ECR Sidewalk Barrier Removal Project	-	(6,270)	(6,271)	(1)
Total other financing sources (uses)	<u>245,760</u>	<u>239,490</u>	<u>(6,049)</u>	<u>(245,539)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (84,840)</u>	<u>\$ (84,840)</u>	<u>76,753</u>	<u>\$ 161,593</u>
Fund balance, June 30, 2010			<u>481,988</u>	
Fund balance, June 30, 2011			<u>\$ 558,741</u>	

**CITY OF ATASCADERO**

AB2928 TRAFFIC CONGESTION RELIEF FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
AB2928- Traffic Congestion Relief	\$ 296,320	\$ 296,320	\$ -	\$ (296,320)
Interest income	90	90	1,833	1,743
Total revenues	<u>296,410</u>	<u>296,410</u>	<u>1,833</u>	<u>(294,577)</u>
<b>Expenditures:</b>				
Special projects:				
San Fernando Road Repair Project	-	27,600	28,933	(1,333)
Pavement Marking Program	-	58,200	51,379	6,821
West Mall Grind and Overlay Project	-	-	18,600	(18,600)
Local Road Overlay Program- Asphalt	-	-	19,491	(19,491)
Capital projects:				
El Verano Overlay Project	-	-	-	-
San Luis Surface Treatment	145,800	60,000	-	60,000
Palomar Road Shoulder Repair	26,400	26,400	-	26,400
San Ramon Overlay	178,030	178,030	83,673	94,357
Total expenditures	<u>350,230</u>	<u>350,230</u>	<u>202,076</u>	<u>148,154</u>
Excess of revenues over (under) expenditures	<u>(53,820)</u>	<u>(53,820)</u>	<u>(200,243)</u>	<u>(146,423)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer to Gas Tax Fund for asphalt	(125,000)	(125,000)	(222)	124,778
Total other financing sources (uses)	<u>(125,000)</u>	<u>(125,000)</u>	<u>(222)</u>	<u>124,778</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (178,820)</u>	<u>\$ (178,820)</u>	<u>(200,465)</u>	<u>\$ (21,645)</u>
Fund balance, June 30, 2010			200,465	
Fund balance, June 30, 2011			<u>\$ -</u>	

**CITY OF ATASCADERO**  
**LOCAL TRANSPORTATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Local Transportation Tax- Article 3 Bike Paths	\$ 19,000	\$ 19,000	\$ 15,154	\$ (3,846)
Local Transportation Tax- Article 8 Streets	449,080	449,080	241,071	(208,009)
Safe Routes to School Grant- San Gabriel Project	70,080	70,080	(2,527)	(72,607)
School Contribution- San Gabriel Routes to School	3,500	3,500	3,504	4
Interest income	21,930	21,930	6,935	(14,995)
<b>Total revenues</b>	<b>563,590</b>	<b>563,590</b>	<b>264,137</b>	<b>(299,453)</b>
<b>Expenditures:</b>				
Special projects:				
Minor Bridge Repair	25,000	25,000	161	24,839
Santa Rosa @ Atascadero Lake Bridge Study	24,860	24,860	-	24,860
Capital outlay:				
San Andres Road Rehabilitation Project	-	-	-	-
Atascadero Avenue Rehabilitation Project	779,600	779,600	1,357	778,243
East Front Overlay	245,760	245,760	-	245,760
San Gabriel Routes to School Project	77,080	77,080	11,543	65,537
Old Morro Road Slope Repair	349,280	349,280	39,732	309,548
<b>Total expenditures</b>	<b>1,501,580</b>	<b>1,501,580</b>	<b>52,793</b>	<b>1,448,787</b>
Excess of revenues over (under) expenditures	(937,990)	(937,990)	211,344	1,149,334
<b>Other Financing Sources (Uses):</b>				
Transfer to Capital Projects Fund for the Atascadero Creek Trail Project	(144,130)	(144,130)	(531)	143,599
Transfer to Capital Projects Fund for the Downtown Streetscape III Project	-	(392,490)	(268,562)	123,928
Transfer to Circulation System Fees Fund for a portion of the Lewis Avenue Bridge Project	(4,100)	(4,100)	(381)	3,719
<b>Total other financing sources (uses)</b>	<b>(148,230)</b>	<b>(540,720)</b>	<b>(269,474)</b>	<b>271,246</b>
Excess of revenues and other sources over (under) expenditures and other uses	\$ (1,086,220)	\$ (1,478,710)	(58,130)	\$ 1,420,580
Fund balance, June 30, 2010			935,146	
Fund balance, June 30, 2011			\$ 877,016	

**CITY OF ATASCADERO**  
**STREET ASSESSMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and special assessments- Lobos Lane	\$ 280	\$ 280	\$ 280	\$ -
Taxes and special assessments- Sonora / Pinal	360	360	360	-
Taxes and special assessments- Maleza	180	180	180	-
Taxes and special assessments- San Fernando	580	580	580	-
Taxes and special assessments- Aguila	100	100	100	-
Taxes and special assessments- Pinal / Escarpa	140	140	180	40
Taxes and special assessments- Cayucos	220	220	220	-
Taxes and special assessments- Falda	240	240	240	-
Interest income	1,650	1,650	471	(1,179)
Total revenues	<u>3,750</u>	<u>3,750</u>	<u>2,611</u>	<u>(1,139)</u>
Excess of revenues over (under) expenditures	<u>\$ 3,750</u>	<u>\$ 3,750</u>	<u>2,611</u>	<u>\$ (1,139)</u>
Fund balance, June 30, 2010			<u>52,785</u>	
Fund balance, June 30, 2011			<u>\$ 55,396</u>	

