

# **CITY OF ATASCADERO**

FINANCIAL STATEMENTS

June 30, 2006

# **FINANCIAL STATEMENTS**

**June 30, 2006**

**Tom O'Malley, MAYOR  
Becky Pacas, MAYOR PRO TEMPORE  
Jerry L. Clay, Sr., COUNCIL MEMBER  
George Luna, COUNCIL MEMBER**

**Wade G. McKinney, CITY MANAGER**

**Prepared by the Department of Administrative Services**

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**CERTIFIED PUBLIC ACCOUNTANTS**  
**TAX AND BUSINESS ADVISORS**

### **Independent Auditors' Report**

The Honorable City Council of the  
City of Atascadero, California  
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, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Atascadero'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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable City Council of the  
City of Atascadero, California  
Atascadero, California  
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In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2006, on our consideration of the City of Atascadero'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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 54 through 72, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Atascadero's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Glenn, Burdette, Phillips & Bryson*

Glenn, Burdette, Phillips & Bryson  
Certified Public Accountants  
A Professional Corporation  
San Luis Obispo, California

December 6, 2006



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

**Fiscal Year Ended June 30, 2006**

### **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, 2006. 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 \$126.9 million. Of this amount, \$5 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$10,370,800. This was mainly due to higher than expected tax, license/permit, and development revenues, an increase in grant funding, and a savings in salary, operational, and capital projects expenditures.
- Capital projects expenditures were up almost \$1.7 million from the previous year and were \$10.8 million less than budgeted.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34.2 million, an increase of \$5.7 million over the prior fiscal year.
- Approximately 84% of the governmental fund balances, or \$28.7 million, is considered unreserved and is available for spending in the future.
- At the end of the current fiscal year, unreserved undesignated fund balance for the general fund was about \$3.2 million, or 21% of total general fund expenditures.
- The City's total debt decreased by about \$243,000 during the current fiscal year, which was due to scheduled debt service payments and an increase in compensated absences.

## 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 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.

## **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, and the 2005 Redevelopment Bond Project Fund are considered to be the only major governmental funds. Data from the other 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 Building and Maintenance, Technology and Vehicle and Equipment Replacement Funds. 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 almost \$127 million at the close of the most recent fiscal year.

	2005-2006 Governmental Activities	2005-2006 Business- Type Activities	2005-2006 Total	2004-2005 Governmental Activities	2004-2005 Business- Type Activities	2004-2005 Total
Current and other assets	\$ 39,171,368	\$ 9,302,341	\$ 48,473,709	\$ 69,882,935	\$ 9,741,694	\$ 79,624,629
Capital assets	83,532,290	14,110,127	97,642,417	78,118,765	12,671,149	90,789,914
Total assets	<u>122,703,658</u>	<u>23,412,468</u>	<u>146,116,126</u>	<u>148,001,700</u>	<u>22,412,843</u>	<u>170,414,543</u>
Current liabilities	3,318,417	675,609	3,994,026	37,574,548	845,724	38,420,272
Noncurrent liabilities	15,228,622	34,815	15,263,437	15,437,581	68,806	15,506,387
Total liabilities	<u>18,547,039</u>	<u>710,424</u>	<u>19,257,463</u>	<u>53,012,129</u>	<u>914,530</u>	<u>53,926,659</u>
Net assets:						
Invested in capital assets, net of related debt	80,085,352	14,110,127	94,195,479	76,385,472	12,671,149	89,056,621
Restricted	24,168,514	-	24,168,514	19,180,813	-	19,180,813
Unrestricted	(97,247)	8,591,917	8,494,670	(576,714)	8,827,164	8,250,450
Total net assets	<u>\$ 104,156,619</u>	<u>\$ 22,702,044</u>	<u>\$ 126,858,663</u>	<u>\$ 94,989,571</u>	<u>\$ 21,498,313</u>	<u>\$ 116,487,884</u>

The largest portion of the City's net assets (74%) 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 19% of the City's net assets represent resources subject to external restrictions on how they may be used. The remaining 7% (\$8,494,670) is considered unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. There was a very slight increase of 0.2% or \$244,220 in unrestricted net assets from fiscal year 2004-2005 to 2005-2006.

**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.

The City's net assets increased by \$10.4 million during the current fiscal year. Information about changes in net assets is summarized below:

**SUMMARY OF CHANGES IN NET ASSETS**  
 For the Fiscal Years Ended June 30, 2006 and 2005

	2005-2006 Governmental Activities	2005-2006 Business-Type Activities	2005-2006 Total	2004-2005 Governmental Activities	2004-2005 Business-Type Activities	2004-2005 Total
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 3,010,355	\$ 2,072,702	\$ 5,083,057	\$ 3,040,862	\$ 2,031,159	\$ 5,072,021
Operating grants and contributions	1,150,505	397,861	1,548,366	2,153,208	432,464	2,585,672
Capital grants and contributions	6,423,695	1,203,000	7,626,695	2,500,459	238,295	2,738,754
General Revenues:						
Secured and unsecured property taxes	9,188,439	-	9,188,439	5,627,159	-	5,627,159
Sales and use taxes	3,989,425	-	3,989,425	3,646,009	-	3,646,009
Other taxes	1,737,373	-	1,737,373	1,573,990	-	1,573,990
Motor vehicle in lieu	634,003	-	634,003	1,656,728	-	1,656,728
Block grants	212,000	-	212,000	519,592	-	519,592
Investment income	836,130	288,885	1,125,015	525,838	241,113	766,951
Gain (loss) on disposal of capital assets	(2,880)	3,986	1,106	7,946	-	7,946
Total Revenues	<u>27,179,045</u>	<u>3,966,434</u>	<u>31,145,479</u>	<u>21,251,791</u>	<u>2,943,031</u>	<u>24,194,822</u>

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

	2005-2006 Governmental Activities	2005-2006 Business-Type Activities	2005-2006 Total	2004-2005 Governmental Activities	2004-2005 Business-Type Activities	2004-2005 Total
<b>Program Expenses</b>						
General Government	\$ 2,302,466	\$ -	\$ 2,302,466	\$ 1,976,961	\$ -	\$ 1,976,961
Public Safety	7,640,845	-	7,640,845	6,820,088	-	6,820,088
Community Development	2,370,020	-	2,370,020	2,232,483	-	2,232,483
Community, Recreation & Zoo Services	1,658,782	-	1,658,782	1,525,240	-	1,525,240
Parks & Open Space	730,531	-	730,531	560,197	-	560,197
Public Works	2,595,657	-	2,595,657	1,964,436	-	1,964,436
Sewer	-	2,253,270	2,253,270	-	1,507,952	1,507,952
Transit	-	509,433	509,433	-	479,467	479,467
Interest on long term debt	713,696	-	713,696	493,704	-	493,704
Total Expenses	<u>18,011,997</u>	<u>2,762,703</u>	<u>20,774,700</u>	<u>15,573,109</u>	<u>1,987,419</u>	<u>17,560,528</u>
Increase (decrease) in net assets	9,167,048	1,203,731	10,370,779	5,678,682	955,612	6,634,294
Net assets- beginning	94,989,571	21,498,313	116,487,884	89,310,889	20,542,701	109,853,590
Net assets- ending	<u>\$ 104,156,619</u>	<u>\$ 22,702,044</u>	<u>\$ 126,858,663</u>	<u>\$ 94,989,571</u>	<u>\$ 21,498,313</u>	<u>\$ 116,487,884</u>

Governmental activities increased the City's net assets by \$9,167,048, while business-type activities increased the City's net assets by \$1,203,731.

**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. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2006, the City's governmental funds reported combined ending fund balances of \$34,210,952. Approximately 16% (\$5,475,999) of this total amount is reserved to indicate that it is not available for new spending because it has already been committed either to liquidate contracts or purchase orders of the prior period or to pay debt service (\$2,637,406). The remaining 84% (\$28,734,953) constitutes unreserved fund balances, which is available for spending at the government's discretion. Of that amount, \$12,832,455 has already been designated for a variety of specific future uses.

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

**General Fund** – The General Fund is the chief operating fund of the City. At June 30, 2006, the total fund balance was \$10,522,943, and the unreserved fund balance was 86% (\$9,085,732) of the total. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The unreserved, undesignated fund balance of \$3,249,417 represents 21% of the total General Fund expenditures. The General Fund balance increased \$1,100,728 from last fiscal year.

Redevelopment Agency Fund – The Redevelopment Agency fund is the primary fund for the Community Redevelopment Agency of Atascadero. At June 30, 2006, the total fund balance was \$2,666,044. Of this amount, \$2,101 is reserved, leaving an unreserved balance of \$2,663,943. Of the unreserved amount, \$190,000 is designated for current commitments.

**2005 Redevelopment Bond Project Fund** – The 2005 Redevelopment Bond Project fund accounts for all of the projects funded by the 2005 Redevelopment Bonds. At June 30, 2006, this fund had a balance of \$6,369,646, all designated unreserved.

**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, 2006, these funds had an aggregate fund balance of \$14,652,319. Of this total, 27% (\$4,029,011) is reserved for payment of debt service, prepaid items or encumbrances from the prior fiscal year. The remaining balance of \$10,623,308 is available for spending. 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, decreased in FY 2005-2006 by \$208,959. Normal amortization reduced debt by \$362,000 and compensated absences increased by \$153,041.

Debt of the business-type activities decreased by \$33,991 in FY 2005-2006 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.

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

### 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, 2006, net capital assets of the governmental activities totaled \$83,532,290 and the net capital assets of the business-type activities totaled \$14,110,127. 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.

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

	<u>2005-2006</u> <u>Governmental</u> <u>Activities</u>	<u>2005-2006</u> <u>Business-Type</u> <u>Activities</u>	<u>2005-2006</u> <u>Total</u>	<u>2004-2005</u> <u>Governmental</u> <u>Activities</u>	<u>2004-2005</u> <u>Business-Type</u> <u>Activities</u>	<u>2004-2005</u> <u>Total</u>
Non-Depreciable:						
Land	\$ 40,146,166	\$ 442,044	\$ 40,588,210	\$ 39,583,016	\$ 431,684	\$ 40,014,700
Construction in progress	6,507,113	272,393	6,779,506	5,841,374	330,854	6,172,228
Depreciable:						
Structures and improvements	7,536,548	21,102,574	28,639,122	4,077,545	711,142	4,788,687
Vehicles and equipment	5,531,182	607,367	6,138,549	4,034,919	19,098,449	23,133,368
Infrastructure	42,960,303	-	42,960,303	42,053,767	-	42,053,767
Accumulated depreciation	<u>(19,149,022)</u>	<u>(8,314,251)</u>	<u>(27,463,273)</u>	<u>(17,471,856)</u>	<u>(7,900,980)</u>	<u>(25,372,836)</u>
Net capital assets	<u>\$ 83,532,290</u>	<u>\$ 14,110,127</u>	<u>\$ 97,642,417</u>	<u>\$ 78,118,765</u>	<u>\$ 12,671,149</u>	<u>\$ 90,789,914</u>

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

### GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2006, 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 2005-2006 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 2005-2006.

<u>General Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ 15,100,660	\$ 15,653,990	\$ 17,298,233	\$ 1,644,243
Expenditures	15,122,320	15,756,750	15,219,974	536,776
Other Sources (Uses)	(585,560)	(835,560)	(977,531)	(141,971)
Fund Balance, beginning	9,422,215	9,422,215	9,422,215	-
Fund Balance, ending	<u>\$ 8,814,995</u>	<u>\$ 8,483,895</u>	<u>\$ 10,522,943</u>	<u>\$ 2,039,048</u>

Overall, the revised budget for ending fund balance is only \$331,100 less than the original budget estimate. The net decrease is not material and is a result of normal movement between accounts.

### ECONOMIC FACTORS AND NEXT FISCAL YEAR'S BUDGETS AND RATES

Recent economic changes, state budgetary concerns and anticipated future cost increases for health, workers' compensation and retirement benefits make providing a fiscally responsible budget a challenge. Expecting that such difficult financial times would eventually hit, the City has been actively preparing for tough times over the last seven years. The Council has adopted a financial strategic plan that provides for downswings in revenues by putting aside reserves in good times and then using those reserves during down periods. This plan allows for stable operations and long-term financial sustainability.

Even during these challenging economic times, the City Council has demonstrated its commitment to fiscal health and responsible stewardship of the City's resources by maintaining existing service levels to the community and funding high priority projects.

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

### **ECONOMIC FACTORS AND NEXT FISCAL YEAR'S BUDGETS AND RATES** *(continued)*

The key elements in the preparation of the budget for the fiscal year 2006-2007 were:

- Broadening the General Fund revenue base
- Regular updates to service fees to reflect increases in providing services
- Maintaining existing General Fund expenditure base
- Focusing on those projects identified as high priority by the community and the Council
- Using reserves to continue scheduled replacement of vehicles and equipment

## **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, 2006

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 31,100,916	\$ 8,716,393	\$ 39,817,309
Restricted cash and investments:			
Cash with fiscal agents	1,880,715	-	1,880,715
Certificates of Deposit	86,742	-	86,742
Receivables:			
Federal distributions due	790,594	169,890	960,484
Due from State of California	761,782	1,630	763,412
Due from County of San Luis Obispo	1,273,586	37,085	1,310,671
Accrued interest	321,645	92,783	414,428
Other receivables	197,443	21,745	219,188
Interfund balances	(258,090)	258,090	-
Prepaid expenses	22,847	4,725	27,572
Notes receivable	2,415,046	-	2,415,046
Deferred charges	305,050	-	305,050
Deposits in excess of estimated claims liability	273,092	-	273,092
Capital assets:			
Non-depreciable:			
Land	40,146,166	442,044	40,588,210
Construction in progress	6,507,113	272,393	6,779,506
Depreciable:			
Equipment	5,531,182	607,367	6,138,549
Structures and improvements	7,536,548	21,102,574	28,639,122
Infrastructure	42,960,303	-	42,960,303
Accumulated depreciation	(19,149,022)	(8,314,251)	(27,463,273)
Total assets	<u>122,703,658</u>	<u>23,412,468</u>	<u>146,116,126</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, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,318,062	\$ 207,961	\$ 1,526,023
Accrued salaries and compensated absences	264,003	7,305	271,308
Accrued interest payable	220,835	-	220,835
Other payables	18,315	87,962	106,277
Deposits payable	653,789	-	653,789
Deferred revenue	843,413	372,381	1,215,794
Noncurrent liabilities:			
Due within one year	385,000	-	385,000
Due in more than one year	14,843,622	34,815	14,878,437
<b>Total liabilities</b>	<u>18,547,039</u>	<u>710,424</u>	<u>19,257,463</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	80,085,352	14,110,127	94,195,479
Restricted for:			
Restricted for parks and recreation	1,916,442	-	1,916,442
Restricted for public safety	457,568	-	457,568
Restricted for streets, roads and drainage	6,121,568	-	6,121,568
Restricted for redevelopment & housing	13,267,172	-	13,267,172
Restricted for debt service	2,405,764	-	2,405,764
Unrestricted	(97,247)	8,591,917	8,494,670
<b>Total net assets</b>	<u>\$ 104,156,619</u>	<u>\$ 22,702,044</u>	<u>\$ 126,858,663</u>

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

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CITY OF ATASCADERO  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2006

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Net Governmental Activities	Net Business-type Activities	
<b>Governmental activities:</b>							
General government	\$ 2,302,466	\$ 22,908	\$ 176,511	\$ -	\$ (2,103,047)	\$ -	\$ (2,103,047)
Public safety	7,640,845	417,411	187,197	402,720	(6,633,517)	-	(6,633,517)
Community development	2,370,020	1,658,511	15,353	2,393,988	1,697,832	-	1,697,832
Community, recreation & zoo services	1,658,782	495,477	32,868	308,321	(822,116)	-	(822,116)
Parks & open space	730,531	79,706	23,000	655,961	28,136	-	28,136
Public works	2,595,657	336,342	715,576	2,662,705	1,118,966	-	1,118,966
Interest on long term debt	713,696	-	-	-	(713,696)	-	(713,696)
<b>Total governmental activities</b>	<b>18,011,997</b>	<b>3,010,355</b>	<b>1,150,505</b>	<b>6,423,695</b>	<b>(7,427,442)</b>	<b>-</b>	<b>(7,427,442)</b>
<b>Business-type activities:</b>							
Sewer	2,253,270	2,015,992	-	1,203,000	-	965,722	965,722
Transit	509,433	56,710	397,861	-	-	(54,862)	(54,862)
<b>Total business-type activities</b>	<b>2,762,703</b>	<b>2,072,702</b>	<b>397,861</b>	<b>1,203,000</b>	<b>-</b>	<b>910,860</b>	<b>910,860</b>
<b>Total government</b>	<b>\$ 20,774,700</b>	<b>\$ 5,083,057</b>	<b>\$ 1,548,366</b>	<b>\$ 7,626,695</b>	<b>(7,427,442)</b>	<b>910,860</b>	<b>(6,516,582)</b>
<b>General Revenues</b>							
<b>Taxes:</b>							
Secured and unsecured property taxes					9,188,439	-	9,188,439
Sales tax and payments in lieu of sales tax					3,989,425	-	3,989,425
Transient lodging tax					479,547	-	479,547
Franchise taxes					811,195	-	811,195
Business license tax					162,468	-	162,468
Property transfer tax					235,704	-	235,704
Motor vehicle in lieu and payments in lieu of VLF					634,003	-	634,003
Other taxes					48,459	-	48,459
Block grants					212,000	-	212,000
Investment income					836,130	288,885	1,125,015
Gain (loss) on disposal of capital assets					(2,880)	3,986	1,106
<b>Total general revenues</b>					<b>16,594,490</b>	<b>292,871</b>	<b>16,887,361</b>
Change in net assets					9,167,048	1,203,731	10,370,779
Net assets at beginning of fiscal year					94,989,571	21,498,313	116,487,884
Net assets at end of fiscal year					<b>\$ 104,156,619</b>	<b>\$ 22,702,044</b>	<b>\$ 126,858,663</b>