**CITY OF ATASCADERO**  
**GENERAL GOVERNMENT FACILITIES FEES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 17,420	\$ 17,420	\$ 8,616	\$ (8,804)
Interest income (expense)	(9,700)	(9,700)	(3,589)	6,111
Total revenues	<u>7,720</u>	<u>7,720</u>	<u>5,027</u>	<u>(2,693)</u>
Excess of revenues over (under) expenditures	<u>\$ 7,720</u>	<u>\$ 7,720</u>	5,027	<u>\$ (2,693)</u>
Fund balance, June 30, 2010			(319,503)	
Fund balance, June 30, 2011			<u>\$ (314,476)</u>	

**CITY OF ATASCADERO**  
**CIRCULATION SYSTEM FEES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 316,600	\$ 316,600	\$ 147,523	\$ (169,077)
STIP- Rosario Study	120,000	120,000	-	(120,000)
Interest income	18,000	18,000	10,297	(7,703)
Total revenues	<u>454,600</u>	<u>454,600</u>	<u>157,820</u>	<u>(296,780)</u>
<b>Expenditures:</b>				
Special projects and studies:				
Minor interchange improvements	245,070	245,070	3,004	242,066
Rosario NB Auxiliary Lane Study	120,000	120,000	-	120,000
Capital outlay:				
Lewis Avenue Bridge Project	<u>23,560</u>	<u>23,560</u>	<u>2,193</u>	<u>21,367</u>
Total expenditures	<u>388,630</u>	<u>388,630</u>	<u>5,197</u>	<u>383,433</u>
Excess of revenues over (under) expenditures	<u>65,970</u>	<u>65,970</u>	<u>152,623</u>	<u>86,653</u>
<b>Other Financing Sources (Uses):</b>				
Transfer from 2005 Redevelopment Bond Project				
Fund for the Lewis Avenue Bridge Project	8,200	770	763	(7)
Transfer from Blight Elimination Project				
Fund for the Lewis Avenue Bridge Project	-	7,430	-	(7,430)
Transfer from Capital Projects Fund for the Lewis Avenue Bridge Project	4,100	4,100	381	(3,719)
Transfer from Local Transportation Fund for the Lewis Avenue Bridge Project	<u>4,100</u>	<u>4,100</u>	<u>381</u>	<u>(3,719)</u>
Total other financing sources (uses)	<u>16,400</u>	<u>16,400</u>	<u>1,525</u>	<u>(14,875)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ 82,370</u>	<u>\$ 82,370</u>	<u>154,148</u>	<u>\$ 71,778</u>
Fund balance, June 30, 2010			<u>678,576</u>	
Fund balance, June 30, 2011			<u>\$ 832,724</u>	

**CITY OF ATASCADERO**  
**STORM DRAINAGE FACILITIES FEES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 25,380	\$ 25,380	\$ 14,038	\$ (11,342)
Interest income	11,630	11,630	6,212	(5,418)
Total revenues	<u>37,010</u>	<u>37,010</u>	<u>20,250</u>	<u>(16,760)</u>
<b>Expenditures:</b>				
Special projects				
Drainage System Atlas	23,040	23,040	2,425	20,615
Atascadero Creek Corps of Engineering	15,000	15,000	13,420	1,580
Atascadero Creek Cleanout at Portola	44,260	44,260	40,046	4,214
Capital projects:				
2006 Marchant Avenue Drainage	321,750	321,750	12,144	309,606
San Jacinto @ Traffic Way Drainage Project	139,460	139,460	2,823	136,637
2009/2011 Drainage Improvement Project	144,300	144,300	14,737	129,563
Cenegal Road and Storm Drain Repair Project	-	-	890	(890)
Total expenditures	<u>687,810</u>	<u>687,810</u>	<u>86,485</u>	<u>601,325</u>
Excess of revenues over (under) expenditures	<u>(650,800)</u>	<u>(650,800)</u>	<u>(66,235)</u>	<u>584,565</u>
<b>Other Financing Sources (Uses):</b>				
Transfer from Amapoa Tecorida Drainage Impact Fee Fund for the Marchant Drainage Project	88,570	88,570	12,144	(76,426)
Total other financing sources (uses)	<u>88,570</u>	<u>88,570</u>	<u>12,144</u>	<u>(76,426)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (562,230)</u>	<u>\$ (562,230)</u>	<u>(54,091)</u>	<u>\$ 508,139</u>
Fund balance, June 30, 2010			<u>795,877</u>	
Fund balance, June 30, 2011			<u>\$ 741,786</u>	

**CITY OF ATASCADERO**

## AMAPOA/TECORIDA DRAINAGE IMPACT FEES FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ 770	\$ 770	\$ 686	\$ (84)
Total revenues	770	770	686	(84)
Excess of revenues over (under) expenditures	770	770	686	(84)
<b>Other Financing Sources (Uses):</b>				
Transfer to the Storm Drainage Facilities Fees Fund for the Marchant Drainage Project	(88,570)	(88,570)	(12,144)	76,426
Total other financing sources (uses)	(88,570)	(88,570)	(12,144)	76,426
Excess of revenues and other sources over (under) expenditures and other uses	\$ (87,800)	\$ (87,800)	(11,458)	\$ 76,342
Fund balance, June 30, 2010			87,996	
Fund balance, June 30, 2011			\$ 76,538	

**CITY OF ATASCADERO**  
**LAW ENFORCEMENT FACILITIES FEES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 22,370	\$ 22,370	\$ 9,949	\$ (12,421)
Interest income	1,470	1,470	407	(1,063)
Total revenues	<u>23,840</u>	<u>23,840</u>	<u>10,356</u>	<u>(13,484)</u>
Excess of revenues over (under) expenditures	<u>\$ 23,840</u>	<u>\$ 23,840</u>	10,356	<u>\$ (13,484)</u>
Fund balance, June 30, 2010			<u>38,356</u>	
Fund balance, June 30, 2011			<u>\$ 48,712</u>	

**CITY OF ATASCADERO**  
**FIRE FACILITIES FEES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 29,930	\$ 29,930	\$ 14,164	\$ (15,766)
Rental income	10,800	10,800	9,900	(900)
Interest income	22,950	22,950	6,453	(16,497)
Total revenues	63,680	63,680	30,517	(33,163)
Excess of revenues over (under) expenditures	\$ 63,680	\$ 63,680	30,517	\$ (33,163)
Fund balance, June 30, 2010			727,996	
Fund balance, June 30, 2011			\$ 758,513	

**CITY OF ATASCADERO**  
**OPEN SPACE ACQUISITION FEES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 33,160	\$ 33,160	\$ 24,159	\$ (9,001)
Interest income	11,800	11,800	3,355	(8,445)
Total revenues	<u>44,960</u>	<u>44,960</u>	<u>27,514</u>	<u>(17,446)</u>
Excess of revenues over (under) expenditures	<u>\$ 44,960</u>	<u>\$ 44,960</u>	<u>27,514</u>	<u>\$ (17,446)</u>
Fund balance, June 30, 2010			<u>367,971</u>	
Fund balance, June 30, 2011			<u>\$ 395,485</u>	

**CITY OF ATASCADERO**  
**PARKLAND FACILITIES FEES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 95,810	\$ 95,810	\$ 77,961	\$ (17,849)
Fire Safe Council Grant	37,000	37,000	15,000	(22,000)
Interest income	8,170	8,170	2,618	(5,552)
Total revenues	<u>140,980</u>	<u>140,980</u>	<u>95,579</u>	<u>(45,401)</u>
<b>Expenditures:</b>				
Contract services	-	-	496	(496)
Special projects				
Stadium Park Study	37,000	37,000	15,000	22,000
Total expenditures	<u>37,000</u>	<u>37,000</u>	<u>15,496</u>	<u>21,504</u>
Excess of revenues over (under) expenditures	<u>\$ 103,980</u>	<u>\$ 103,980</u>	80,083	<u>\$ (23,897)</u>
Fund balance, June 30, 2010			<u>210,646</u>	
Fund balance, June 30, 2011			<u>\$ 290,729</u>	

**CITY OF ATASCADERO**  
**PUBLIC FACILITIES FEES FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 26,010	\$ 26,010	\$ 21,113	\$ (4,897)
Interest income	4,030	4,030	1,179	(2,851)
Total revenues	<u>30,040</u>	<u>30,040</u>	<u>22,292</u>	<u>(7,748)</u>
Excess of revenues over expenditures	<u>\$ 30,040</u>	<u>\$ 30,040</u>	22,292	<u>\$ (7,748)</u>
Fund balance, June 30, 2010			<u>119,233</u>	
Fund balance, June 30, 2011			<u>\$ 141,525</u>	

**CITY OF ATASCADERO**

LIBRARY EXPANSION FACILITIES FEES FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 16,830	\$ 16,830	\$ 7,670	\$ (9,160)
Interest income	6,300	6,300	(177)	(6,477)
Total revenues	<u>23,130</u>	<u>23,130</u>	<u>7,493</u>	<u>(15,637)</u>
<b>Expenditures:</b>				
Special projects				
Library Expansion Contribution	-	254,900	254,750	150
Total expenditures	<u>-</u>	<u>254,900</u>	<u>254,750</u>	<u>150</u>
Excess of revenues over (under) expenditures	<u>23,130</u>	<u>(231,770)</u>	<u>(247,257)</u>	<u>(15,787)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund	-	57,000	56,539	(461)
Total other financing sources (uses)	<u>-</u>	<u>57,000</u>	<u>56,539</u>	<u>(461)</u>
Excess of revenues over expenditures	<u>\$ 23,130</u>	<u>\$ (174,770)</u>	<u>(190,718)</u>	<u>\$ (15,948)</u>
Fund balance, June 30, 2010			<u>197,878</u>	
Fund balance, June 30, 2011			<u>\$ 7,160</u>	

**CITY OF ATASCADERO**  
**FIRE AERIAL VEHICLE IMPACT FEES FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 3,790	\$ 3,790	\$ 147	\$ (3,643)
Interest income (expense)	-	-	(9,477)	(9,477)
Total revenues	<u>3,790</u>	<u>3,790</u>	<u>(9,330)</u>	<u>(13,120)</u>
Excess of revenues over (under) expenditures	<u>\$ 3,790</u>	<u>\$ 3,790</u>	<u>(9,330)</u>	<u>\$ (13,120)</u>
Fund balance, June 30, 2010			<u>(836,613)</u>	
Fund balance, June 30, 2011			<u>\$ (845,943)</u>	

**CITY OF ATASCADERO**  
COMMUNITY FACILITIES DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 280,280	\$ 280,280	\$ 288,345	\$ 8,065
Interest income	-	-	(590)	(590)
Total revenues	<u>280,280</u>	<u>280,280</u>	<u>287,755</u>	<u>7,475</u>
<b>Expenditures:</b>				
Contract services	<u>5,250</u>	<u>5,250</u>	<u>4,788</u>	<u>462</u>
Total expenditures	<u>5,250</u>	<u>5,250</u>	<u>4,788</u>	<u>462</u>
Excess of revenues over (under) expenditures	<u>275,030</u>	<u>275,030</u>	<u>282,967</u>	<u>7,937</u>
<b>Other Financing Sources (Uses):</b>				
Transfer to the General Fund for police, fire and parks services	<u>(276,430)</u>	<u>(276,430)</u>	<u>(276,430)</u>	<u>-</u>
Total other financing sources (uses)	<u>(276,430)</u>	<u>(276,430)</u>	<u>(276,430)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (1,400)</u>	<u>\$ (1,400)</u>	<u>6,537</u>	<u>\$ 7,937</u>
Fund balance, June 30, 2010			<u>5,961</u>	
Fund balance, June 30, 2011			<u>\$ 12,498</u>	