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

CITY OF ATASCADERO  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
June 30, 2006

	General Fund	Redevelopment Agency Fund	2005 Redevelopment Bond Project Fund	Other Non-Major Governmental Funds	Totals
<b>ASSETS</b>					
Cash and investments	\$ 7,701,968	\$ 3,593,636	\$ 6,568,587	\$ 10,877,861	\$ 28,742,052
Restricted cash and investments:					
Cash and investments with fiscal agent	-	-	-	1,880,715	1,880,715
Certificates of Deposit	86,742	-	-	-	86,742
Receivables:					
Federal distributions due	88,036	-	-	672,536	760,572
Due from State of California	585,201	-	-	166,538	751,739
Due from County of San Luis Obispo	336,108	203,984	-	733,494	1,273,586
Accrued interest	74,492	37,797	74,375	110,760	297,424
Other receivables	192,009	5,000	-	434	197,443
Due from other funds	1,694,668	207,303	-	-	1,901,971
Prepaid expenses	22,117	-	-	730	22,847
Notes receivable	300,000	-	-	2,115,046	2,415,046
Interfund advances receivable	1,375,175	-	-	-	1,375,175
<b>Total assets</b>	<b>\$ 12,456,516</b>	<b>\$ 4,047,720</b>	<b>\$ 6,642,962</b>	<b>\$ 16,558,114</b>	<b>\$ 39,705,312</b>

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

CITY OF ATASCADERO  
GOVERNMENTAL FUNDS  
BALANCE SHEET (continued)  
June 30, 2006

	General Fund	Redevelopment Agency Fund	2005 Redevelopment Bond Project Fund	Other Non-Major Governmental Funds	Totals
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 560,400	\$ 4,453	\$ 66,013	\$ 641,188	\$ 1,272,054
Accrued salaries and benefits	244,369	2,048	-	7,027	253,444
Due to other funds	-	-	207,303	667,742	875,045
Deferred revenue	502,475	-	-	340,938	843,413
Deposits	608,014	-	-	45,775	653,789
Interfund advances payable	-	1,375,175	-	203,125	1,578,300
Other payables	18,315	-	-	-	18,315
<b>Total liabilities</b>	<b>1,933,573</b>	<b>1,381,676</b>	<b>273,316</b>	<b>1,905,795</b>	<b>5,494,360</b>
<b>Fund Balances:</b>					
Reserved for encumbrances	11,521	2,101	7,676	1,491,955	1,513,253
Reserved for debt service	-	-	-	2,637,406	2,637,406
Reserved for advances to other funds	1,375,175	-	-	-	1,375,175
Reserved for bike paths	-	-	-	42,568	42,568
Reserved for prepaids	22,117	-	-	730	22,847
<b>Unreserved:</b>					
<b>Designated</b>					
Designated for due from other funds	1,694,668	-	-	-	1,694,668
Designated for cash flow	1,500,000	-	-	-	1,500,000
Designated for PERS rate fluctuation	1,000,000	-	-	-	1,000,000
Designated for economic uncertainties	1,000,000	-	-	-	1,000,000
Designated for road projects	445,000	-	-	-	445,000
Designated for capital commitments	196,647	190,000	6,421,037	3,825,146	10,632,830
Designated for library	50,515	-	-	-	50,515
General Fund- undesignated	3,227,300	-	-	-	3,227,300
Special revenue funds- undesignated	-	2,473,943	-	6,002,729	8,476,672
Capital projects funds- undesignated	-	-	(59,067)	883,427	824,360
Debt service funds- undesignated	-	-	-	(231,642)	(231,642)
<b>Total fund equity</b>	<b>10,522,943</b>	<b>2,666,044</b>	<b>6,369,646</b>	<b>14,652,319</b>	<b>34,210,952</b>
<b>Total liabilities and fund equity</b>	<b>\$ 12,456,516</b>	<b>\$ 4,047,720</b>	<b>\$ 6,642,962</b>	<b>\$ 16,558,114</b>	<b>\$ 39,705,312</b>

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

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CITY OF ATASCADERO  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 June 30, 2006

Total fund balances - governmental funds		\$ 34,210,952
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	\$ 89,789,499	
Accumulated depreciation	<u>(16,291,277)</u>	
	Net	73,498,222
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.		
		273,092
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.		
		(220,835)
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:		
Capital Lease	428,000	
Bonds payable	13,915,000	
Compensated absences payable	<u>868,953</u>	
		(15,211,953)
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.		
		305,050
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>11,302,091</u>
Total net assets, governmental activities		<u>\$ 104,156,619</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, 2006

	General Fund	Redevelopment Agency Fund	2005 Redevelopment Bond Project Fund	Other Non-Major Governmental Funds	Totals
<b>Revenues:</b>					
Secured and unsecured property taxes	\$ 6,000,412	\$ 1,713,045	\$ -	\$ 1,474,982	\$ 9,188,439
Taxes based on sales and use	3,989,425	-	-	-	3,989,425
Franchise tax	811,195	-	-	-	811,195
Other taxes	877,741	-	-	-	877,741
Licenses and permits	984,249	-	-	4,500,129	5,484,378
Intergovernmental revenues:					
Motor vehicle in lieu and related payments	634,003	-	-	-	634,003
Other governmental revenues	110,235	-	-	1,364,158	1,474,393
Grants	359,735	-	-	1,084,095	1,443,830
Charges for services:					
Public safety	248,946	-	-	-	248,946
Development	1,061,840	-	-	-	1,061,840
Recreation, parks, pavilion and zoo	504,724	-	-	-	504,724
Other services	92,548	-	-	-	92,548
Fines and forfeitures	103,029	-	-	-	103,029
Use of money and property	324,636	449,307	276,220	290,787	1,340,950
Other revenues	1,195,515	5,000	-	356,369	1,556,884
<b>Total revenues</b>	<b>17,298,233</b>	<b>2,167,352</b>	<b>276,220</b>	<b>9,070,520</b>	<b>28,812,325</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, 2006**

	General Fund	Redevelopment Agency Fund	2005 Redevelopment Bond Project Fund	Other Non-Major Governmental Funds	Totals
<b>Expenditures:</b>					
Current:					
General government	\$ 2,696,307	\$ -	\$ -	\$ 13,563	\$ 2,709,870
Public safety	7,482,154	-	-	71,758	7,553,912
Community development	1,742,567	483,374	77,063	63,315	2,366,319
Community, recreation, and zoo services	1,582,299	-	-	49,702	1,632,001
Parks and open space	620,217	-	-	36,667	656,884
Public works	794,926	-	-	1,052,627	1,847,553
Capital outlay	301,504	61,326	1,713,645	3,047,182	5,123,657
Debt service:					
Principal	-	-	-	362,000	362,000
Interest	-	120,424	-	708,223	828,647
Total expenditures	<u>15,219,974</u>	<u>665,124</u>	<u>1,790,708</u>	<u>5,405,037</u>	<u>23,080,843</u>
Excess of revenues over (under) expenditures	<u>2,078,259</u>	<u>1,502,228</u>	<u>(1,514,488)</u>	<u>3,665,483</u>	<u>5,731,482</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	49,766	-	-	2,214,055	2,263,821
Transfers out	<u>(1,027,297)</u>	<u>(2,200)</u>	<u>(296,327)</u>	<u>(937,997)</u>	<u>(2,263,821)</u>
Total other financing sources and uses	<u>(977,531)</u>	<u>(2,200)</u>	<u>(296,327)</u>	<u>1,276,058</u>	<u>-</u>
Net changes in fund balances	1,100,728	1,500,028	(1,810,815)	4,941,541	5,731,482
Fund balances - June 30, 2005	<u>9,422,215</u>	<u>1,166,016</u>	<u>8,180,461</u>	<u>9,710,778</u>	<u>28,479,470</u>
Fund balances - June 30, 2006	<u>\$ 10,522,943</u>	<u>\$ 2,666,044</u>	<u>\$ 6,369,646</u>	<u>\$ 14,652,319</u>	<u>\$ 34,210,952</u>

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

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**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, 2006**

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Total net change in fund balances - governmental funds	\$ 5,731,482
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 \$5,123,657 is greater than depreciation expense \$(1,114,664) in the period.	4,008,993
The proceeds from a sale of capital assets in the governmental funds is recognized as revenue. However, in the statement of activities, revenue recognized is to the extent the sale price exceeds the book value of the capital asset. This is the amount the sale price exceeded the book value in the current period less the amount recognized in the governmental funds.	(2,880)
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.	362,000
In governmental funds, the issuance costs associated with long-term debt are reported as expenses in the 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.	(10,790)
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:	5,317
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 \$155,680.	(155,680)
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.	(289,127)
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 \$556,034 less the contributions of cash and fixed assets from other governmental funds (\$1,038,301).	<u>(482,267)</u>
Changes in net assets of governmental activities	<u>\$ 9,167,048</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, 2006

	Enterprise Funds			Internal Service Funds
	Wastewater Fund	Transit Fund	Totals	
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 8,566,165	\$ 150,228	\$ 8,716,393	\$ 2,358,864
Receivables:				
Federal distributions due	4,890	165,000	169,890	30,022
Due from State of California	1,630	-	1,630	10,043
Due from County of San Luis Obispo	-	37,085	37,085	-
Accrued interest	90,778	2,005	92,783	24,221
Other receivables	21,321	424	21,745	-
Due from other funds	54,965	-	54,965	-
Prepaid expenses	-	4,725	4,725	-
Interfund advances receivable	203,125	-	203,125	-
Total current assets	<u>8,942,874</u>	<u>359,467</u>	<u>9,302,341</u>	<u>2,423,150</u>
Capital Assets:				
Non-depreciable:				
Land	442,044	-	442,044	-
Construction in progress	272,393	-	272,393	1,066,849
Depreciable:				
Equipment	339,715	267,652	607,367	5,531,182
Structure and improvements	20,986,257	116,317	21,102,574	6,293,782
Accumulated depreciation	<u>(8,101,265)</u>	<u>(212,986)</u>	<u>(8,314,251)</u>	<u>(2,857,745)</u>
Net capital assets	<u>13,939,144</u>	<u>170,983</u>	<u>14,110,127</u>	<u>10,034,068</u>
Total assets	<u>\$ 22,882,018</u>	<u>\$ 530,450</u>	<u>\$ 23,412,468</u>	<u>\$ 12,457,218</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, 2006

	Enterprise Funds			Internal Service Funds
	Wastewater Fund	Transit Fund	Totals	
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	\$ 179,882	\$ 28,079	\$ 207,961	\$ 46,008
Accrued salaries and benefits	6,644	661	7,305	10,559
Due to other funds	-	-	-	1,081,891
Deferred revenue	-	372,381	372,381	-
Other payables	87,962	-	87,962	-
Noncurrent Liabilities:				
Compensated absences	34,815	-	34,815	16,669
<b>Total liabilities</b>	<b>309,303</b>	<b>401,121</b>	<b>710,424</b>	<b>1,155,127</b>
<b>NET ASSETS</b>				
Invested in capital assets (net of related debt)	13,939,144	170,983	14,110,127	10,034,068
Unrestricted	8,633,571	(41,654)	8,591,917	1,268,023
<b>Total net assets</b>	<b>\$ 22,572,715</b>	<b>\$ 129,329</b>	<b>\$ 22,702,044</b>	<b>\$ 11,302,091</b>

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, 2006

	Enterprise Funds			Internal Service Funds
	Wastewater Fund	Transit Fund	Totals	
<b>Operating Revenues:</b>				
Service fees	\$ 1,579,258	\$ 56,710	\$ 1,635,968	\$ 1,570,066
Installation, extension and connection fees	436,734	-	436,734	-
Other	103	691	794	-
Total operating revenues	2,016,095	57,401	2,073,496	1,570,066
<b>Operating Expenses:</b>				
Salaries and benefits	274,291	29,918	304,209	475,409
Office expense	1,543	752	2,295	1,725
Advertising	-	1,382	1,382	-
Computer maintenance and replacement	16,245	10,588	26,833	4,770
Insurance	16,135	7,371	23,506	17,145
Occupancy and rental costs	3,977	2,120	6,097	410,846
Utilities	167,850	-	167,850	52,631
Communications	5,200	1,461	6,661	11,555
Operating supplies and services	67,250	63	67,313	52,460
Vehicle and equipment operating costs	64,881	104,895	169,776	8,035
Contract services	73,460	202,496	275,956	72,358
Professional development	3,274	265	3,539	5,995
Recruitment	-	-	-	24
Franchise fees	30,769	-	30,769	-
Administrative charges	301,650	93,260	394,910	71,060
Special projects:				
Clean up of old Treatment Plant Site	537,724	-	537,724	-
Telecommunications project	-	-	-	7,901
Refinish Pavilion floors	-	-	-	14,625
Depreciation	514,124	55,553	569,677	856,701
Total operating expenses	2,078,373	510,124	2,588,497	2,063,240
Operating income (loss)	(62,278)	(452,723)	(515,001)	(493,174)

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, 2006

	Enterprise Funds			Internal Service Funds
	Wastewater Fund	Transit Fund	Totals	
<b>Non-Operating Revenues (Expenses):</b>				
Transportation Development Act Funds - Operations	\$ -	\$ 232,861	\$ 232,861	\$ -
Section 5307 Revenues - Operations	-	165,000	165,000	-
FEMA Earthquake Repair Grant	-	-	-	78,918
OES Earthquake Repair Grant	-	-	-	26,306
Interest income	276,528	12,357	288,885	52,701
Gain (loss) on sale of assets	1,793	2,193	3,986	(72,018)
	<u>278,321</u>	<u>412,411</u>	<u>690,732</u>	<u>85,907</u>
Total non-operating revenues (expenses)				
Change in net assets prior to capital contributions	216,043	(40,312)	175,731	(407,267)
<b>Capital Contributions:</b>				
Contributions from developers	1,203,000	-	1,203,000	-
Contributions from community	-	-	-	100,000
Cash contributions from other funds	-	-	-	50,000
Cash contribution towards new corporate yard	(175,000)	-	(175,000)	(175,000)
Capital contributions from other funds	-	-	-	988,301
	<u>1,028,000</u>	<u>-</u>	<u>1,028,000</u>	<u>963,301</u>
Total capital contributions				
Change in net assets	1,244,043	(40,312)	1,203,731	556,034
Total net assets, June 30, 2005	<u>21,328,672</u>	<u>169,641</u>	<u>21,498,313</u>	<u>10,746,057</u>
Total net assets, June 30, 2006	<u>\$ 22,572,715</u>	<u>\$ 129,329</u>	<u>\$ 22,702,044</u>	<u>\$ 11,302,091</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, 2006

	Enterprise Funds			Internal Service Funds
	Wastewater Fund	Transit Fund	Totals	
<b>Cash Flows From Operating Activities:</b>				
Receipts from customers	\$ 2,006,559	\$ 56,700	\$ 2,063,259	\$ -
Internal activity - payments from other funds	(5,414)	-	(5,414)	1,570,066
Payments to suppliers of goods and services	(1,252,376)	(432,719)	(1,685,095)	(1,029,007)
Payments for employee services	(307,693)	(29,730)	(337,423)	(476,275)
Pass-through payments	(8,202)	-	(8,202)	-
Other receipts	103	691	794	-
Net cash provided (used) by operating activities	432,977	(405,058)	27,919	64,784
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Receipts from intergovernmental agencies	-	194,435	194,435	-
Loaned from other funds	-	-	-	1,081,891
Net cash provided (used) by non-capital related financing activities	-	194,435	194,435	1,081,891
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition of fixed assets	(846,728)	-	(846,728)	(2,312,651)
Cash contribution received for capital purchase	-	-	-	50,000
Cash contributions to other funds for capital purchases	(175,000)	-	(175,000)	(175,000)
Capital grant proceeds	58,680	-	58,680	213,568
Proceeds from sale of assets	36,947	8,112	45,059	26,520
Net cash provided (used) by capital and related financing activities	(926,101)	8,112	(917,989)	(2,197,563)

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, 2006

	Enterprise Funds			Internal Service Funds
	Wastewater Fund	Transit Fund	Totals	
<b>Cash Flows From Investing Activities:</b>				
Interest income	\$ 251,669	\$ 12,956	\$ 264,625	\$ 53,302
Principal received on interfund advances	38,851	-	38,851	-
Net cash provided by investing activities	290,520	12,956	303,476	53,302
Net increase (decrease) in cash and cash equivalents	(202,604)	(189,555)	(392,159)	(997,586)
Cash and cash equivalents - June 30, 2005	8,768,769	339,783	9,108,552	3,356,450
Cash and cash equivalents - June 30, 2006	\$ 8,566,165	\$ 150,228	\$ 8,716,393	\$ 2,358,864
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (62,278)	\$ (452,723)	\$ (515,001)	\$ (493,174)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	514,124	55,553	569,677	856,701
Change in assets and liabilities:				
Receivables, net	(9,433)	(10)	(9,443)	-
Prepaid expenses	-	89	89	-
Due to other funds	(5,414)	-	(5,414)	-
Accounts and other payables	37,582	(8,155)	29,427	(297,877)
Accrued salaries and benefits	589	188	777	1,773
Other payables	(8,202)	-	(8,202)	-
Compensated absences	(33,991)	-	(33,991)	(2,639)
Net cash provided (used) by operating activities	\$ 432,977	\$ (405,058)	\$ 27,919	\$ 64,784

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

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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 entities 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.

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.

**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.

2005 Redevelopment Bond Project Fund

This fund accounts for all activities associated with the projects that have been identified to revitalize the downtown core. These projects are funded by the 2005 Tax Increment Bonds that were recently issued by the Community Redevelopment Agency of Atascadero.

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.

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

**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 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.

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.

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

**F. Compensated Absences**

In compliance with Governmental Accounting Standards Board Statement No. 16, the City has established a liability for accrued sick leave and vacation in relevant funds. For governmental funds, the current liability appears in the respective funds. All vacation 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 sick leave and vacation 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

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.

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

H. Capital Assets Additions and Retirements (continued)

The City's collection of zoo animals is not capitalized. The collection of animals is held for public education purposes, is well cared and there is a City commitment to continue the collection. Although selling an animal is rare, when the City does receive proceeds for the sale of an animal, these proceeds are restricted for animal acquisition.

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	20-100 years
Equipment	5-25 years
Infrastructure	35-75 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.

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 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 \$34,905,296 was netted against the liability account of \$34,963,441, leaving a balance in the deposits liability account of \$58,145. This amount reflects the cash deposits.

L. Reclassifications

Certain reclassifications have been made to the prior year amounts to conform to the current year presentation.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. Budgetary Information

Annual 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. 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 nonmajor governmental funds exist due to expenditures incurred prior to the receipt of the reimbursing revenues:

Community Development Block Grant Fund	\$ (286)
General Government Facilities Fees Fund	\$ (301,622)
Proposition 12 Fund	\$ (3,645)
Historic City Hall Rehabilitation Fund	\$ (179,503)

A deficit fund balance in the following fund exists due to the accounting treatment of interfund advances:

Assessment District #9 Debt Service Fund	\$ (101,858)
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Deficit fund balances in the following funds exist due to the accounting treatment of interfund advances and a history of expenditures exceeding revenues:

Assessment District #7 Debt Service Fund	\$ (113,531)
Assessment District #10 Debt Service Fund	\$ (16,254)

**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.

**CITY OF ATASCADERO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 June 30, 2006

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

Cash and investments at June 30, 2006 consisted of the following:

Pooled Cash and Investments	
Cash and cash equivalents	\$ 218,712
Investments	16,962,169
Local Agency Investment Fund (State Pool)	<u>22,723,170</u>
Total Pooled Cash and Investments	39,904,051
Funds with Fiscal Agents:	
United States Treasury Money Fund	<u>1,880,715</u>
Total Cash and Investments	<u>\$ 41,784,766</u>

Cash and Investments listed above are presented in the accompanying financial statements as follows:

Cash and investments	\$ 39,904,051
Cash with fiscal agents	<u>1,880,715</u>
Total Cash and Investments	<u>\$ 41,784,766</u>

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

	Governmental Funds	Business-Type Funds	Total
Cash and investments	\$ 31,187,658	\$ 8,716,393	\$ 39,904,051
Cash and investments held by fiscal agents	1,880,715	-	1,880,715
Total Cash and Investments	<u>\$ 33,068,373</u>	<u>\$ 8,716,393</u>	<u>\$ 41,784,766</u>

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

**A. Cash and Cash Equivalents**

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 market 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 carrying amount of demand deposits was \$131,971 and the bank account balance was \$737,000. The difference of \$605,029 represented outstanding checks and deposits in transit. Of the total deposit balance, \$100,000 was insured by federal depository insurance and \$637,000 was 110% collateralized in accordance with California Government Code requirements by securities held by the pledging financial institution in the City's name.

**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 consist 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, 915 Capitol Mall, Room 106, Sacramento, CA 95814.

**C. Authorized Investments**

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

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

**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

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

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

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	\$ 9,147,473	23%
Certificates of Deposit	7,814,696	20%
Local Agency Investment Fund (State Pool)	22,723,170	57%
Total Investments Managed by City	<u>\$ 39,685,339</u>	<u>100%</u>
<b>Investments Held by Fiscal Agents</b>		
United States Treasury Money Fund	\$ 1,880,715	100%
Total Investments Held by Fiscal Agents	<u>\$ 1,880,715</u>	<u>100%</u>

<b>Investments</b>	<u>Fair Value</u>	<u>On Demand</u>	<u>Within One Month</u>	<u>One Month to One Year</u>	<u>One to Five Years</u>
Government Securities	\$ 9,147,473	\$ -	\$ -	\$ 691,627	\$ 8,455,846
Certificates of Deposit	7,814,696	-	296,816	342,439	7,175,441
Local Agency Investment Fund (State Pool)	22,723,170	22,723,170	-	-	-
Total Investments Managed by City	<u>\$ 39,685,339</u>	<u>\$ 22,723,170</u>	<u>\$ 296,816</u>	<u>\$ 1,034,066</u>	<u>\$ 15,631,287</u>
Percentage of Portfolio	100%	57%	1%	3%	39%

*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.

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

E. Investments (continued)

*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.

*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 certificates of deposit and government securities are exposed to custodial credit risk because these investments are uninsured and collateralized with securities held by the pledging financial institution'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 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 which 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 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 account. 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 20 percent of the agency's surplus money that may be invested pursuant to the City's Investment Policy.

F. Funds with Fiscal Agents

The City had \$1,880,715 in cash and investments as of June 30, 2006, held by fiscal agents pledged for the payment or security of certain bonds. Investments held by fiscal agents consist of \$83,400 held by the trustee for the 1993 Camino Real Improvements Bonds, \$67,356 for the 1992 Street Improvement Bonds,

**CITY OF ATASCADERO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 June 30, 2006

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

F. Funds with Fiscal Agents (continued)

and \$1,729,959 for the 2005 Redevelopment Agency Tax Allocation 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, 2006, was as follows:

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers Between Assets</u>	<u>Balance June 30, 2006</u>
<b>Governmental Activities</b>					
Non-Depreciable Capital Assets					
Land	\$ 39,583,016	\$ 60,000	\$ -	\$ 503,150	\$ 40,146,166
Construction in progress	5,841,374	6,431,983	(13,177)	(5,753,066)	6,507,114
Total non-depreciable capital assets	<u>45,424,390</u>	<u>6,491,983</u>	<u>(13,177)</u>	<u>(5,249,916)</u>	<u>46,653,280</u>
Depreciable Capital Assets					
Structures and improvements	4,034,919	6,715	(110,899)	3,605,812	7,536,547
Vehicles and equipment	4,077,545	880,422	(271,540)	844,755	5,531,182
Infrastructure	42,053,767	107,188	-	799,349	42,960,304
Total depreciable capital assets	50,166,231	994,325	(382,439)	5,249,916	56,028,033
Less Accumulated Depreciation	<u>(17,471,856)</u>	<u>(1,971,365)</u>	<u>294,198</u>	<u>-</u>	<u>(19,149,023)</u>
Net depreciable capital assets	<u>32,694,375</u>	<u>(977,040)</u>	<u>(88,241)</u>	<u>5,249,916</u>	<u>36,879,010</u>
Net governmental capital assets	<u>\$ 78,118,765</u>	<u>\$ 5,514,943</u>	<u>\$ (101,418)</u>	<u>\$ -</u>	<u>\$ 83,532,290</u>

**CITY OF ATASCADERO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 June 30, 2006

**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, 2006, was as follows:

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers Between Assets</u>	<u>Balance June 30, 2006</u>
<b>Business-Type Activities</b>					
<b>Non-Depreciable Capital Assets</b>					
Land	\$ 431,684	\$ 10,360	\$ -	\$ -	\$ 442,044
Construction in progress	330,854	790,990	(35,153)	(814,298)	272,393
Total non-depreciable capital assets	<u>762,538</u>	<u>801,350</u>	<u>(35,153)</u>	<u>(814,298)</u>	<u>714,437</u>
<b>Depreciable Capital Assets</b>					
Structures and improvements	19,098,449	1,248,378	(3,406)	759,153	21,102,574
Vehicles and equipment	711,142	-	(158,920)	55,145	607,367
Total depreciable capital assets	19,809,591	1,248,378	(162,326)	814,298	21,709,941
Less Accumulated Depreciation	<u>(7,900,980)</u>	<u>(569,676)</u>	<u>156,405</u>	<u>-</u>	<u>(8,314,251)</u>
Net depreciable capital assets	<u>11,908,611</u>	<u>678,702</u>	<u>(5,921)</u>	<u>814,298</u>	<u>13,395,690</u>
Net business-type capital assets	<u>\$ 12,671,149</u>	<u>\$ 1,480,052</u>	<u>\$ (41,074)</u>	<u>\$ -</u>	<u>\$ 14,110,127</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:

<u>Governmental Activities:</u>	
General government	\$ 176,559
Public safety	372,742
Community development	68,767
Community, recreation & zoo services	111,931
Parks & open space	67,443
Public works	1,173,922
Total Depreciation- Governmental Activities	<u>\$ 1,971,364</u>

**CITY OF ATASCADERO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 June 30, 2006

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

B. Depreciation Allocations (continued)

Business-Type Activities:

Sewer	\$ 514,124
Transit	55,552
Total Depreciation- Business-Type Activities	<u>\$ 569,676</u>

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

The composition of interfund balances at June 30, 2006, is as follows:

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, 2006, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$1,694,668
Nonmajor Governmental Fund	2005 Redevelopment Bond Project Fund	207,303
Wastewater Fund	Nonmajor Governmental Funds	<u>54,965</u>
Total		<u>\$1,956,936</u>

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 which exceeds one year. The composition of interfund advances balances at June 30, 2006, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$1,375,175
Wastewater Fund	Nonmajor Governmental Funds	<u>203,125</u>
Total		<u>\$1,578,300</u>

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

Interfund transfers were made as follows:

\$ 268,240	Transfer from General Fund to Gas Tax Fund for general street operations
250,000	Transfer from General Fund to Capital Projects Fund for major road repairs
41,307	Transfer from General Fund to COP Fund for portion of Pavilion debt service
35,210	Transfer from General Fund to Apple Valley Landscaping & Lighting Fund for parks and open space maintenance
7,540	Transfer from General Fund to Las Lomas Landscaping & Lighting Fund for parks maintenance
425,000	Transfer from General Fund to Capital Projects Fund for New Corporate Yard project
49,766	Transfer from Community Facilities District Fund to General Fund for Fire Services
2,200	Transfer from Redevelopment Agency Fund to 2005 Redevelopment Bond Debt Service Fund for bond trustee fees
175,000	Transfer from Gas Tax Fund to Capital Projects Fund for New Corporate Yard project
92,640	Transfer from Traffic Congestion Relief Fund to Local Transportation Fund for Old Morro Road Overlay project
25,680	Transfer from Local Transportation Fund to Community Development Block Grant Fund for La Linea project
350,000	Transfer from General Government Facilities Fees Fund to Capital Projects Fund for New Corporate Yard project
46,344	Transfer from Storm Drain Facilities Fees Fund to Local Transportation Fund for El Bordo @ El Camino Real improvement project
2,154	Transfer from Amapoa Tecorida Impact Fees Fund to Drainage Impact Fees Fund for 2006/07 Drainage Improvement project
69,904	Transfer from Police Impact Fees Fund to COP Fund for debt service on Police station
78,847	Transfer from Parkland Impact Fees Fund to Youth / Community Center Construction Fund for construction of community center
47,662	Transfer from Public Facilities Impact Fees Fund to COP Fund for a portion of Pavilion debt service
290,309	Transfer from 2005 Redevelopment Bond Project Fund to Youth / Community Center Construction Fund for construction of community center
6,018	Transfer from 2005 Redevelopment Bond Project Fund to Capital Projects Fund for Downtown Streetscape Project, Phase II
<u>\$ 2,263,821</u>	

**NOTE 6 – LONG-TERM DEBT**

**A. Compensated Absences**

City employees accumulate earned but unused vacation and sick 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, 2006, total \$868,953 for governmental activities and \$34,815 for business-type activities.

**B. Assessment District No. 4 Bonds**

On December 2, 1986, the City issued assessment improvement bonds for the Seperado-Cayucos Assessment District (Assessment District No. 4) amounting to \$1,070,227. The bonds mature in amounts ranging from \$30,000 to \$95,000 annually, payable on September 2 of each year to 2007. The bonds carry interest rates between 5.00% and 7.50% and interest payments are due semi-annually on each March 2 and September 2. The City is contingently liable on the bonds, as defined by Statement No. 6 of the Governmental Accounting Standards Board.

The following is a summary of bond debt service requirements to be made in future years:

Fiscal Year Ending June 30,	Assessment District No. 4 Bonds	
	Principal	Interest
2007	\$ 80,000	\$ 9,750
2008	90,000	3,375
	<u>\$ 170,000</u>	<u>\$ 13,125</u>

**C. 1992 Street Improvement Assessment Bonds**

On August 19, 1993, the City issued assessment improvement bonds for the 1992 Street Improvement Assessment District (the Las Encinas and 3F Meadows areas) amounting to \$903,356. The bonds mature in amounts ranging from \$33,356 to \$85,000 annually, payable on September 2 of each year to 2008. The bonds carry interest rates between 3.00% and 6.20% and interest payments are due semi-annually on each March 2 and September 2. The City is contingently liable on the bonds, as defined by Statement No. 6 of the Governmental Accounting Standards Board.

The following is a summary of bond debt service requirements to be made in future years:

Fiscal Year Ending June 30,	1992 Street Improvement Assessment Bonds	
	Principal	Interest
2007	\$ 60,000	\$ 9,595
2008	60,000	5,890
2009	65,000	2,015
	<u>\$ 185,000</u>	<u>\$ 17,500</u>

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

**D. 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.

The following is a summary of bond debt service requirements to be made in future years:

Fiscal Year Ending June 30,	1999 Camino Real Limited Obligation Refunding Improvement Bonds	
	Principal	Interest
2007	\$ 110,000	\$ 56,443
2008	115,000	50,479
2009	125,000	44,027
2010	130,000	37,077
2011	135,000	29,722
2012-2014	455,000	39,921
	<u>\$ 1,070,000</u>	<u>\$ 257,669</u>

**E. 1997 Certificates of Participation**

On September 23, 1997, the City entered into a lease obligation in order to refund the 1989 Certificates of Participation. The City is required to make principal payments in amounts ranging from \$102,000 to \$151,000 payable annually on July 1 of each year to 2009. Interest payments are due semi-annually on each January 1 and July 1. The interest payments made through maturity will be based on an interest rate of 5.75%. The Bonds are repaid with General Fund Revenues, Public Facilities Impact Fees, and Police Impact Fees.

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

Fiscal Year Ending June 30,	1997 Certificates of Participation	
	Principal	Interest
2007	\$ 135,000	\$ 24,610
2008	142,000	16,848
2009	151,000	8,683
	<u>\$ 428,000</u>	<u>\$ 50,141</u>

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

F. 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 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.

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

Fiscal Year Ending June 30,	2005 Redevelopment Agency Tax Allocation Bonds	
	Principal	Interest
2007	\$ -	\$ 574,043
2008	-	574,043
2009	-	574,043
2010	275,000	569,917
2011	285,000	561,161
2012-2016	1,580,000	2,644,061
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>\$ 12,490,000</u>	<u>\$ 11,041,510</u>

**CITY OF ATASCADERO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2006

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

G. Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2006</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
<b>Bonds Payable:</b>					
Assessment District No. 4 Bonds	\$ 240,000	\$ -	\$ (70,000)	\$ 170,000	\$ 80,000
1992 Street Assessment Bonds	245,000	-	(60,000)	185,000	60,000
Camino Real 1999 Limited Obligation Refunding Improvement Bond	1,175,000	-	(105,000)	1,070,000	110,000
2004 Redevelopment Bond	12,490,000	-	-	12,490,000	-
Capital Lease	555,000	-	(127,000)	428,000	135,000
Compensated Absences	713,273	155,680	-	868,953	-
Total Governmental Activities	<u>\$ 15,418,273</u>	<u>\$ 155,680</u>	<u>\$ (362,000)</u>	<u>\$ 15,211,953</u>	<u>\$ 385,000</u>
<b>Business-type Activities:</b>					
Compensated Absences	\$ 68,806	\$ (33,991)	\$ -	\$ 34,815	\$ -
Total Business-type Activity	<u>\$ 68,806</u>	<u>\$ (33,991)</u>	<u>\$ -</u>	<u>\$ 34,815</u>	<u>\$ -</u>

**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. PERS is part of the Public Agency portion of the California Public Employees' Retirement System, (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers 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, 400 P Street, Sacramento, CA 95814.