**CITY OF ATASCADERO****APPLE VALLEY STREET & STORM DRAIN ASSESSMENT DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 36,970	\$ 36,970	\$ 38,290	\$ 1,320
Interest income	4,290	4,290	1,724	(2,566)
Total revenues	<u>41,260</u>	<u>41,260</u>	<u>40,014</u>	<u>(1,246)</u>
<b>Expenditures:</b>				
Advertising	-	-	440	(440)
Contract services	3,850	3,850	2,164	1,686
Administration	4,040	4,040	907	3,133
Total expenditures	<u>7,890</u>	<u>7,890</u>	<u>3,511</u>	<u>4,379</u>
Excess of revenues over expenditures	<u>\$ 33,370</u>	<u>\$ 33,370</u>	<u>36,503</u>	<u>\$ 3,133</u>
Fund balance, June 30, 2010			<u>171,643</u>	
Fund balance, June 30, 2011			<u>\$ 208,146</u>	

**CITY OF ATASCADERO**APPLE VALLEY LANDSCAPE & LIGHTING ASSESSMENT DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 25,010	\$ 25,010	\$ 21,980	\$ (3,030)
Interest income	4,960	4,960	1,321	(3,639)
Total revenues	<u>29,970</u>	<u>29,970</u>	<u>23,301</u>	<u>(6,669)</u>
<b>Expenditures:</b>				
Advertising	-	-	540	(540)
Utilities	9,770	9,770	10,108	(338)
Operating supplies	900	900	186	714
Contract services	48,610	48,610	65,635	(17,025)
Administration	10,820	10,820	1,204	9,616
Total expenditures	<u>70,100</u>	<u>70,100</u>	<u>77,673</u>	<u>(7,573)</u>
Excess of revenues over (under) expenditures	<u>\$ (40,130)</u>	<u>\$ (40,130)</u>	<u>(54,372)</u>	<u>\$ (14,242)</u>
Fund balance, June 30, 2010			<u>196,384</u>	
Fund balance, June 30, 2011			<u>\$ 142,012</u>	

**CITY OF ATASCADERO****LAS LOMAS STREET & STORM DRAIN ASSESSMENT DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 20,410	\$ 20,410	\$ 23,276	\$ 2,866
Interest income	5,370	5,370	1,635	(3,735)
Total revenues	<u>25,780</u>	<u>25,780</u>	<u>24,911</u>	<u>(869)</u>
<b>Expenditures:</b>				
Advertising	-	-	440	(440)
Contract services	4,290	4,290	4,212	78
Administration	4,040	4,040	1,342	2,698
Total expenditures	<u>8,330</u>	<u>8,330</u>	<u>5,994</u>	<u>2,336</u>
Excess of revenues over (under) expenditures	<u>\$ 17,450</u>	<u>\$ 17,450</u>	18,917	<u>\$ 1,467</u>
Fund balance, June 30, 2010			<u>177,874</u>	
Fund balance, June 30, 2011			<u>\$ 196,791</u>	

**CITY OF ATASCADERO**

LAS LOMAS LANDSCAPE & LIGHTING ASSESSMENT DISTRICT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 78,440	\$ 78,440	\$ 49,464	\$ (28,976)
Interest income	6,330	6,330	1,844	(4,486)
Total revenues	<u>84,770</u>	<u>84,770</u>	<u>51,308</u>	<u>(33,462)</u>
<b>Expenditures:</b>				
Advertising	-	-	560	(560)
Utilities	16,870	16,870	6,461	10,409
Operating supplies	700	700	6,070	(5,370)
Contract services	125,190	125,190	80,962	44,228
Administration	10,820	10,820	5,407	5,413
Special projects:				
Planting and landscape project	-	-	24,046	(24,046)
Total expenditures	<u>153,580</u>	<u>153,580</u>	<u>123,506</u>	<u>30,074</u>
Excess of revenues over (under) expenditures	<u>\$ (68,810)</u>	<u>\$ (68,810)</u>	<u>(72,198)</u>	<u>\$ (3,388)</u>
Fund balance, June 30, 2010			<u>294,697</u>	
Fund balance, June 30, 2011			<u>\$ 222,499</u>	

**CITY OF ATASCADERO****DE ANZA STREET & STORM DRAIN ASSESSMENT DISTRICT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 36,520	\$ 36,520	\$ 37,789	\$ 1,269
Interest income	4,570	4,570	1,618	(2,952)
Total revenues	<u>41,090</u>	<u>41,090</u>	<u>39,407</u>	<u>(1,683)</u>
<b>Expenditures:</b>				
Advertising	-	-	440	(440)
Contract services	3,560	3,560	2,183	1,377
Administration	4,410	4,410	994	3,416
Total expenditures	<u>7,970</u>	<u>7,970</u>	<u>3,617</u>	<u>4,353</u>
Excess of revenues over expenditures	<u>\$ 33,120</u>	<u>\$ 33,120</u>	<u>35,790</u>	<u>\$ 2,670</u>
Fund balance, June 30, 2010			<u>160,418</u>	
Fund balance, June 30, 2011			<u>\$ 196,208</u>	