Funding Policy

Active plan members in the PERS are required to contribute 7% for miscellaneous members or 9% for safety members of their annual covered salary. The City makes the contributions required of City 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 2005-2006 was 10.381% for miscellaneous employees and 26.122% for safety employees. The contribution requirements of the plan members are established by the State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For fiscal year 2005-2006, the City's annual pension cost was \$1,231,398 and was equal to the City's required and actual contributions. The required contribution for fiscal year 2005-2006 was determined as part of the June 30, 2003 actuarial valuation using the entry age actuarial cost method with the contributions determined as a level percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by age, type of employment, and duration of service, and (c) no cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of the City's assets was determined using a technique that smoothes the effect of short-term volatility in the fair value of investments over a 3-year period. The City's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2003, was 17 years.

Three Year Trend Information for the City of Atascadero Public Employees' Retirement Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
6/30/04	\$237,473	100%	\$ 0
6/30/05	\$898,603	100%	\$ 0
6/30/06	\$1,231,398	100%	\$ 0

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

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

Funded Status of Plans

Since the City of Atascadero had less than 100 active members in at least one evaluation since June 30, 2003, CalPERS required the City to participate in a risk pool. The values in the following tables reflect the City's participation in the pool. Presented below is the three most recent years of available information.

Funded Status of Miscellaneous Plan

Retirement Program

Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Liability / (Excess) (UAL) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAL as a % of Payroll ((a)-(b))/(c)
6/30/03	\$ 2,596,966,545	\$ 2,372,879,034	\$ 224,087,511	91.4%	\$ 725,020,458	30.9%
6/30/04	\$ 2,746,095,668	\$ 2,460,944,656	\$ 285,151,012	89.6%	\$ 743,691,970	38.3%
6/30/05	\$ 2,891,460,651	\$ 2,588,713,000	\$ 302,747,651	89.5%	\$ 755,046,679	40.1%

Funded Status of Safety Plan

Retirement Program

Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Liability / (Excess) (UAL) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAL as a % of Payroll ((a)-(b))/(c)
6/30/03	\$ 4,270,573,982	\$ 3,577,742,166	\$ 692,831,816	83.8%	\$ 476,089,674	145.5%
6/30/04	\$ 5,383,921,942	\$ 4,424,586,846	\$ 959,335,096	82.2%	\$ 575,296,434	166.8%
6/30/05	\$ 6,367,049,264	\$ 5,295,150,375	\$ 1,071,898,889	83.2%	\$ 664,147,796	161.4%

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

**B. Other Post Employment Benefits**

In addition to the PERS pension benefits described above, City Resolution No. 2004-064, adopted July 27, 2004, established a post-retirement health benefit 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 PERS 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. The City accounts for this benefit on a pay-as-you-go basis and incurred \$0 of benefit expenditures during the current period. There are currently no participants eligible for benefits under this program.

**C. Implementation of New Accounting Pronouncements (GASB 45)**

The City currently offers post-retirement health care benefits. The City will finance and account for these benefits on a "pay-as-you-go" basis. In June 2005, the Governmental Accounting Standards Board ("GASB") issued its Statement No. 45 entitled "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," which will change the accounting for these benefits.

The statement generally requires that local governmental employers account for and report the annual cost of other postemployment benefits (OPEB) and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of GASB Statement No. 45 may be applied prospectively.

GASB Statement No. 45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time.

GASB Statement No. 45 is effective for the City as of the 2009-10 fiscal year.

**NOTE 8 - 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 9 - 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 109 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

Separate financial statements for the Authority can be obtained by writing California JPIA, Administrative Services Director, 8081 Moody Street, La Palma, CA 90623.

B. Self-Insurance Programs of the Authority

General Liability

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Loss development reserves are allocated by pool and by loss layer. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on a member's share of losses under \$30,000. Losses from \$750,000 to \$10,000,000 and the loss development reserve associated with losses \$750,000 to \$10,000,000 are pooled based on payroll. Costs of covered claims above \$10,000,000 are currently paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

Workers' Compensation

The City of Atascadero also participates in the Workers' Compensation pool administered by the Authority. Claims are pooled separately between public safety and non-public safety. Loss development reserves are allocated by pool and by loss layer. Members retain the first \$50,000 of each claim. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and loss development reserves associated with losses from \$100,000 to \$2,000,000 are pooled based on payroll. Costs from \$2,000,000 to \$150,000,000 are transferred to an excess insurance policy. Costs in excess of \$150,000,000 are pooled among the members based on payroll. Administrative expenses are paid from the Authority's investment earnings.

**NOTE 9 - RISK MANAGEMENT (continued)**

C. Purchased Insurance

Environmental Insurance

The City participates in the Pollution Legal Liability and Remediation Legal Liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50,000,000 for the 3-year period from July 1, 2005 through June 30, 2008. Each member of the Authority has a \$10,000,000 limit during the 3-year term of the policy.

Property Insurance

The City participates in the All-Risk Property Protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total All-Risk Property insurance coverage is \$28,563,551. There is a \$5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Special Event Tenant User Liability Insurance

The City further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on City property. The insurance premium is paid by the tenant user to the City according to a schedule. The City then pays for the insurance. The insurance is arranged by the Authority.

Adequacy of Protection

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

D. Unemployment

The City is fully self-insured for unemployment claims.

E. Self Insurance

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

The last actuarial study to determine the undiscounted outstanding claims liability was completed as of June 30, 2005. The liability at June 30, 2006 was estimated based on the last actuarial study and considered claims asserted and paid and the time limitations for filing claims. The estimated liability at June 30, 2006 is calculated as follows:

**CITY OF ATASCADERO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2006

**NOTE 9 - RISK MANAGEMENT (continued)**

Self-insurance activity as of and for the year ended June 30, 2006 is summarized as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Interest earnings and other income	\$ 21,902	\$ 32,688	\$ 54,590
Claims expense	176,242	428,813	605,055
Estimated liability for reported claims and settlement expenses	490,000	-	490,000
Estimated liability for incurred but not reported (IBNR) claims	306,000	-	306,000
Assets on deposit	<u>393,446</u>	<u>675,646</u>	<u>1,069,092</u>
Assets in excess of (less than) liabilities	<u>\$ (402,554)</u>	<u>\$ 675,646</u>	<u>\$ 273,092</u>

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

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Deposits (unpaid claims liability) June 30, 2004	\$ (433,500)	\$ 865,200	\$ 431,700
Claim payments and related expenditures	(99,963)	(32,020)	(131,983)
Decrease in estimated claims liability June 30, 2005	191,000	40,000	231,000
Deposits and interest earnings	<u>11,249</u>	<u>20,253</u>	<u>31,502</u>
Deposits (unpaid claims liability) June 30, 2005	(331,214)	893,433	562,219
Claim payments and related expenditures	(176,242)	(428,813)	(605,055)
Decrease in estimated claims liability June 30, 2006	83,000	178,338	261,338
Deposits and interest earnings	<u>21,902</u>	<u>32,688</u>	<u>54,590</u>
Deposits (unpaid claims liability) June 30, 2006	<u>\$ (402,554)</u>	<u>\$ 675,646</u>	<u>\$ 273,092</u>

**NOTE 10 - CONTINGENCIES AND COMMITMENTS**

According to the City's attorney, no contingent liabilities are outstanding and no lawsuits of any significant financial consequence are pending.

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.

Leases:

The City leases office space at 6907 El Camino Real in Atascadero. The term of the lease began June 1, 2005, and continues through June 1, 2009, at a rate of \$31,133 per month. The City may terminate the lease at any time with 30 days notice.

Construction and other significant commitments as of June 30, 2006, including encumbrances outstanding at year-end, are as follows:

General Fund	\$ 208,169
Redevelopment Agency Fund	192,101
In-Lieu Low Income Housing Fund	9,400
SLESF Fund	37,000
CDBG Fund	23,338
Tree Plant Fund	66,925
Local Transportation Fund	243,906
Circulation System Fees Fund	968,525
Storm Drainage Facilities Fees Fund	776,124
Amapoa/Tecorida Drainage Impact Fees Fund	134,046
Parkland Facilities Fees Fund	965,908
Public Facilities Fees Fund	170,000
Proposition 12 Fund	167,106
Capital Projects Fund	1,024,536
2005 Redevelopment Bond Project Fund	6,428,713
Historic City Hall Rehabilitation Fund	5,519
Youth Center Construction Fund	361,887
Wastewater Fund	48,660
Transit Fund	65,000
Building Maintenance and Replacement Fund	1,348
Technology Fund	64,560
Total	<u>\$ 11,962,771</u>

**NOTE 11 – NET ASSETS AND FUND BALANCES**

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 developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes. Restricted Net Assets includes \$21,762,750 restricted by enabling legislation.

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

**B. Fund Balances, Reserves, and Designations**

In the Fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

**Reserves:**

Prepaid items – These reserves represent expenditures for the next fiscal year made prior to the end of the current fiscal year.

Encumbrance – These reserves represent the portion of purchase orders awarded for which the goods or services had not yet been received as of June 30, 2006.

Debt Service – Funds which legally may only be used for debt service are reserved within the appropriate fund.

Advances to Other Funds – These reserves represent long-term loans to other funds.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ATASCADERO**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - SUMMARY**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2006**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Secured and unsecured property taxes	\$ 5,314,280	\$ 5,314,280	\$ 6,000,412	\$ 686,132
Taxes based on sales and use	3,750,000	3,750,000	3,989,425	239,425
Franchise tax	737,900	737,900	811,195	73,295
Other taxes	760,000	760,000	877,741	117,741
Licenses and permits	855,250	885,250	984,249	98,999
Intergovernmental revenues:				
Motor vehicle in lieu and related payments	381,830	381,830	634,003	252,173
Other governmental revenues	63,200	83,200	110,235	27,035
Grants	347,740	359,880	359,735	(145)
Charges for services:				
Public safety	197,500	271,040	248,946	(22,094)
Development	655,270	925,610	1,061,840	136,230
Recreation, parks, pavilion and zoo	486,850	505,850	504,724	(1,126)
Other services	68,700	68,700	92,548	23,848
Fines and forfeitures	97,650	97,650	103,029	5,379
Use of money and property	254,370	254,370	324,636	70,266
Other revenues	1,130,120	1,258,430	1,195,515	(62,915)
<b>Total revenues</b>	<b>15,100,660</b>	<b>15,653,990</b>	<b>17,298,233</b>	<b>1,644,243</b>
<b>Expenditures:</b>				
Employee services	10,346,810	10,400,010	9,984,540	415,470
Operating supplies & services	4,015,340	4,477,480	4,559,077	(81,597)
Special purchases, projects and community funding	528,420	554,190	374,853	179,337
Capital outlay	231,750	325,070	301,504	23,566
<b>Total expenditures</b>	<b>15,122,320</b>	<b>15,756,750</b>	<b>15,219,974</b>	<b>536,776</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(21,660)</b>	<b>(102,760)</b>	<b>2,078,259</b>	<b>2,181,019</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	156,540	156,540	49,766	(106,774)
Transfers out	(742,100)	(992,100)	(1,027,297)	(35,197)
<b>Total other financing sources and uses</b>	<b>(585,560)</b>	<b>(835,560)</b>	<b>(977,531)</b>	<b>(141,971)</b>
<b>Net changes in fund balance</b>	<b>\$ (607,220)</b>	<b>\$ (938,320)</b>	<b>1,100,728</b>	<b>\$ 2,039,048</b>
Fund balances - June 30, 2005			9,422,215	
Fund balances - June 30, 2006			<b>\$ 10,522,943</b>	

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CITY OF ATASCADERO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Property Taxes:				
Secured property tax	\$ 3,753,770	\$ 3,753,770	\$ 3,883,786	\$ 130,016
ERAF III	(326,640)	(326,640)	(326,640)	-
Property tax in lieu of VLF	1,604,150	1,604,150	1,852,755	248,605
Unsecured property taxes	108,000	108,000	115,176	7,176
Supplemental property taxes	175,000	175,000	475,335	300,335
Taxes based on sales:				
Sales and use taxes	2,812,500	2,812,500	3,158,357	345,857
Sales tax in-lieu payments	937,500	937,500	831,068	(106,432)
Transient occupancy tax	400,000	400,000	479,547	79,547
Franchise taxes:				
Cable television franchise fees	195,000	195,000	205,105	10,105
Electricity franchise fees	181,000	181,000	179,630	(1,370)
Garbage disposal franchise fees	172,000	172,000	178,393	6,393
Landfill franchise fees	17,400	17,400	16,935	(465)
Recycling franchise fees	-	-	13,663	13,663
Gas franchise fees	140,000	140,000	186,700	46,700
Wastewater franchise fees	32,500	32,500	30,769	(1,731)
Business licenses	180,000	180,000	162,468	(17,532)
Property transfer tax	180,000	180,000	235,704	55,704
Other taxes	-	-	22	22
<b>Total Taxes</b>	<b>10,562,180</b>	<b>10,562,180</b>	<b>11,678,773</b>	<b>1,116,593</b>
Licenses and Permits:				
Construction permits	776,000	806,000	841,754	35,754
Grading and drainage permits	35,380	35,380	32,881	(2,499)
Encroachment permits	36,170	36,170	31,835	(4,335)
Tree application fees	7,700	7,700	51,574	43,874
Developer reimbursements	-	-	26,205	26,205
<b>Total Licenses and Permits</b>	<b>855,250</b>	<b>885,250</b>	<b>984,249</b>	<b>98,999</b>

CITY OF ATASCADERO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final
	Original	Final		Budget Positive (Negative)
<b>Revenues (continued):</b>				
Intergovernmental Revenues:				
Motor vehicle in-lieu (VLF)	\$ 149,480	\$ 149,480	\$ 169,305	\$ 19,825
Payments in-lieu of VLF	232,350	232,350	464,698	232,348
Homeowners' tax relief	47,800	47,800	48,437	637
State mandated costs	-	-	25,196	25,196
Off highway vehicles	400	400	422	22
P.O.S.T. reimbursement	15,000	35,000	36,171	1,171
Other reimbursements	-	-	9	9
Grants:				
Bulletproof Vest grant	5,000	5,000	(1,397)	(6,397)
FEMA Assistance to Firefighters grant	200,850	200,850	180,765	(20,085)
FEMA Hazard Mitigation Plan Federal grant	29,900	29,900	10,353	(19,547)
FEMA Earthquake funding	52,500	52,500	3,146	(49,354)
FEMA Earthquake administration	-	-	40,772	40,772
OES Earthquake funding	17,500	17,500	1,050	(16,450)
OES Earthquake administration	-	-	104,458	104,458
CLEEP Grant	90	90	82	(8)
Office of Traffic Safety Grant- 2005	41,900	41,900	17,057	(24,843)
OTS Mini Seatbelt Grant	-	12,140	3,449	(8,691)
Total Intergovernmental Revenues	<u>792,770</u>	<u>824,910</u>	<u>1,103,973</u>	<u>279,063</u>
Charges for Services:				
Public safety:				
First response charges	90,200	90,200	69,019	(21,181)
Weed abatement services	45,000	47,800	47,806	6
Mutual aid	-	65,000	65,908	908
Fire classes	18,000	23,740	5,741	(17,999)
Police false alarms	4,300	4,300	8,505	4,205
Fingerprints	21,000	21,000	20,485	(515)
Vehicle release fees	7,000	7,000	17,090	10,090
Booking fees	5,000	5,000	5,113	113
Other public safety services	7,000	7,000	9,279	2,279