**CITY OF ATASCADERO**

DE ANZA LANDSCAPE & LIGHTING ASSESSMENT DISTRICT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 21,320	\$ 21,320	\$ 12,719	\$ (8,601)
Interest income	4,310	4,310	989	(3,321)
Total revenues	<u>25,630</u>	<u>25,630</u>	<u>13,708</u>	<u>(11,922)</u>
<b>Expenditures:</b>				
Advertising	-	-	560	(560)
Operating supplies	150	150	205	(55)
Contract services	29,760	29,760	21,197	8,563
Administration	10,820	10,820	1,035	9,785
Total expenditures	<u>40,730</u>	<u>40,730</u>	<u>22,997</u>	<u>17,733</u>
Excess of revenues over (under) expenditures	<u>(15,100)</u>	<u>(15,100)</u>	<u>(9,289)</u>	<u>5,811</u>
<b>Other Financing Sources (Uses):</b>				
Transfer from the General Fund for open space maintenance	840	840	840	-
Total other financing sources (uses)	<u>840</u>	<u>840</u>	<u>840</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (14,260)</u>	<u>\$ (14,260)</u>	<u>(8,449)</u>	<u>\$ 5,811</u>
Fund balance, June 30, 2010			<u>129,286</u>	
Fund balance, June 30, 2011			<u>\$ 120,837</u>	

**CITY OF ATASCADERO**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ -	\$ -	\$ 7	\$ 7
STIP Funds- Downtown Streetscape II	-	-	-	-
ARRA Local Grant- Santa Rosa Road Rehabilitation	487,540	487,540	458,052	(29,488)
RSHA- Santa Rosa Road Rehabilitation	243,300	243,300	228,580	(14,720)
ARRA Regional Grant- Downtown Streetscape III	685,000	685,000	371,189	(313,811)
State River Parkways Grant- Creek Trail Project	418,560	418,560	-	(418,560)
SLOCOG Grant- Curbaril Park & Ride	19,590	19,590	-	(19,590)
Interest income	12,780	12,780	(2,320)	(15,100)
Donations- LINK Pedestrian Tunnel	-	-	-	-
Total revenues	<u>1,866,770</u>	<u>1,866,770</u>	<u>1,055,508</u>	<u>(811,262)</u>
<b>Expenditures:</b>				
Special projects:				
Curbaril Park and Ride Improvements	19,590	19,590	-	19,590
Capital outlay:				
Downtown Streetscape Improvements II	3,080	3,080	362	2,718
Downtown Streetscape Improvements III	892,640	1,285,130	675,130	610,000
Santa Rosa Road Rehabilitation	1,239,840	1,239,840	687,215	552,625
Lake Park Sign & Frontage	427,320	427,320	46,635	380,685
Atascadero Creek Trail Enhancement Project	562,690	562,690	531	562,159
Total expenditures	<u>3,145,160</u>	<u>3,537,650</u>	<u>1,409,873</u>	<u>2,127,777</u>
Excess of revenues over (under) expenditures	<u>(1,278,390)</u>	<u>(1,670,880)</u>	<u>(354,365)</u>	<u>1,316,515</u>

**CITY OF ATASCADERO**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Other Financing Sources:</b>				
Transfer from the 2005 RDA Bond Project Fund for the Downtown Streetscape II Project	\$ 3,080	\$ 3,080	\$ 362	\$ (2,718)
Transfer from the 2005 RDA Bond Project Fund for the Downtown Streetscape III Project	128,140	21,210	21,208	(2)
Transfer from the RDA Fund for the Downtown Streetscape III Project	79,500	-	-	-
Transfer from the Blight Elimination Fund for the Downtown Streetscape III Project	-	186,430	14,171	(172,259)
Transfer from the Local Transportation Fund for the Downtown Streetscape III Project	-	392,490	268,562	(123,928)
Transfer from the Local Transportation Fund for the Atascadero Creek Trail Enhancement Project	144,130	144,130	531	(143,599)
Transfer from the RDA General Fund for the Lake Park Frontage Project	427,320	427,320	46,635	(380,685)
Transfer to Circulation Impact Fee Fund for the Lewis Avenue Bridge Project	<u>(4,100)</u>	<u>(4,100)</u>	<u>(381)</u>	<u>3,719</u>
Total other financing sources	<u>778,070</u>	<u>1,170,560</u>	<u>351,088</u>	<u>(819,472)</u>
Excess of revenues and other sources over (under) expenditures	<u>\$ (500,320)</u>	<u>\$ (500,320)</u>	<u>(3,277)</u>	<u>\$ 497,043</u>
Fund balance, June 30, 2010			<u>936,620</u>	
Fund balance, June 30, 2011			<u>\$ 933,343</u>	

**CITY OF ATASCADERO**

2005 REDEVELOPMENT BOND PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ -	\$ -	\$ 4,985	\$ 4,985
Total revenues	-	-	4,985	4,985
<b>Expenditures:</b>				
Special projects & community funding:				
Downtown Lighting Projects	72,200	-	-	-
Capital outlay:				
Maiden Statue Restoration Project	245,890	194,300	48,863	145,437
Total expenditures	318,090	194,300	48,863	145,437
Excess of revenues over (under) expenditures	(318,090)	(194,300)	(43,878)	150,422
<b>Other Financing Sources:</b>				
Transfer to Circulation System Fee Fund for the Lewis Avenue Bridge Project	(8,200)	(770)	(763)	7
Transfer to the Capital Projects Fund for Downtown Streetscape Improvements, Phase II	(3,080)	(3,080)	(362)	2,718
Transfer to the Capital Projects Fund for Downtown Streetscape Improvements, Phase III	(128,140)	(21,210)	(21,208)	2
Transfer to the Blight Elimination Project Fund	-	(216,710)	(237,797)	(21,087)
Total other financing sources (uses)	(139,420)	(241,770)	(260,130)	(18,360)
Excess of revenues and other sources over (under) expenditures and other uses	\$ (457,510)	\$ (436,070)	(304,008)	\$ 132,062
Fund balance, June 30, 2010			422,339	
Fund balance, June 30, 2011			\$ 118,331	

**CITY OF ATASCADERO**  
**ASSESSMENT DISTRICT #8 CONSTRUCTION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ -	\$ -	\$ (13)	\$ (13)
Total revenues	-	-	(13)	(13)
<b>Expenditures:</b>				
Contract Services	-	1,100	1,045	55
Total expenditures	-	1,100	1,045	55
Excess of revenues over (under) expenditures	\$ -	\$ (1,100)	(1,058)	\$ 42
Fund balance, June 30, 2010			1,058	
Fund balance, June 30, 2011			\$ -	

**CITY OF ATASCADERO**  
**YOUTH CENTER CONSTRUCTION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2011**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income (expense)	\$ -	\$ -	\$ (4,435)	\$ (4,435)
Donations	14,930	14,930	4,535	(10,395)
Total revenues	14,930	14,930	100	(14,830)
<b>Expenditures:</b>				
Youth Center Fund Raising Expense	-	-	100	(100)
Capital outlay:				
Youth / Community Center	19,230	19,230	-	19,230
Total expenditures	19,230	19,230	100	19,130
Excess of revenues over (under) expenditures	\$ (4,300)	\$ (4,300)	-	\$ 4,300
Fund balance, June 30, 2010			-	
Fund balance, June 30, 2011			\$ -	

**CITY OF ATASCADERO**

2010 REDEVELOPMENT BOND PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ -	\$ 32,840	\$ 24,892	\$ (7,948)
Total revenues	-	32,840	24,892	(7,948)
<b>Expenditures:</b>				
Cost of bond issuance	-	-	122,506	(122,506)
Underwriters' discount	-	-	160,100	(160,100)
Total expenditures	-	-	282,606	(282,606)
Excess of revenues over (under) expenditures	-	32,840	(257,714)	(290,554)
<b>Other Financing Sources:</b>				
Premium on bonds issued	-	-	90,283	90,283
Transfer of bonds issued from Redevelopment Agency General Fund	-	14,400,280	16,010,000	1,609,720
Transfer to 2010 Bond Debt Service Fund for cash with fiscal agent required to be held by City	-	-	(1,417,398)	(1,417,398)
Transfer to the Blight Elimination Fund for Blight Elimination Projects	-	(1,433,120)	(1,425,171)	7,949
Transfer to the Historic City Hall Fund for the Historic City Hall Project	-	(13,000,000)	(13,000,000)	-
Total other financing sources (uses)	-	(32,840)	257,714	290,554
Excess of revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	-	\$ -
Fund balance, June 30, 2010			-	
Fund balance, June 30, 2011			\$ -	

**CITY OF ATASCADERO**

ASSESSMENT DISTRICT #4 DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ -	\$ -	\$ 419	\$ 419
Total revenues	-	-	419	419
Excess of revenues over (under) expenditures	\$ -	\$ -	419	\$ 419
Fund balance, June 30, 2010			48,681	
Fund balance, June 30, 2011			\$ 49,100	

**CITY OF ATASCADERO**

ASSESSMENT DISTRICT #7 DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -	\$ 27,556	\$ 27,556
Interest income	-	-	37	37
Contribution from wastewater fund	-	-	43,079	43,079
Total revenues	-	-	70,672	70,672
<b>Expenditures:</b>				
Services		-	338	(338)
Total expenditures	-	-	338	(338)
Excess of revenues over (under) expenditures	\$ -	\$ -	70,334	\$ 70,334
Fund balance, June 30, 2010			(70,334)	
Fund balance, June 30, 2011			\$ -	

**CITY OF ATASCADERO**

## ASSESSMENT DISTRICT #9 DEBT SERVICE FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 10,940	\$ 10,940	\$ 15,292	\$ 4,352
Interest income	240	240	115	(125)
Total revenues	<u>11,180</u>	<u>11,180</u>	<u>15,407</u>	<u>4,227</u>
<b>Expenditures:</b>				
Services	950	950	481	469
Interest	<u>1,600</u>	<u>1,600</u>	<u>1,604</u>	<u>(4)</u>
Total expenditures	<u>2,550</u>	<u>2,550</u>	<u>2,085</u>	<u>465</u>
Excess of revenues over expenditures	<u>\$ 8,630</u>	<u>\$ 8,630</u>	13,322	<u>\$ 4,692</u>
Fund balance, June 30, 2010			<u>(8,745)</u>	
Fund balance, June 30, 2011			<u>\$ 4,577</u>	

**CITY OF ATASCADERO**

ASSESSMENT DISTRICT #10 DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 3,650	\$ 3,650	\$ 3,632	\$ (18)
Interest income	30	30	9	(21)
Contribution from wastewater fund	-	-	429	429
Total revenues	<u>3,680</u>	<u>3,680</u>	<u>4,070</u>	<u>390</u>
<b>Expenditures:</b>				
Interest	<u>180</u>	<u>180</u>	<u>176</u>	<u>4</u>
Total expenditures	<u>180</u>	<u>180</u>	<u>176</u>	<u>4</u>
Excess of revenues over (under) expenditures	<u>\$ 3,500</u>	<u>\$ 3,500</u>	3,894	<u>\$ 394</u>
Fund balance, June 30, 2010			<u>(3,894)</u>	
Fund balance, June 30, 2011			<u>\$ -</u>	

**CITY OF ATASCADERO**

## 2005 REDEVELOPMENT BOND DEBT SERVICE FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Current secured increment	\$ 845,860	\$ 845,860	\$ 850,738	\$ 4,878
Interest income	39,390	39,390	1,074	(38,316)
Total revenues	<u>885,250</u>	<u>885,250</u>	<u>851,812</u>	<u>(33,438)</u>
<b>Expenditures:</b>				
Services	2,900	2,900	2,200	700
Principal	285,000	285,000	285,000	-
Interest	561,160	561,160	561,161	(1)
Total expenditures	<u>849,060</u>	<u>849,060</u>	<u>848,361</u>	<u>699</u>
Excess of revenues over (under) expenditures	<u>\$ 36,190</u>	<u>\$ 36,190</u>	<u>3,451</u>	<u>\$ (32,739)</u>
Fund balance, June 30, 2010			<u>1,428,756</u>	
Fund balance, June 30, 2011			<u>\$ 1,432,207</u>	