CITY OF ATASCADERO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final
	Original	Final		Budget Positive (Negative)
<b>Revenues (continued):</b>				
Charges for Services (continued):				
Development:				
Zoning fees	\$ 65,000	\$ 65,000	\$ 55,493	\$ (9,507)
Subdivision fees- Planning	45,500	45,500	73,775	28,275
Subdivision fees- Public Works	17,970	17,970	23,865	5,895
General and specific plans	8,600	8,600	8,550	(50)
Appeals	900	900	1,710	810
Planning review	11,700	31,700	56,980	25,280
Building plan check fees	286,200	506,200	516,389	10,189
Public Works plan check fees	187,900	218,240	245,734	27,494
Fire plan check fees	28,000	28,000	61,432	33,432
Other development fees	3,500	3,500	17,912	14,412
Recreation:				
Advertising	-	-	8,300	8,300
Aquatics	2,500	2,500	5,030	2,530
Adult sports	38,500	38,500	27,521	(10,979)
Youth sports	72,500	72,500	59,552	(12,948)
Classes	42,000	61,000	61,047	47
Special events	30,000	30,000	25,452	(4,548)
Skate park revenue	300	300	6,288	5,988
Administrative:				
Copy and mailing fees	3,000	3,000	18,885	15,885
Document imaging fee	18,000	18,000	35,721	17,721
Business license application fees	17,700	30,000	24,022	(5,978)
Business license renewal fees	30,000	17,700	13,920	(3,780)
Pavilion rentals and concessions	98,750	98,750	91,099	(7,651)
Park charges	16,000	16,000	28,132	12,132
Zoo	186,300	186,300	192,303	6,003
Total Charges for Services	1,408,320	1,771,200	1,908,058	136,858

CITY OF ATASCADERO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues (continued):</b>				
Fines and Forfeitures:				
Motor vehicle fines	\$ 57,000	\$ 57,000	\$ 57,572	\$ 572
Traffic school fines	15,000	15,000	11,385	(3,615)
Misdemeanor and other minor fines	11,450	11,450	13,298	1,848
Parking fines	5,700	5,700	3,078	(2,622)
Fire and code enforcement fines	2,000	2,000	10,900	8,900
Business license penalties	6,000	6,000	6,376	376
Other penalties	500	500	420	(80)
Total Fines and Forfeitures	<u>97,650</u>	<u>97,650</u>	<u>103,029</u>	<u>5,379</u>
Use of Money and Property:				
Interest	<u>254,370</u>	<u>254,370</u>	<u>324,636</u>	<u>70,266</u>
Total Use of Money and Property	<u>254,370</u>	<u>254,370</u>	<u>324,636</u>	<u>70,266</u>
Other Revenues:				
Interfund administrative charges	1,057,620	1,137,620	1,018,691	(118,929)
Workers comp reimbursement	-	-	25,273	25,273
PERS actuarial gains	-	-	44,881	44,881
Donations	67,500	115,500	99,292	(16,208)
Other revenues	<u>5,000</u>	<u>5,310</u>	<u>7,378</u>	<u>2,068</u>
Total Other Revenues	<u>1,130,120</u>	<u>1,258,430</u>	<u>1,195,515</u>	<u>(62,915)</u>
<b>Total Revenues</b>	<u>15,100,660</u>	<u>15,653,990</u>	<u>17,298,233</u>	<u>1,644,243</u>

CITY OF ATASCADERO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
City Council:				
Salaries and benefits	\$ 19,410	\$ 21,930	\$ 21,930	\$ -
Office expense	700	1,240	1,236	4
Advertising	600	1,000	989	11
Computer maintenance and replacement	12,490	12,490	12,490	-
Occupancy	185,680	185,680	185,680	-
Communications	350	700	657	43
Operating supplies	3,250	4,420	4,420	-
Vehicle & equipment operating costs	4,500	4,500	4,480	20
Contract services	7,500	250	250	-
Professional development	30,500	34,180	34,183	(3)
Community outreach	35,000	33,590	32,564	1,026
Chamber of Commerce	50,800	60,920	60,318	602
Tourism	35,000	35,000	24,474	10,526
Business Development	10,000	10,000	10,000	-
LAFCO Contribution	12,500	12,500	12,455	45
Special projects & community funding:				
Community events	600	600	-	600
Human Resources Grants	20,000	20,000	20,000	-
<b>Total City Council</b>	<b>428,880</b>	<b>439,000</b>	<b>426,126</b>	<b>12,874</b>
City Clerk:				
Salaries and benefits	2,870	2,910	2,905	5
Office expense	700	830	825	5
Advertising	4,500	14,500	13,653	847
Computer maintenance and replacement	480	480	-	480
Contract services	9,000	10,400	10,376	24
Professional development	4,050	3,880	3,571	309
Municipal election	150	150	150	-
<b>Total City Clerk</b>	<b>21,750</b>	<b>33,150</b>	<b>31,480</b>	<b>1,670</b>

CITY OF ATASCADERO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
City Treasurer:				
Salaries and benefits	\$ 7,340	\$ 7,340	\$ 7,214	\$ 126
Computer maintenance and replacement	2,090	2,090	2,090	-
Occupancy	1,830	1,830	1,830	-
Contract services	3,600	4,090	4,087	3
Professional development	830	340	60	280
Total City Treasurer	15,690	15,690	15,281	409
City Attorney:				
Office expense	600	600	487	113
Communications	-	-	131	(131)
Contract services	199,950	199,950	391,352	(191,402)
Professional development	-	-	400	(400)
Total City Attorney	200,550	200,550	392,370	(191,820)
City Manager:				
Salaries and benefits	661,140	668,010	668,000	10
Office expense	12,150	12,400	12,397	3
Computer maintenance and replacement	40,950	40,950	40,950	-
Insurance	15,450	15,470	15,473	(3)
Occupancy	50,310	50,310	50,310	-
Communications	4,500	4,810	4,812	(2)
Operating supplies	18,750	18,750	18,699	51
Vehicle & equipment operating costs	9,150	9,150	8,966	184
Contract services	26,200	48,720	48,716	4
Professional development	30,250	39,480	39,483	(3)
Recruitment	500	760	762	(2)
Employee development	32,000	12,040	12,039	1
Contingency	100,000	-	-	-
Total City Manager	1,001,350	920,850	920,607	243

CITY OF ATASCADERO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Administrative Services:				
Salaries and benefits	\$ 475,730	\$ 487,890	\$ 486,806	\$ 1,084
Office expense	17,510	17,510	14,542	2,968
Computer maintenance and replacement	67,520	68,760	68,764	(4)
Insurance	16,950	16,950	14,800	2,150
Occupancy	37,360	37,360	37,360	-
Communications	1,600	1,600	1,353	247
Operating supplies	150	150	-	150
Vehicle & equipment operating costs	3,700	3,700	3,620	80
Contract services	154,240	130,720	122,777	7,943
Professional development	5,400	8,020	8,017	3
Recruitment	1,200	1,200	-	1,200
Safety committee	1,500	1,500	-	1,500
Contingency	5,000	-	-	-
Special purchases, projects & studies:				
Furniture	-	5,000	-	5,000
Cost Allocation and Fee Study	13,000	20,500	15,353	5,147
Total Administrative Services	800,860	800,860	773,392	27,468
Police:				
Salaries and benefits	3,831,870	3,783,390	3,599,616	183,774
Office expense	18,300	19,680	18,833	847
Computer maintenance and replacement	156,220	160,220	160,222	(2)
Insurance	73,910	73,960	73,959	1
Occupancy	79,020	79,020	78,350	670
Utilities	38,480	39,980	39,980	-
Communications	37,000	37,000	36,291	709
Operating supplies	27,790	27,790	19,276	8,514
Vehicle & equipment operating costs	201,060	218,940	218,944	(4)
Contract services	182,170	195,480	197,292	(1,812)
Professional development	14,280	19,580	17,631	1,949
Recruitment	8,420	20,160	20,159	1
Contingency	10,000	-	-	-
Special purchases, projects & studies:				
Desks	-	4,700	-	4,700
	4,678,520	4,679,900	4,480,553	199,347

CITY OF ATASCADERO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Police Grants:				
Salaries and benefits	\$ 20,350	\$ 32,490	\$ 14,708	\$ 17,782
Office expense	90	180	165	15
Advertising	750	750	-	750
Computer maintenance & replacement	500	500	500	-
Operating supplies	4,570	10,100	9,465	635
Contract services	350	2,820	2,815	5
Professional development	36,600	58,130	41,444	16,686
Special purchases:				
Personal protective vests	10,000	10,000	8,139	1,861
Capital outlay:				
Vehicles-new	14,700	14,700	-	14,700
	<u>87,910</u>	<u>129,670</u>	<u>77,236</u>	<u>52,434</u>
<b>Total Police</b>	<u>4,766,430</u>	<u>4,809,570</u>	<u>4,557,789</u>	<u>251,781</u>
Fire:				
Salaries and benefits	2,257,680	2,224,330	2,224,336	(6)
Office expense	7,480	11,510	11,510	-
Advertising	-	1,560	1,562	(2)
Computer maintenance and replacement	71,330	70,610	70,610	-
Insurance	45,840	47,330	47,331	(1)
Occupancy	33,820	36,500	36,503	(3)
Utilities	15,000	15,140	15,140	-
Communications	16,540	14,600	14,601	(1)
Operating supplies	35,040	45,570	45,574	(4)
Vehicle and equipment operating and replacement costs	144,700	168,670	168,655	15
Contract services	6,200	7,050	7,051	(1)
Professional development	20,470	28,280	27,553	727
Recruitment	3,790	5,950	5,955	(5)
Contingency	10,000	-	-	-

CITY OF ATASCADERO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Fire (continued)				
Special purchases, projects & studies:				
Washing machine	\$ -	\$ 1,110	\$ 1,110	\$ -
Confined space fan	3,400	3,400	-	3,400
Replace chain saws	2,150	2,150	-	2,150
Fire hose	4,000	8,290	8,750	(460)
Wildland protective gear	3,000	3,000	3,170	(170)
Rescue litter	580	580	725	(145)
Station #1 Tower	1,030	1,030	-	1,030
Capital outlay:				
Jaws of Life rescue equipment	-	5,640	5,637	3
	<u>2,682,050</u>	<u>2,702,300</u>	<u>2,695,773</u>	<u>6,527</u>
Weed Abatement, Mutual Aid and Other Fire Programs:				
Salaries and benefits	110,240	169,720	141,745	27,975
Office expense	4,080	1,040	1,036	4
Advertising	1,000	1,070	1,066	4
Computer maintenance and replacement	2,390	2,390	2,390	-
Communications	200	-	-	-
Operating supplies	1,020	6,470	906	5,564
Contract services	35,700	53,280	53,273	7
Special purchases, projects & studies:				
Replace pagers	3,150	3,150	3,153	(3)
Replace radios	31,030	6,030	6,029	1
Radio frequency reprogramming	5,650	5,650	5,656	(6)
SCBA voice amplifier	18,970	18,970	18,975	(5)
Capital outlay:				
Generator	14,790	14,790	14,783	7
Mobile data terminals	46,350	46,350	46,355	(5)
Voter system	103,560	103,560	103,552	8
Communication tower	-	29,780	29,774	6
Confined space rescue equipment	2,350	2,350	2,346	4
Purchase of software	6,100	6,100	6,100	-
	<u>386,580</u>	<u>470,700</u>	<u>437,139</u>	<u>33,561</u>
Total Fire	<u>3,068,630</u>	<u>3,173,000</u>	<u>3,132,912</u>	<u>40,088</u>

## CITY OF ATASCADERO

## GENERAL FUND

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)

## BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Community Development:				
Salaries and benefits	\$ 1,002,850	\$ 1,032,850	\$ 991,205	\$ 41,645
Office expense	15,300	22,800	22,765	35
Advertising	3,500	5,300	5,134	166
Computer maintenance and replacement	105,650	107,450	107,258	192
Insurance	21,410	21,610	21,445	165
Occupancy	72,710	72,710	72,710	-
Communications	4,600	6,000	5,865	135
Operating supplies	2,000	500	494	6
Vehicle operations	16,610	21,110	20,815	295
Contract services	127,700	347,700	344,765	2,935
Professional development	800	15,000	14,842	158
Recruitment	11,700	4,800	4,602	198
Contingency	3,000	-	-	-
Special purchases, projects & studies:				
Hazard Mitigation Plan	39,860	39,860	14,806	25,054
Factory Outlet Assessment	58,000	58,000	55,461	2,539
Capital outlay				
Purchase of software	32,700	32,700	32,700	-
Total Community Development	<u>1,518,390</u>	<u>1,788,390</u>	<u>1,714,867</u>	<u>73,523</u>
Community Services Administration:				
Salaries and benefits	240,120	254,530	228,869	25,661
Office expense	9,385	8,605	8,604	1
Advertising	300	110	110	-
Computer maintenance and replacement	13,260	13,260	13,260	-
Insurance	4,880	4,890	4,892	(2)
Occupancy	29,740	29,740	29,740	-
Communications	1,100	970	974	(4)
Operating supplies	500	580	579	1
Vehicle and equipment operating costs	4,150	4,980	4,978	2
Contract services	1,300	3,900	3,755	145
Professional development	4,775	4,315	4,043	272
Recruitment	4,050	2,830	2,518	312
Contingency	3,000	2,260	-	2,260
Total Community Services Administration	<u>316,560</u>	<u>330,970</u>	<u>302,322</u>	<u>28,648</u>

CITY OF ATASCADERO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Recreation:				
Salaries and benefits	\$ 255,410	\$ 248,080	\$ 226,340	\$ 21,740
Office expense	7,580	6,230	6,014	216
Advertising	11,450	19,670	18,741	929
Computer maintenance and replacement	22,390	20,890	20,890	-
Insurance	8,740	8,620	8,600	20
Occupancy	55,180	55,230	53,463	1,767
Utilities	4,300	4,300	3,988	312
Communications	1,600	1,300	1,397	(97)
Operating supplies	34,930	44,960	38,217	6,743
Vehicle and equipment operating costs	1,710	1,020	1,018	2
Contract services	62,110	81,770	75,335	6,435
Professional development	7,300	4,320	3,334	986
Recruitment	940	1,050	1,042	8
Total Recreation	473,640	497,440	458,379	39,061
Pavilion:				
Salaries and benefits	118,100	103,100	78,429	24,671
Office expense	700	1,030	1,027	3
Advertising	3,500	3,650	3,650	-
Computer maintenance and replacement	4,460	5,270	5,268	2
Insurance	4,660	4,660	4,578	82
Occupancy	62,730	62,730	62,730	-
Utilities	20,700	15,950	14,147	1,803
Communications	700	1,610	1,614	(4)
Operating supplies	5,500	7,070	7,065	5
Vehicle and equipment operating costs	400	400	93	307
Contract services	24,450	39,740	39,738	2
Professional development	1,500	1,500	1,177	323
Recruitment	200	890	892	(2)
Special purchases, projects & studies:				
Chairs	-	26,000	3,062	22,938
Flooring projects	-	10,800	5,415	5,385
Shelving/Storage	-	7,000	-	7,000
Alarm system	-	5,400	5,400	-
Door projects	-	24,000	-	24,000

CITY OF ATASCADERO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures (continued):</b>				
Pavilion (continued):				
Capital Projects:				
Dishwasher	\$ -	\$ 3,900	\$ 3,896	\$ 4
Sound system	-	4,000	-	4,000
Total Pavilion	247,600	328,700	238,181	90,519
Zoo:				
Salaries and benefits	391,480	386,820	380,233	6,587
Office expense	1,620	2,340	2,341	(1)
Advertising	8,300	690	685	5
Computer maintenance and replacement	16,080	16,080	16,080	-
Insurance	9,040	9,010	9,006	4
Occupancy	22,120	22,120	22,120	-
Utilities	23,500	27,290	27,291	(1)
Communications	1,320	1,050	1,046	4
Operating supplies	59,100	57,070	57,075	(5)
Vehicle and equipment operations	3,850	9,040	9,043	(3)
Contract services	12,800	37,610	37,601	9
Professional development	8,400	6,290	6,292	(2)
Recruitment	400	570	573	(3)
Special purchases, projects & studies:				
Animal acquisition	-	3,470	3,463	7
Total Zoo	558,010	579,450	572,849	6,601

CITY OF ATASCADERO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final
	Original	Final		Budget Positive (Negative)
<b>Expenditures (continued):</b>				
Public Works Administration:				
Salaries and benefits	\$ 509,720	\$ 509,720	\$ 447,262	\$ 62,458
Office expense	3,260	9,540	9,541	(1)
Advertising	800	800	-	800
Computer maintenance and replacement	65,600	67,600	67,595	5
Insurance	12,770	12,790	12,792	(2)
Occupancy charges	26,680	26,680	26,680	-
Communications	2,670	3,450	3,454	(4)
Operating supplies	300	1,360	1,356	4
Vehicle operations	3,990	5,900	5,897	3
Contract services	22,000	35,520	35,614	(94)
Professional development	4,330	6,170	6,219	(49)
Recruitment	600	3,530	3,526	4
Contingency	5,000	5,000	-	5,000
Special purchases, projects & studies:				
NPDES, Phase II	25,000	25,000	500	24,500
Capital outlay:				
Purchase of software	11,200	11,200	11,200	-
Total Public Works Administration	693,920	724,260	631,636	92,624
Public Works Operations:				
Salaries and benefits	138,710	140,930	140,931	(1)
Office expense	3,380	3,380	1,403	1,977
Advertising	-	60	60	-
Computer maintenance and replacement	4,770	4,770	4,770	-
Occupancy charges	13,140	10,920	8,528	2,392
Communications	-	1,540	1,536	4
Utilities	1,400	-	-	-
Operating supplies	1,150	950	680	270
Vehicle & equipment operating costs	3,040	3,040	1,739	1,301
Professional development	2,500	2,500	92	2,408
Contingency	2,000	2,000	-	2,000
Public Works Operations:	170,090	170,090	159,739	10,351
Total Public Works	864,010	894,350	791,375	102,975