**CITY OF ATASCADERO**

1992 STREET ASSESSMENT IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ -	\$ -	\$ 1,490	\$ 1,490
Total revenues	-	-	1,490	1,490
Excess of revenues over expenditures	\$ -	\$ -	1,490	\$ 1,490
Fund balance, June 30, 2010			173,232	
Fund balance, June 30, 2011			\$ 174,722	

**CITY OF ATASCADERO**  
1993 CAMINO REAL IMPROVEMENT BONDS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 175,600	\$ 175,600	\$ 173,950	\$ (1,650)
Interest income	12,200	12,200	2,010	(10,190)
Total revenues	<u>187,800</u>	<u>187,800</u>	<u>175,960</u>	<u>(11,840)</u>
<b>Expenditures:</b>				
Services	3,290	3,290	2,166	1,124
Principal	135,000	135,000	135,000	-
Interest	29,730	29,730	29,723	7
Total expenditures	<u>168,020</u>	<u>168,020</u>	<u>166,889</u>	<u>1,131</u>
Excess of revenues over expenditures	<u>\$ 19,780</u>	<u>\$ 19,780</u>	9,071	<u>\$ (10,709)</u>
Fund balance, June 30, 2010			<u>431,957</u>	
Fund balance, June 30, 2011			<u>\$ 441,028</u>	

**CITY OF ATASCADERO**

2010 BOND DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2011

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ -	\$ -	\$ 107	\$ 107
Total revenues	-	-	107	107
<b>Expenditures:</b>				
Lease Payment- 9/1/10 Facility Lease	-	-	1	(1)
Cost of issuance	-	135,240	-	135,240
	-	160,100	-	160,100
Interest Expense	-	445,970	445,966	4
Total expenditures	-	741,310	445,967	295,343
Excess of revenues over (under) expenditures	-	(741,310)	(445,860)	295,450
<b>Other Financing Sources:</b>				
Bonds issued	-	16,010,000	16,010,000	-
Premiums on bonds issued	-	90,280	-	(90,280)
Transfer from Redevelopment Agency 2010 Bond Project Fund for cash with fiscal agent required to be held by City	-	-	1,417,398	1,417,398
Transfer of bond proceeds to 2010 Bond Project Fund	-	(14,400,280)	-	14,400,280
Transfer from Redevelopment Agency General Fund for annual debt service per 2010 reimbursement agreement	-	445,970	445,966	(4)
Total other financing sources (uses)	-	2,145,970	17,873,364	15,727,394
Excess of revenues and other sources over (under) expenditures and other uses	\$ -	\$ 1,404,660	17,427,504	\$ 16,022,844
Fund balance, June 30, 2010			-	
Fund balance, June 30, 2011			\$ 17,427,504	

**CITY OF ATASCADERO**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**June 30, 2011**

	<u>Technology Fund</u>	<u>Vehicle and Equipment Replacement Fund</u>	<u>Building Maintenance and Replacement Fund</u>	<u>Totals</u>
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 1,255,123	\$ 2,344,426	\$ 2,363,527	\$ 5,963,076
Receivables:				
Federal distributions due	1,109	3,850	513,250	518,209
Due from State of California	406	1,284	171,083	172,773
Accrued interest	1,988	3,703	3,718	9,409
Prepaid expenses	20,823	-	-	20,823
<b>Total current assets</b>	<u>1,279,449</u>	<u>2,353,263</u>	<u>3,051,578</u>	<u>6,684,290</u>
Capital Assets:				
Non-depreciable:				
Construction in progress	-	17,197	6,322,856	6,340,053
Depreciable:				
Vehicles	-	3,559,892	-	3,559,892
Equipment	1,967,462	2,674,351	17,713	4,659,526
Structure and improvements	-	-	15,057,885	15,057,885
Accumulated depreciation	(1,736,343)	(3,256,829)	(3,844,152)	(8,837,324)
<b>Net capital assets</b>	<u>231,119</u>	<u>2,994,611</u>	<u>17,554,302</u>	<u>20,780,032</u>
<b>Total assets</b>	<u>1,510,568</u>	<u>5,347,874</u>	<u>20,605,880</u>	<u>27,464,322</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	8,623	2,624	7,237	18,484
Accrued salaries and benefits	13,773	-	2,521	16,294
Noncurrent Liabilities:				
Compensated absences	12,746	-	16,761	29,507
<b>Total liabilities</b>	<u>35,142</u>	<u>2,624</u>	<u>26,519</u>	<u>64,285</u>
<b>NET ASSETS</b>				
Invested in capital assets	231,119	2,994,611	17,554,302	20,780,032
Unrestricted	1,244,307	2,350,639	3,025,059	6,620,005
<b>Total net assets</b>	<u>\$ 1,475,426</u>	<u>\$ 5,345,250</u>	<u>\$ 20,579,361</u>	<u>\$ 27,400,037</u>