CITY OF ATASCADERO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final
	Original	Final		Budget Positive (Negative)
<b>Expenditures (continued):</b>				
Parks:				
Salaries and benefits	\$ 303,790	\$ 325,970	\$ 324,011	\$ 1,959
Office expense	-	420	423	(3)
Computer maintenance and replacement	2,870	2,870	2,870	-
Insurance	8,120	8,120	8,112	8
Occupancy	18,010	18,010	18,010	-
Utilities	93,630	89,290	89,285	5
Communications	2,270	2,270	1,807	463
Operating supplies	41,870	73,240	73,243	(3)
Vehicle and equipment operations	21,710	25,050	25,053	(3)
Contract services	19,050	69,050	68,401	649
Professional development	4,650	4,770	4,767	3
Recruitment	-	220	215	5
Special purchases, projects & studies:				
Rotary blade grinder	2,500	2,500	-	2,500
Lake Park bridge repair	7,000	7,000	-	7,000
Paloma power panel replacement	6,000	6,000	-	6,000
Paloma dugout roof replacement	3,500	3,500	2,649	851
Stadum Park planning project	-	1,500	1,371	129
<b>Total Parks</b>	<b>534,970</b>	<b>639,780</b>	<b>620,217</b>	<b>19,563</b>
Non-Departmental:				
Equipment replacement	35,000	35,000	35,000	-
Special purchases, projects & studies:				
Furniture	200,000	150,000	84,915	65,085
Earthquake Recovery - Relocation	70,000	70,000	106,751	(36,751)
Capital outlay:				
Other major furniture	-	50,000	45,161	4,839
<b>Total Non-Departmental</b>	<b>305,000</b>	<b>305,000</b>	<b>271,827</b>	<b>33,173</b>
<b>Total expenditures</b>	<b>15,122,320</b>	<b>15,756,750</b>	<b>15,219,974</b>	<b>536,776</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(21,660)</b>	<b>(102,760)</b>	<b>2,078,259</b>	<b>2,181,019</b>

CITY OF ATASCADERO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Other Financing Sources (Uses):</b>				
Transfer from Community Facilities District for additional fire personnel	\$ 156,540	\$ 156,540	\$ 49,766	\$ (106,774)
Transfer to Gas Tax Fund for streets maintenance	(268,240)	(268,240)	(268,240)	-
Transfer to Capital Projects Fund for streets projects	(250,000)	(250,000)	(250,000)	-
Transfer to COP Fund for pavilion debt service	(41,320)	(41,320)	(41,307)	13
Transfer to Las Lomas Landscape & Lighting District for Open Space Maintenance	(7,540)	(7,540)	(7,540)	-
Transfer to Apple Valley Landscape & Lighting District for Park Maintenance	-	-	(35,210)	(35,210)
Transfer to Capital Projects Fund for construction of the New Corporate Yard	(175,000)	(425,000)	(425,000)	-
Total other financing sources (uses)	(585,560)	(835,560)	(977,531)	(141,971)
Excess of revenues and other sources over (under) expenditures and other uses	\$ (607,220)	\$ (938,320)	1,100,728	\$ 2,039,048
Fund balance, June 30, 2005			9,422,215	
Fund balance, June 30, 2006			\$ 10,522,943	

CITY OF ATASCADERO  
REDEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,230,950	\$ 1,230,950	\$ 1,713,045	\$ 482,095
Interest income	62,710	62,710	75,711	13,001
Rental income	373,600	373,600	373,596	(4)
Donations	-	5,000	5,000	-
<b>Total revenues</b>	<u>1,667,260</u>	<u>1,672,260</u>	<u>2,167,352</u>	<u>495,092</u>
<b>Expenditures</b>				
Employee services	120,490	120,490	96,684	23,806
Office expense	2,950	2,950	411	2,539
Advertising	1,300	1,300	662	638
Computer maintenance & replacement	4,080	4,080	4,080	-
Insurance	4,660	10,390	10,394	(4)
Occupancy	4,380	4,380	4,380	-
Communications	550	700	701	(1)
Operating supplies	700	700	106	594
Vehicle & equipment operations	500	500	102	398
Contract services	113,480	102,290	88,940	13,350
Professional development	11,490	11,490	1,642	9,848
Administration	172,070	172,070	172,070	-
Special projects & community funding:				
Tourism	14,410	17,270	17,274	(4)
Façade improvement program	-	5,000	3,316	1,684
Main Street program	59,160	59,160	59,660	(500)
Graffiti removal program	15,000	15,000	642	14,358
Property management	2,000	2,250	2,247	3
Environmental studies	-	20,100	20,063	37
Capital outlay:				
Computers- New	2,500	2,500	1,326	1,174
Acquisition of Property / Easements	1,700,000	1,679,900	-	1,679,900
Expand / Improve City Hall Parking Lot	250,000	250,000	60,000	190,000
Interest	119,870	119,870	120,424	(554)
<b>Total expenditures</b>	<u>2,599,590</u>	<u>2,602,390</u>	<u>665,124</u>	<u>1,937,266</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(932,330)</u>	<u>(930,130)</u>	<u>1,502,228</u>	<u>2,432,358</u>

CITY OF ATASCADERO  
 REDEVELOPMENT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Other Financing Sources (Uses):</b>				
Transfer to RDA Debt Service Fund for trustee fees	\$ -	\$ (2,200)	\$ (2,200)	\$ -
Transfer to Capital Projects Fund for Underground Utility Project	(60,000)	(60,000)	-	60,000
Total other financing sources (uses)	(60,000)	(62,200)	(2,200)	60,000
Excess of revenues and other sources over (under) expenditures and other uses	\$ (992,330)	\$ (992,330)	1,500,028	\$ 2,492,358
Fund balance, June 30, 2005			1,166,016	
Fund balance, June 30, 2006			\$ 2,666,044	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ 165,750	\$ 165,750	\$ 276,220	\$ 110,470
Total revenues	165,750	165,750	276,220	110,470
<b>Expenditures:</b>				
Special projects & community funding:				
Downtown lighting projects	50,000	50,000	26,770	23,230
Downtown parking study	50,000	50,000	50,293	(293)
Capital outlay:				
Creekside building rehabilitation	246,080	246,080	486,955	(240,875)
Maiden statue restoration	250,000	250,000	11,292	238,708
Sunken Gardens enhancement project	1,368,480	1,368,480	1,111,250	257,230
Creek master plan	100,000	100,000	-	100,000
Creek bank stabilization project	405,310	405,310	104,148	301,162
Total expenditures	2,469,870	2,469,870	1,790,708	679,162
Excess of revenues over (under) expenditures	(2,304,120)	(2,304,120)	(1,514,488)	789,632
<b>Other Financing Sources:</b>				
Transfer to City for Youth/Community Center construction	(500,000)	(500,000)	(290,309)	209,691
Transfer to City for pedestrian tunnel improvements	(19,500)	(19,500)	-	19,500
Transfer to City for downtown streetscape improvements	(500,000)	(500,000)	(6,018)	493,982
Total other financing sources	(1,019,500)	(1,019,500)	(296,327)	723,173
Excess of revenues and other sources over (under) expenditures and other uses	\$ (3,323,620)	\$ (3,323,620)	(1,810,815)	\$ 1,512,805
Fund balance, June 30, 2005			8,180,461	
Fund balance, June 30, 2006			\$ 6,369,646	

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**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.

**Low / Moderate Income Housing Redevelopment Fund**

The Atascadero Community Redevelopment Agency Low / Moderate Income Housing Fund is established to promote low and moderate income housing in the City of Atascadero.

**In-Lieu Low Income Housing Fund**

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

**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.

**AB 2928 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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##### **Sidewalk In-Lieu Fees Fund**

This fund is used to track the use of Sidewalk In-Lieu Fees, which were once collected from developers in lieu of installing a sidewalk. Per Council action, the City no longer collects these fees and now requires that the sidewalks either be built or that developers bond for future sidewalk construction. All funds remaining in this fund are expected to be spent by 2008.

##### **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* adopted May 2003.

##### **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* adopted May 2003.

##### **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* adopted May 2003.

##### **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* adopted May 2003.

**CITY OF ATASCADERO**  
NONMAJOR GOVERNMENTAL FUNDS OVERVIEW (continued)  
SPECIAL REVENUE FUNDS (continued)

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**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, in order to enable the Fire Department to continue to be able to respond to the ever increasing number of expected calls, and in order to maintain critical life saving response times. 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* adopted May 2003.

**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, and *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* adopted May 2003.

**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* adopted May 2003.

**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* adopted May 2003, 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, and additional development within the City will increase the demand square foot size of the library and the volume item collection. 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* adopted May 2003. These monies will be accumulated for several years, as necessary for expansion of the existing library facility.

**CITY OF ATASCADERO**  
**NONMAJOR GOVERNMENTAL FUNDS OVERVIEW (continued)**  
**SPECIAL REVENUE FUNDS (continued)**

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**Proposition 12 Fund**

This fund accounts for monies received as a result of the passage of Proposition 12, the *Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000*. These one-time funds must be spent on the acquisition, development, and protection of recreational, cultural, and natural areas. As directed by Council, these funds are being spent on three specific projects: the construction of the Youth Center, Sunken Garden rehabilitation projects, and zoo infrastructure projects.

**Community Facilities District**

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 District**

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.

**Apple Valley Landscape & Lighting District**

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 District**

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 District**

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 District**

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 District**

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.

**CITY OF ATASCADERO**  
**NONMAJOR GOVERNMENTAL FUNDS OVERVIEW (continued)**  
**CAPITAL PROJECTS FUNDS**

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**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.

**Assessment District #8 Construction Fund**

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

**Historic City Hall Rehabilitation Fund**

The Historic City Hall Rotunda Building was damaged in the 2003 San Simeon Earthquake. This fund is used to track all related expenses to rehabilitate the building.

**Youth Center Construction Fund**

This fund accounts for funds received for and expended on construction of a new Youth Center.

**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 #3 Debt Service Fund**

This fund is used to account for fees assessed in Assessment District #3, and the related debt service payments.

**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 #5 Debt Service Fund**

This fund is used to account for fees assessed in Assessment District #5, and the related debt service payments. This assessment district was established in 1988 in order to construct improvements in the area known as Chandler Ranch.

**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 Incremental Revenues.

**1997 Certificates of Participation Refunding Fund**

In 1989, the City issued \$2,000,000 in Certificates of Participation, in order to purchase property for the Lake Park and to help fund construction of Police Headquarters and the Lake Park Pavilion. The original certificates were issued at 6.3% to 7.8%. On September 3, 1997, the City refinanced this issue by executing a private placement lease. The lease was issued for a total principal amount of \$1,374,000 and carries a 5.75% interest rate.

**CITY OF ATASCADERO**

**NONMAJOR GOVERNMENTAL FUNDS OVERVIEW (continued)**

**DEBT SERVICE FUNDS (continued)**

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**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.

**1993 Camino Real Improvement Bonds Fund**

The Assessment District was formed to construct and dedicate off-site improvements and utility services to serve the Factory Outlet Center development. 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 Factory Outlet Center. On February 13, 1999, the City defeased the outstanding bonds and issued new lower interest bonds.

CITY OF ATASCADERO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2006

Special Revenue Funds

	Supplemental Law Enforcement Services Fund	Low/ Moderate Income Housing Redevelopment Fund	In-Lieu Low Income Housing Fund	Business Improvement Association Fund	Community Development Block Grant Fund	Tree Plant Fund	Gas Tax Fund	AB2928 Traffic Congestion Relief Fund
<b>ASSETS</b>								
Cash and investments	\$ 76,066	\$ 1,662,973	\$ 348,059	\$ 14,567	\$ -	\$ 551,448	\$ 452,719	\$ -
Restricted cash and investments:								
Cash with fiscal agent	-	-	-	-	-	-	-	-
Receivables:								
Federal distributions due	-	-	-	-	30,937	-	-	-
Due from State of California	-	-	-	-	-	-	52,431	34,673
Due from County of San Luis Obispo	-	69,850	-	-	-	-	-	-
Accrued interest	828	17,345	3,628	152	-	5,729	4,792	4
Other receivables	-	-	-	-	363	-	-	-
Due from other funds	-	-	-	-	-	-	730	-
Prepaid expenses	-	-	2,115,046	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-
Total assets	<u>\$ 76,894</u>	<u>\$ 1,750,168</u>	<u>\$ 2,466,733</u>	<u>\$ 14,719</u>	<u>\$ 31,300</u>	<u>\$ 557,177</u>	<u>\$ 510,672</u>	<u>\$ 34,677</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Accounts payable	\$ 792	\$ 30	\$ -	\$ -	\$ 24,754	\$ 22,844	\$ 61,789	\$ -
Accrued salaries and benefits	533	108	-	-	-	-	6,386	-
Due to other funds	-	-	-	-	6,832	-	-	29,856
Deferred revenue	71,144	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
Interfund advances payable	-	-	-	-	-	-	-	-
Total liabilities	<u>72,469</u>	<u>138</u>	<u>-</u>	<u>-</u>	<u>31,586</u>	<u>22,844</u>	<u>68,175</u>	<u>29,856</u>
Fund Balances:								
Reserved for encumbrances	37,000	142,918	9,400	-	23,338	2,500	-	-
Reserved for debt service	-	-	-	-	-	-	-	-
Reserved for bike paths	-	-	-	-	-	-	-	-
Unreserved:								
Designated for capital commitments	-	370,000	-	-	-	64,425	-	-
Undesignated	(32,575)	1,237,112	2,457,333	14,719	(23,624)	467,408	442,497	4,821
Total fund balances	<u>4,425</u>	<u>1,750,030</u>	<u>2,466,733</u>	<u>14,719</u>	<u>(286)</u>	<u>534,333</u>	<u>442,497</u>	<u>4,821</u>
Total liabilities and fund balances	<u>\$ 76,894</u>	<u>\$ 1,750,168</u>	<u>\$ 2,466,733</u>	<u>\$ 14,719</u>	<u>\$ 31,300</u>	<u>\$ 557,177</u>	<u>\$ 510,672</u>	<u>\$ 34,677</u>

CITY OF ATASCADERO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (continued)  
June 30, 2006

	Special Revenue Funds						
	Local Transportation Fund	Street Assessment Fund	Sidewalk In-Lieu Fees Fund	General Government Facilities Fees Fund	Circulation System Fees Fund	Storm Drainage Facilities Fees Fund	Amapoa / Tecorida Drainage Impact Fees Fund
<b>ASSETS</b>							
Cash and investments	\$ 1,105,584	\$ 90,034	\$ 9,257	\$ -	\$ 519,831	\$ 629,689	\$ 136,058
Restricted cash and investments:							
Cash with fiscal agent	-	-	-	-	-	-	-
Receivables:							
Federal distributions due	-	-	-	-	618,890	-	-
Due from State of California	-	-	-	-	-	-	-
Due from County of San Luis Obispo	621,804	-	-	-	41,840	-	-
Accrued interest	11,038	937	96	-	5,067	6,657	1,418
Other receivables	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
Total assets	<u>\$ 1,738,426</u>	<u>\$ 90,971</u>	<u>\$ 9,353</u>	<u>\$ -</u>	<u>\$ 1,185,628</u>	<u>\$ 636,346</u>	<u>\$ 137,476</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Accounts payable	\$ 227,005	\$ -	\$ -	\$ -	\$ 131,594	\$ 21,725	\$ -
Accrued salaries and benefits	-	-	-	-	-	-	-
Due to other funds	-	-	-	301,622	-	-	-
Deferred revenue	-	-	5,800	-	-	-	-
Deposits	-	-	-	-	-	-	-
Interfund advances payable	-	-	-	-	-	-	-
Total liabilities	<u>227,005</u>	<u>-</u>	<u>5,800</u>	<u>301,622</u>	<u>131,594</u>	<u>21,725</u>	<u>-</u>
Fund Balances:							
Reserved for encumbrances	26,554	-	-	-	258,952	51,040	-
Reserved for debt service	-	-	-	-	-	-	-
Reserved for bike paths	42,568	-	-	-	-	-	-
Unreserved:							
Designated for capital commitments	217,392	-	-	-	709,573	725,084	134,046
Undesignated	1,224,907	90,971	3,553	(301,622)	85,509	(161,503)	3,430
Total fund balances	<u>1,511,421</u>	<u>90,971</u>	<u>3,553</u>	<u>(301,622)</u>	<u>1,054,034</u>	<u>614,621</u>	<u>137,476</u>
Total liabilities and fund balances	<u>\$ 1,738,426</u>	<u>\$ 90,971</u>	<u>\$ 9,353</u>	<u>\$ -</u>	<u>\$ 1,185,628</u>	<u>\$ 636,346</u>	<u>\$ 137,476</u>

CITY OF ATASCADERO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (continued)  
June 30, 2006

Special Revenue Funds							
	Law Enforcement Facilities Fees Fund	Fire Facilities Fees Fund	Open Space Acquisition Fees Fund	Parkland Facilities Fees Fund	Public Facilities Fees Fund	Library Expansion Facilities Fees Fund	Proposition 12 Fund
<b>ASSETS</b>							
Cash and investments	\$ 58,076	\$ 386,938	\$ 158,685	\$ 485,467	\$ 105,634	\$ 63,658	\$ -
Restricted cash and investments:							
Cash with fiscal agent	-	-	-	-	-	-	-
Receivables:							
Federal distributions due	-	-	-	-	-	-	-
Due from State of California	-	-	-	2,974	-	-	68,670
Due from County of San Luis Obispo	-	-	-	-	-	-	-
Accrued interest	934	3,838	1,459	4,469	1,141	585	-
Other receivables	-	71	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 59,010</b>	<b>\$ 390,847</b>	<b>\$ 160,144</b>	<b>\$ 492,910</b>	<b>\$ 106,775</b>	<b>\$ 64,243</b>	<b>\$ 68,670</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Accounts payable	\$ -	\$ 43,012	\$ -	\$ 667	\$ -	\$ -	\$ 700
Accrued salaries and benefits	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	71,615
Deferred revenue	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-
Interfund advances payable	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>43,012</b>	<b>-</b>	<b>667</b>	<b>-</b>	<b>-</b>	<b>72,315</b>
Fund Balances:							
Reserved for encumbrances	-	-	-	5,762	-	-	3,196
Reserved for debt service	-	-	-	-	-	-	-
Reserved for bike paths	-	-	-	-	-	-	-
Unreserved:							
Designated for capital commitments	-	-	-	973,979	170,000	-	-
Undesignated	59,010	347,835	160,144	(487,498)	(63,225)	64,243	(6,841)
<b>Total fund balances</b>	<b>59,010</b>	<b>347,835</b>	<b>160,144</b>	<b>492,243</b>	<b>106,775</b>	<b>64,243</b>	<b>(3,645)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 59,010</b>	<b>\$ 390,847</b>	<b>\$ 160,144</b>	<b>\$ 492,910</b>	<b>\$ 106,775</b>	<b>\$ 64,243</b>	<b>\$ 68,670</b>

CITY OF ATASCADERO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (continued)  
June 30, 2006

Special Revenue Funds

	Community Facilities District	Apple Valley Street & Storm Drain District	Apple Valley Landscape & Lighting District	Las Lomas Street & Storm Drain District	Las Lomas Landscape & Lighting District	De Anza Street & Storm Drain District	De Anza Landscape & Lighting District
<b>ASSETS</b>							
Cash and investments	\$ 45,647	\$ 74,926	\$ 123,715	\$ 54,557	\$ 41,482	\$ 38,861	\$ 33,562
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	651	780	923	566	432	405	348
Other receivables	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 46,298</b>	<b>\$ 75,706</b>	<b>\$ 124,638</b>	<b>\$ 55,123</b>	<b>\$ 41,914</b>	<b>\$ 39,266</b>	<b>\$ 33,910</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-
Interfund advances payable	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances:							
Reserved for encumbrances	-	-	-	-	-	-	-
Reserved for debt service	-	-	-	-	-	-	-
Reserved for bike paths	-	-	-	-	-	-	-
Unreserved:							
Designated for capital commitments	-	-	-	-	-	-	-
Undesignated	46,298	75,706	124,638	55,123	41,914	39,266	33,910
<b>Total fund balances</b>	<b>46,298</b>	<b>75,706</b>	<b>124,638</b>	<b>55,123</b>	<b>41,914</b>	<b>39,266</b>	<b>33,910</b>
<b>Total liabilities and fund balances</b>	<b>\$ 46,298</b>	<b>\$ 75,706</b>	<b>\$ 124,638</b>	<b>\$ 55,123</b>	<b>\$ 41,914</b>	<b>\$ 39,266</b>	<b>\$ 33,910</b>

CITY OF ATASCADERO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (continued)  
June 30, 2006

	Capital Projects Funds				Debt Service Funds			
	Capital Projects Fund	Assessment District #8 Construction Fund	Historic City Hall Rehabilitation Fund	Youth Center Construction Fund	Assessment District #3 Debt Service Fund	Assessment District #4 Debt Service Fund	Assessment District #5 Debt Service Fund	Assessment District #7 Debt Service Fund
<b>ASSETS</b>								
Cash and investments	\$ 2,178,641	\$ 897	\$ -	\$ 654,833	\$ 648	\$ 218,971	\$ 3,696	\$ -
Restricted cash and investments:								
Cash with fiscal agent	-	-	-	-	-	-	-	-
Receivables:								
Federal distributions due	4,530	-	18,179	-	-	-	-	-
Due from State of California	1,730	-	6,060	-	-	-	-	-
Due from County of San Luis Obispo	-	-	-	-	-	-	-	-
Accrued interest	21,719	9	-	6,805	6	2,247	38	-
Other receivables	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,206,620</b>	<b>\$ 906</b>	<b>\$ 24,239</b>	<b>\$ 661,638</b>	<b>\$ 654</b>	<b>\$ 221,218</b>	<b>\$ 3,734</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Accounts payable	\$ 65,695	-	\$ 890	\$ 38,828	\$ -	\$ 863	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-	-	-	-	-
Due to other funds	-	-	202,852	-	-	-	-	54,670
Deferred revenue	3,071	-	-	260,923	-	-	-	-
Deposits	45,775	-	-	-	-	-	-	58,861
Interfund advances payable	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>114,541</b>	<b>-</b>	<b>203,742</b>	<b>299,751</b>	<b>-</b>	<b>863</b>	<b>-</b>	<b>113,531</b>
Fund Balances:								
Reserved for encumbrances	843,203	-	5,519	82,573	-	-	-	-
Reserved for debt service	-	-	-	-	654	220,355	3,734	-
Reserved for bike paths	-	-	-	-	-	-	-	-
Unreserved:								
Designated for capital commitments	181,333	-	-	279,314	-	-	-	-
Undesignated	1,067,543	906	(185,022)	-	-	-	-	(113,531)
<b>Total fund balances</b>	<b>2,092,079</b>	<b>906</b>	<b>(179,503)</b>	<b>361,887</b>	<b>654</b>	<b>220,355</b>	<b>3,734</b>	<b>(113,531)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,206,620</b>	<b>\$ 906</b>	<b>\$ 24,239</b>	<b>\$ 661,638</b>	<b>\$ 654</b>	<b>\$ 221,218</b>	<b>\$ 3,734</b>	<b>\$ -</b>

CITY OF ATASCADERO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (continued)  
June 30, 2005

Debt Service Funds							
Assessment District #9 Debt Service Fund	Assessment District #10 Debt Service Fund	2005 Redevelopment Bond Debt Service Fund	1997 COP Refunding Fund	1992 Street Assessment Improvement Fund	1993 Camino Real Improvement Bonds Fund	TOTALS	
<b>ASSETS</b>							
Cash and investments	\$ 26,206	\$ -	\$ -	\$ -	\$ 209,817	\$ 316,659	\$ 10,877,861
Restricted cash and investments:							
Cash with fiscal agent	-	-	1,729,959	-	67,356	83,400	1,880,715
Receivables:							672,536
Federal distributions due	-	-	-	-	-	-	166,538
Due from State of California	-	-	-	-	-	-	733,494
Due from County of San Luis Obispo	-	-	-	-	-	3,374	110,760
Accrued interest	242	-	-	2,098	-	-	434
Other receivables	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	730
Prepaid expenses	-	-	-	-	-	-	2,115,046
Notes receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 26,448</b>	<b>\$ -</b>	<b>\$ 1,729,959</b>	<b>\$ -</b>	<b>\$ 279,271</b>	<b>\$ 403,433</b>	<b>\$ 16,558,114</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 641,188
Accrued salaries and benefits	-	-	-	-	-	-	7,027
Due to other funds	-	295	-	-	-	-	667,742
Deferred revenue	-	-	-	-	-	-	340,938
Deposits	-	-	-	-	-	-	45,775
Interfund advances payable	128,305	15,959	-	-	-	-	203,125
<b>Total liabilities</b>	<b>128,305</b>	<b>16,254</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,905,795</b>
Fund Balances:							1,491,955
Reserved for encumbrances	-	-	-	-	-	-	2,637,406
Reserved for debt service	-	-	1,729,959	-	279,271	403,433	42,568
Reserved for bike paths	-	-	-	-	-	-	-
Unreserved:							3,825,146
Designated for capital commitments	-	-	-	-	-	-	6,655,244
Undesignated	(101,857)	(16,254)	-	-	-	-	-
<b>Total fund balances</b>	<b>(101,857)</b>	<b>(16,254)</b>	<b>1,729,959</b>	<b>-</b>	<b>279,271</b>	<b>403,433</b>	<b>14,652,319</b>
<b>Total liabilities and fund balances</b>	<b>\$ 26,448</b>	<b>\$ -</b>	<b>\$ 1,729,959</b>	<b>\$ -</b>	<b>\$ 279,271</b>	<b>\$ 403,433</b>	<b>\$ 16,558,114</b>

CITY OF ATASCADERO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
For Fiscal Year Ended June 30, 2006

	Special Revenue Funds							
	Supplemental Law Enforcement Services Fund	Low/ Moderate Income Housing Redevelopment Fund	In-Lieu Low Income Housing Fund	Business Improvement Association Fund	Community Development Block Grant Fund	Tree Plant Fund	Gas Tax Fund	AB2928 Traffic Congestion Relief Fund
<b>Revenues:</b>								
Taxes and assessments	\$ -	\$ 631,558	\$ -	\$ 9,173	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	2,393,988	-	-	46,708	-	123,457
Intergovernmental revenues	84,330	-	-	-	212,000	-	535,085	761
Use of money and property	3,329	31,232	4,596	257	-	14,933	16,297	-
Other revenues	-	-	-	-	-	-	2,027	-
<b>Total revenues</b>	<b>87,659</b>	<b>662,790</b>	<b>2,398,584</b>	<b>9,430</b>	<b>212,000</b>	<b>61,641</b>	<b>553,409</b>	<b>124,218</b>
<b>Expenditures:</b>								
Salaries and benefits	20,151	3,765	-	-	-	-	256,621	-
Supplies and services	4,239	5,000	15,500	10,500	55,832	806	515,741	-
Special projects and studies	4,595	-	-	-	129,322	-	8,964	-
Capital outlay	57,544	-	-	-	52,526	43,075	-	26,757
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>86,529</b>	<b>8,765</b>	<b>15,500</b>	<b>10,500</b>	<b>237,680</b>	<b>43,881</b>	<b>781,326</b>	<b>26,757</b>
<b>Excess of revenues over (under) expenditures</b>	<b>1,130</b>	<b>654,025</b>	<b>2,383,084</b>	<b>(1,070)</b>	<b>(25,680)</b>	<b>17,760</b>	<b>(227,917)</b>	<b>97,461</b>
<b>Other Financing Sources (Uses):</b>								
Transfers in	-	-	-	-	25,680	-	268,240	-
Transfers out	-	-	-	-	-	-	(175,000)	(92,640)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,680</b>	<b>-</b>	<b>93,240</b>	<b>(92,640)</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>1,130</b>	<b>654,025</b>	<b>2,383,084</b>	<b>(1,070)</b>	<b>-</b>	<b>17,760</b>	<b>(134,677)</b>	<b>4,821</b>
Fund balance, June 30, 2005	3,295	1,096,005	83,649	15,789	(286)	516,573	577,174	-
Fund balance, June 30, 2006	\$ 4,425	\$ 1,750,030	\$ 2,466,733	\$ 14,719	\$ (286)	\$ 534,333	\$ 442,497	\$ 4,821

**CITY OF ATASCADERO**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)**  
**For Fiscal Year Ended June 30, 2006**

	<b>Special Revenue Funds</b>						
	<b>Local Transportation Fund</b>	<b>Street Assessment Fund</b>	<b>Sidewalk In- Lieu Fees 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	\$ -	\$ 2,020	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	38,163	702,048	164,069	634
Intergovernmental revenues	829,073	-	-	-	640,113	-	-
Use of money and property	20,778	2,652	390	(5,115)	17,415	17,905	4,434
Other revenues	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>849,851</b>	<b>4,672</b>	<b>390</b>	<b>33,048</b>	<b>1,359,576</b>	<b>181,974</b>	<b>5,068</b>
<b>Expenditures:</b>							
Salaries and benefits	-	-	-	-	-	-	-
Supplies and services	-	-	-	-	31,536	-	-
Special projects and studies	-	-	-	-	1,150,452	76,798	-
Capital outlay	263,117	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>263,117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,181,988</b>	<b>76,798</b>	<b>-</b>
<b>Excess of revenues over (under) expenditures</b>	<b>586,734</b>	<b>4,672</b>	<b>390</b>	<b>33,048</b>	<b>177,588</b>	<b>105,176</b>	<b>5,068</b>
<b>Other Financing Sources (Uses):</b>							
Transfers in	138,984	-	-	-	-	2,154	-
Transfers out	(25,680)	-	-	(350,000)	-	(46,344)	(2,154)
<b>Total other financing sources (uses)</b>	<b>113,304</b>	<b>-</b>	<b>-</b>	<b>(350,000)</b>	<b>-</b>	<b>(44,190)</b>	<b>(2,154)</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>700,038</b>	<b>4,672</b>	<b>390</b>	<b>(316,952)</b>	<b>177,588</b>	<b>60,986</b>	<b>2,914</b>
Fund balance, June 30, 2005	811,383	86,299	3,163	15,330	876,446	553,635	134,562
Fund balance, June 30, 2006	<u>\$ 1,511,421</u>	<u>\$ 90,971</u>	<u>\$ 3,553</u>	<u>\$ (301,622)</u>	<u>\$ 1,054,034</u>	<u>\$ 614,621</u>	<u>\$ 137,476</u>

CITY OF ATASCADERO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)  
For Fiscal Year Ended June 30, 2006

	Special Revenue Funds						Proposition 12 Fund
	Law Enforcement Facilities Fees Fund	Fire Facilities Fees Fund	Open Space Acquisition Fees Fund	Parkland Facilities Fees Fund	Public Facilities Fees Fund	Library Expansion Facilities Fees Fund	
<b>Revenues:</b>							
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	74,942	119,901	112,890	493,389	141,996	45,104	-
Intergovernmental revenues	-	-	-	2,974	-	-	21,221
Use of money and property	2,280	18,698	1,140	4,765	552	454	-
Other revenues	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>77,222</b>	<b>138,599</b>	<b>114,030</b>	<b>501,128</b>	<b>142,548</b>	<b>45,558</b>	<b>21,221</b>
<b>Expenditures:</b>							
Salaries and benefits	-	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-	-
Special projects and studies	-	-	-	35,861	-	-	-
Capital outlay	-	42,990	-	65,311	-	-	21,221
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>42,990</b>	<b>-</b>	<b>101,172</b>	<b>-</b>	<b>-</b>	<b>21,221</b>
Excess of revenues over (under) expenditures	77,222	95,609	114,030	399,956	142,548	45,558	-
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	(69,904)	-	-	(78,847)	(47,662)	-	-
<b>Total other financing sources (uses)</b>	<b>(69,904)</b>	<b>-</b>	<b>-</b>	<b>(78,847)</b>	<b>(47,662)</b>	<b>-</b>	<b>-</b>
Excess of revenues and other sources over (under) expenditures and other uses	7,318	95,609	114,030	321,109	94,886	45,558	-
Fund balance, June 30, 2005	51,692	252,226	46,114	171,134	11,889	18,685	(3,645)
<b>Fund balance, June 30, 2006</b>	<b>\$ 59,010</b>	<b>\$ 347,835</b>	<b>\$ 160,144</b>	<b>\$ 492,243</b>	<b>\$ 106,775</b>	<b>\$ 64,243</b>	<b>\$ (3,645)</b>

CITY OF ATASCADERO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)  
For Fiscal Year Ended June 30, 2006