**CITY OF ATASCADERO**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Technology Fund</u>	<u>Vehicle and Equipment Replacement Fund</u>	<u>Building Maintenance and Replacement Fund</u>	<u>Totals</u>
<b>Operating Revenues:</b>				
Charges for services	\$ 638,695	\$ 123,100	\$ 320,250	\$ 1,082,045
Contribution to General Fund	(75,800)	(60,090)	-	(135,890)
Total operating revenues	<u>562,895</u>	<u>63,010</u>	<u>320,250</u>	<u>946,155</u>
<b>Operating Expenses:</b>				
Salaries and benefits	335,460	-	72,723	408,183
Office expense	611	-	-	611
Computer maintenance, software and replacement	-	-	4,870	4,870
Insurance	-	-	27,000	27,000
Occupancy and rental costs	17,810	-	373,596	391,406
Utilities	-	-	40,483	40,483
Communications	5,382	-	803	6,185
Operating supplies and services	13,580	-	12,911	26,491
Vehicle and equipment operating costs	175	-	4,054	4,229
Contract services	49,562	-	21,370	70,932
Professional development	7,047	-	-	7,047
Recruitment	392	-	-	392
Administrative charges	32,030	-	58,290	90,320
Special projects:				
Virtual computers- pano devices	2,095	-	-	2,095
Small printers	108	-	-	108
Small projectors	812	-	-	812
Other minor capital outlay	1,127	-	-	1,127
2011 aerial photo	9,000	-	-	9,000
Depreciation	<u>147,558</u>	<u>417,597</u>	<u>315,740</u>	<u>880,895</u>
Total operating expenses	<u>622,749</u>	<u>417,597</u>	<u>931,840</u>	<u>1,972,186</u>
Operating income (loss)	<u>(59,854)</u>	<u>(354,587)</u>	<u>(611,590)</u>	<u>(1,026,031)</u>

**CITY OF ATASCADERO**

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (continued)

For the Fiscal Year Ended June 30, 2011

	<u>Technology Fund</u>	<u>Vehicle and Equipment Replacement Fund</u>	<u>Building Maintenance and Replacement Fund</u>	<u>Totals</u>
<b>Non-Operating Revenues (Expenses):</b>				
FEMA Earthquake Repair Grant	\$ -	\$ -	\$ 280,197	\$ 280,197
OES Earthquake Repair Grant	-	-	93,399	93,399
Interest income	10,875	19,640	19,533	50,048
Gain (loss) on sale of capital assets	-	8,780	-	8,780
	<u>10,875</u>	<u>28,420</u>	<u>393,129</u>	<u>432,424</u>
Total non-operating revenues (expenses)				
Change in net assets prior to capital contributions	<u>(48,979)</u>	<u>(326,167)</u>	<u>(218,461)</u>	<u>(593,607)</u>
<b>Capital Contributions:</b>				
Capital contributions from other funds	<u>20,650</u>	<u>31,397</u>	<u>2,536,810</u>	<u>2,588,857</u>
Total capital contributions	<u>20,650</u>	<u>31,397</u>	<u>2,536,810</u>	<u>2,588,857</u>
Change in net assets	(28,329)	(294,770)	2,318,349	1,995,250
Total net assets, June 30, 2010	<u>1,503,755</u>	<u>5,640,020</u>	<u>18,261,012</u>	<u>25,404,787</u>
Total net assets, June 30, 2011	<u>\$ 1,475,426</u>	<u>\$ 5,345,250</u>	<u>\$ 20,579,361</u>	<u>\$ 27,400,037</u>

**CITY OF ATASCADERO**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2011

	<u>Technology Fund</u>	<u>Vehicle and Equipment Replacement Fund</u>	<u>Building Maintenance and Replacement Fund</u>	<u>Totals</u>
<b>Cash Flows From Operating Activities:</b>				
Internal activity - payments from other funds	\$ 562,895	\$ 63,010	\$ 320,250	\$ 946,155
Payments to suppliers of goods and services	(145,989)	2,624	(549,191)	(692,556)
Payments for employee services	(327,693)	-	(71,024)	(398,717)
Net cash provided (used) by operating activities	<u>89,213</u>	<u>65,634</u>	<u>(299,965)</u>	<u>(145,118)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition of fixed assets	(15,502)	(94,962)	-	(110,464)
Capital grant proceeds	-	-	446,273	446,273
Proceeds from sale of capital assets	-	8,780	-	8,780
Net cash provided (used) by capital and related financing activities	<u>(15,502)</u>	<u>(86,182)</u>	<u>446,273</u>	<u>344,589</u>
<b>Cash Flows From Investing Activities:</b>				
Interest income	<u>12,512</u>	<u>23,199</u>	<u>22,728</u>	<u>58,439</u>
Net cash provided (used) by investing activities	<u>12,512</u>	<u>23,199</u>	<u>22,728</u>	<u>58,439</u>
Net increase in cash and cash equivalents	86,223	2,651	169,036	257,910
Cash and cash equivalents - June 30, 2010	<u>1,168,900</u>	<u>2,341,775</u>	<u>2,194,491</u>	<u>5,705,166</u>
Cash and cash equivalents - June 30, 2011	<u>\$ 1,255,123</u>	<u>\$ 2,344,426</u>	<u>\$ 2,363,527</u>	<u>\$ 5,963,076</u>

**CITY OF ATASCADERO**  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS (continued)  
For the Fiscal Year Ended June 30, 2011

	<u>Technology Fund</u>	<u>Vehicle and Equipment Replacement Fund</u>	<u>Building Maintenance and Replacement Fund</u>	<u>Totals</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>				
Operating income (loss)	\$ (59,854)	\$ (354,587)	\$ (611,590)	\$ (1,026,031)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	147,558	417,597	315,740	880,895
Change in assets and liabilities:				
Prepaid expenses	(9,442)	-	-	(9,442)
Accounts payable	3,184	2,624	(5,814)	(6)
Accrued salaries and benefits	3,690	-	309	3,999
Compensated absences	4,077	-	1,390	5,467
Net cash provided (used) by operating activities	<u>\$ 89,213</u>	<u>\$ 65,634</u>	<u>\$ (299,965)</u>	<u>\$ (145,118)</u>



MOSS, LEVY & HARTZHEIM LLP

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

City Council of the City of Atascadero  
Atascadero, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate fund information of the City of Atascadero (the 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, and have issued our report thereon dated November 8, 2011. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

MOSS, LEVY & HARTZHEIM LLP

*Moss, Levy & Hartzheim LLP*

November 8, 2011