	Special Revenue Funds						
	Community Facilities District	Apple Valley Street & Storm Drain District	Apple Valley Landscape & Lighting District	Las Lomas Street & Storm Drain District	Las Lomas Landscape & Lighting District	De Anza Street & Storm Drain District	De Anza Landscape & Lighting District
<b>Revenues:</b>							
Taxes and assessments	\$ 96,219	\$ 76,143	\$ 89,618	\$ 55,636	\$ 34,843	\$ 39,629	\$ 34,421
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-
Use of money and property	349	63	310	(13)	31	137	(11)
Other revenues	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>96,568</u>	<u>76,206</u>	<u>89,928</u>	<u>55,623</u>	<u>34,874</u>	<u>39,766</u>	<u>34,410</u>
<b>Expenditures:</b>							
Salaries and benefits	-	-	-	-	-	-	-
Supplies and services	504	500	500	500	500	500	500
Special projects and studies	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>504</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
<b>Excess of revenues over (under) expenditures</b>	<u>96,064</u>	<u>75,706</u>	<u>89,428</u>	<u>55,123</u>	<u>34,374</u>	<u>39,266</u>	<u>33,910</u>
<b>Other Financing Sources (Uses):</b>							
Transfers in	-	-	35,210	-	7,540	-	-
Transfers out	(49,766)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(49,766)</u>	<u>-</u>	<u>35,210</u>	<u>-</u>	<u>7,540</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<u>46,298</u>	<u>75,706</u>	<u>124,638</u>	<u>55,123</u>	<u>41,914</u>	<u>39,266</u>	<u>33,910</u>
Fund balance, June 30, 2005	-	-	-	-	-	-	-
<b>Fund balance, June 30, 2006</b>	<u>\$ 46,298</u>	<u>\$ 75,706</u>	<u>\$ 124,638</u>	<u>\$ 55,123</u>	<u>\$ 41,914</u>	<u>\$ 39,266</u>	<u>\$ 33,910</u>

CITY OF ATASCADERO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)  
For Fiscal Year Ended June 30, 2006

	Capital Projects Funds				Debt Service Funds			
	Capital Projects Fund	Assessment District #8 Construction Fund	Historic City Hall Rehabilitation Fund	Youth Center Construction Fund	Assessment District #3 Debt Service Fund	Assessment District #4 Debt Service Fund	Assessment District #5 Debt Service Fund	Assessment District #7 Debt Service Fund
<b>Revenues:</b>								
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,985	\$ -	\$ 15,634
Licenses and permits	166,297	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-	-
Use of money and property	43,926	25	-	22,719	60	4,976	212	(1,825)
Other revenues	354,342	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>564,565</b>	<b>25</b>	<b>-</b>	<b>22,719</b>	<b>60</b>	<b>109,961</b>	<b>212</b>	<b>13,809</b>
<b>Expenditures:</b>								
Salaries and benefits	-	-	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	7,259	-	465
Special projects and studies	167,156	-	-	-	-	-	-	-
Capital outlay	694,812	-	40,020	512,559	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	70,000	-	-
Interest	-	-	-	-	-	15,375	-	3,679
<b>Total expenditures</b>	<b>861,968</b>	<b>-</b>	<b>40,020</b>	<b>512,559</b>	<b>-</b>	<b>92,634</b>	<b>-</b>	<b>4,144</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(297,403)</b>	<b>25</b>	<b>(40,020)</b>	<b>(489,840)</b>	<b>60</b>	<b>17,327</b>	<b>212</b>	<b>9,665</b>
<b>Other Financing Sources (Uses):</b>								
Transfers in	1,206,018	-	-	369,156	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,206,018</b>	<b>-</b>	<b>-</b>	<b>369,156</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>908,615</b>	<b>25</b>	<b>(40,020)</b>	<b>(120,684)</b>	<b>60</b>	<b>17,327</b>	<b>212</b>	<b>9,665</b>
Fund balance, June 30, 2005	1,183,464	881	(139,483)	482,571	594	203,028	3,522	(123,196)
Fund balance, June 30, 2006	\$ 2,092,079	\$ 906	\$ (179,503)	\$ 361,887	\$ 654	\$ 220,355	\$ 3,734	\$ (113,531)

CITY OF ATASCADERO  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)  
For Fiscal Year Ended June 30, 2006

Debt Service Funds							
	Assessment District #9 Debt Service Fund	Assessment District #10 Debt Service Fund	2005 Redevelopment Bond Debt Service Fund	1997 COP Refunding Fund	1992 Street Assessment Improvement Fund	1993 Camino Real Improvement Bonds Fund	TOTALS
<b>Revenues:</b>							
Taxes and assessments	\$ 27,157	\$ 3,632	\$ -	\$ -	\$ 77,800	\$ 176,514	\$ 1,474,982
Licenses and permits	-	-	-	-	-	-	4,500,129
Intergovernmental revenues	-	-	-	-	-	-	2,448,253
Use of money and property	421	37	43,295	40	7,864	10,418	290,787
Other revenues	-	-	-	-	-	-	356,369
Total revenues	<u>27,578</u>	<u>3,669</u>	<u>43,295</u>	<u>40</u>	<u>85,664</u>	<u>186,932</u>	<u>9,070,520</u>
<b>Expenditures:</b>							
Salaries and benefits	-	-	-	-	-	-	280,537
Supplies and services	611	-	2,200	-	5,676	2,328	629,661
Special projects and studies	-	-	-	-	-	-	377,434
Capital outlay	-	-	-	-	-	-	3,047,182
Debt service:							
Principal	-	-	-	127,000	60,000	105,000	362,000
Interest	6,950	936	574,043	31,913	13,267	62,060	708,223
Total expenditures	<u>7,561</u>	<u>936</u>	<u>576,243</u>	<u>158,913</u>	<u>78,943</u>	<u>169,388</u>	<u>5,405,037</u>
Excess of revenues over (under) expenditures	<u>20,017</u>	<u>2,733</u>	<u>(532,948)</u>	<u>(158,873)</u>	<u>6,721</u>	<u>17,544</u>	<u>3,665,483</u>
<b>Other Financing Sources (Uses):</b>							
Operating transfers in	-	-	2,200	158,873	-	-	2,214,055
Operating transfers out	-	-	-	-	-	-	(937,997)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>2,200</u>	<u>158,873</u>	<u>-</u>	<u>-</u>	<u>1,276,058</u>
Excess of revenues and other sources over (under) expenditures and other uses	20,017	2,733	(530,748)	-	6,721	17,544	4,941,541
Fund balance, June 30, 2005	<u>(121,874)</u>	<u>(18,987)</u>	<u>2,260,707</u>	<u>-</u>	<u>272,550</u>	<u>385,889</u>	<u>9,710,778</u>
Fund balance, June 30, 2006	<u>\$ (101,857)</u>	<u>\$ (16,254)</u>	<u>\$ 1,729,959</u>	<u>\$ -</u>	<u>\$ 279,271</u>	<u>\$ 403,433</u>	<u>\$ 14,652,319</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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
S.L.E.S.F. Grant	\$ 55,470	\$ 155,470	\$ 84,330	\$ (71,140)
Interest income	3,280	3,280	3,329	49
Total revenues	<u>58,750</u>	<u>158,750</u>	<u>87,659</u>	<u>(71,091)</u>
<b>Expenditures:</b>				
Employee services	19,420	47,620	20,151	27,469
Operating supplies	3,570	12,070	4,239	7,831
Special projects and purchases:				
Alarm system		1,300	1,310	(10)
Fencing-Evidence Room		4,400	3,285	1,115
Capital Outlay:				
Mobile data terminals	35,760	93,360	57,544	35,816
Total expenditures	<u>58,750</u>	<u>158,750</u>	<u>86,529</u>	<u>72,221</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	1,130	\$ 1,130
Fund balance, June 30, 2005			<u>3,295</u>	
Fund balance, June 30, 2006			<u>\$ 4,425</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, 2006**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 418,960	\$ 418,960	\$ 631,558	\$ 212,598
Interest income	31,830	31,830	31,232	(598)
Total revenues	<u>450,790</u>	<u>450,790</u>	<u>662,790</u>	<u>212,000</u>
<b>Expenditures:</b>				
Employee services	5,150	5,150	3,765	1,385
SLO County Housing Trust Fund	5,000	5,000	5,000	-
Total expenditures	<u>10,150</u>	<u>10,150</u>	<u>8,765</u>	<u>1,385</u>
Excess of revenues over expenditures	<u>\$ 440,640</u>	<u>\$ 440,640</u>	654,025	<u>\$ 213,385</u>
Fund balance, June 30, 2005			<u>1,096,005</u>	
Fund balance, June 30, 2006			<u>\$ 1,750,030</u>	

CITY OF ATASCADERO  
 IN-LIEU LOW INCOME HOUSING FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Affordable Housing Loan Program	\$ -	\$ -	\$ 2,115,046	\$ 2,115,046
Low/Moderate Housing In Lieu Fees	55,000	55,000	278,942	223,942
Interest income	2,080	2,080	4,596	2,516
Total revenues	<u>57,080</u>	<u>57,080</u>	<u>2,398,584</u>	<u>2,341,504</u>
<b>Expenditures:</b>				
Contract Services- Inclusionary Housing Legal Svcs	-	-	15,500	(15,500)
Total expenditures	<u>-</u>	<u>-</u>	<u>15,500</u>	<u>(15,500)</u>
Excess of revenues over expenditures	<u>\$ 57,080</u>	<u>\$ 57,080</u>	<u>2,383,084</u>	<u>\$ 2,326,004</u>
Fund balance, June 30, 2005			<u>83,649</u>	
Fund balance, June 30, 2006			<u>\$ 2,466,733</u>	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 9,800	\$ 9,800	\$ 9,173	\$ (627)
Interest income	120	120	257	137
Total revenues	<u>9,920</u>	<u>9,920</u>	<u>9,430</u>	<u>(490)</u>
<b>Expenditures:</b>				
Contract Services- Main Street Program	11,200	11,200	10,500	700
Total expenditures	<u>11,200</u>	<u>11,200</u>	<u>10,500</u>	<u>700</u>
Excess of revenues over (under) expenditures	<u>\$ (1,280)</u>	<u>\$ (1,280)</u>	(1,070)	<u>\$ 210</u>
Fund balance, June 30, 2005			<u>15,789</u>	
Fund balance, June 30, 2006			<u>\$ 14,719</u>	

**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, 2006**

	Budget		Actual Amounts	Variance with Final
	Original	Final		Budget Positive (Negative)
<b>Revenues:</b>				
Community Development Block Grant	\$ 678,560	\$ 678,560	\$ 212,000	\$ (466,560)
Total revenues	678,560	678,560	212,000	(466,560)
<b>Expenditures:</b>				
Special projects and studies				
City ADA infrastructure upgrades	65,150	65,150	-	65,150
Economic development	16,400	16,400	-	16,400
Revolving loan program	48,830	48,830	26,350	22,480
Cuesta Small Business Development	4,020	4,020	-	4,020
Façade Improvement program	50,000	50,000	-	50,000
EOC Forty Wonderful program	1,500	1,500	-	1,500
EOC Teen Parenting program	1,500	1,500	-	1,500
Hotline of SLO County	1,000	1,000	-	1,000
EOC senior health screening	2,000	2,000	-	2,000
La Clinica de Tolosa dental care	2,500	2,500	-	2,500
Senior Volunteer Services- Caring Callers	1,000	1,000	-	1,000
Senior Health Fair by Community Link	1,000	1,000	1,000	-
El Camino Homeless Organization	16,520	16,520	15,186	1,334
No. County Women's Shelter projects	6,200	6,200	4,000	2,200
Loaves & Fishes groceries	5,000	5,000	5,000	-
Loaves & Fishes facilities- replace A/C	7,040	7,040	7,040	-
CASA- at-risk youth support	2,000	2,000	-	2,000
Youth scholarships	14,480	14,480	14,476	4
Youth mentor program	3,000	3,000	3,000	-
City street light replacement	25,000	25,000	25,000	-
Sidewalk improvement	118,270	118,270	28,270	90,000
Code enforcement	66,070	66,070	42,773	23,297
Administration	38,080	38,080	13,059	25,021
Capital outlay:				
Lake Park restroom access project	152,490	152,490	1,825	150,665
La Linea public improvements	55,020	55,020	50,701	4,319
Total expenditures	704,070	704,070	237,680	466,390
Excess of revenues over (under) expenditures	(25,510)	(25,510)	(25,680)	(170)

CITY OF ATASCADERO  
 COMMUNITY DEVELOPMENT BLOCK GRANT FUND (continued)  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Other Financing Sources (Uses):</b>				
Transfer from LTF- La Linea Project	\$ 30,000	\$ 30,000	\$ 25,680	\$ (4,320)
Transfer from Sidewalk Fund- Sidewalks	3,010	3,010	-	(3,010)
Transfer to Youth Center Const Fund	(7,500)	(7,500)	-	7,500
Total other financing sources (uses)	25,510	25,510	25,680	170
Excess of revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	-	\$ -
Fund balance, June 30, 2005			(286)	
Fund balance, June 30, 2006			\$ (286)	

**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, 2006**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Permits and fees	\$ 40,000	\$ 40,000	\$ 46,708	\$ 6,708
Interest income	9,800	9,800	14,933	5,133
Total revenues	49,800	49,800	61,641	11,841
<b>Expenditures:</b>				
Office expense	-	750	444	306
Operating supplies	5,000	4,250	-	4,250
Contract services	42,000	42,000	362	41,638
Capital outlay:				
Native Tree Atlas	110,000	110,000	43,075	66,925
Property acquisition	100,000	100,000	-	100,000
Total expenditures	257,000	257,000	43,881	213,119
Excess of revenues over (under) expenditures	\$ (207,200)	\$ (207,200)	17,760	\$ 224,960
Fund balance, June 30, 2005			516,573	
Fund balance, June 30, 2006			\$ 534,333	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
State gasoline tax	\$ 512,900	\$ 512,900	\$ 535,085	\$ 22,185
Interest income	4,000	4,000	16,297	12,297
Other revenues	-	-	2,027	2,027
<b>Total revenues</b>	<b>516,900</b>	<b>516,900</b>	<b>553,409</b>	<b>36,509</b>
<b>Expenditures:</b>				
Salaries and benefits	319,850	319,850	256,621	63,229
Office expense	-	-	28	(28)
Computer maintenance & replacement	4,470	4,470	4,470	-
Insurance	12,720	12,720	12,676	44
Occupancy	-	-	443	(443)
Utilities	68,000	68,000	58,840	9,160
Communications	2,600	2,600	2,546	54
Operating supplies and equipment	78,450	78,450	96,743	(18,293)
Vehicle and equipment operations	46,200	46,200	54,703	(8,503)
Contract services	129,250	129,250	163,009	(33,759)
Professional development	1,000	1,000	238	762
Recruitment	650	650	95	555
Administrative charges	121,950	121,950	121,950	-
Special projects:				
Storm related clean up	-	-	8,964	(8,964)
<b>Total expenditures</b>	<b>785,140</b>	<b>785,140</b>	<b>781,326</b>	<b>3,814</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(268,240)</b>	<b>(268,240)</b>	<b>(227,917)</b>	<b>40,323</b>
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund for street maintenance	268,240	268,240	268,240	-
Transfer to Capital Projects Fund- New Corporate Yard	(175,000)	(175,000)	(175,000)	-
<b>Total other financing sources (uses)</b>	<b>93,240</b>	<b>93,240</b>	<b>93,240</b>	<b>-</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>\$ (175,000)</b>	<b>\$ (175,000)</b>	<b>(134,677)</b>	<b>\$ 40,323</b>
Fund balance, June 30, 2005			577,174	
Fund balance, June 30, 2006			<b>\$ 442,497</b>	

CITY OF ATASCADERO  
 AB 2928 TRAFFIC CONGESTION RELIEF FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
AB2928- Traffic Congestion Relief	\$ 117,930	\$ 117,930	\$ 123,457	\$ 5,527
Interest income	1,470	1,470	761	(709)
<b>Total revenues</b>	<b>119,400</b>	<b>119,400</b>	<b>124,218</b>	<b>4,818</b>
<b>Expenditures:</b>				
Capital Outlay:				
Minor Street Overlay Projects	119,400	-	-	-
San Gregorio Road Repair Project	-	26,760	26,757	(3)
<b>Total expenditures</b>	<b>119,400</b>	<b>26,760</b>	<b>26,757</b>	<b>(3)</b>
<b>Excess of revenues over expenditures</b>	<b>-</b>	<b>92,640</b>	<b>97,461</b>	<b>4,821</b>
<b>Other Financing Sources (Uses):</b>				
Transfer to the Local Transportation Fund- Old Morro Rd. Overlay	-	(92,640)	(92,640)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(92,640)</b>	<b>(92,640)</b>	<b>-</b>
<b>Excess of revenues and other sources over expenditures and other uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>4,821</b>	<b>\$ 4,821</b>
Fund balance, June 30, 2005			-	
Fund balance, June 30, 2006			<b>\$ 4,821</b>	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Local Transportation Tax - Article 3 Bike Paths	\$ 19,500	\$ 19,500	\$ 20,106	\$ 606
Local Transportation Tax - Article 8 Streets	773,500	773,500	808,967	35,467
Interest income	28,980	28,980	20,778	(8,202)
<b>Total revenues</b>	<b>821,980</b>	<b>821,980</b>	<b>849,851</b>	<b>27,871</b>
<b>Expenditures:</b>				
Capital outlay:				
Curbaril Ave Overlay I (101 to Azucena)	-	25,000	7,637	17,363
Curbaril Ave Overlay II (41 Gaps)	-	24,000	21,569	2,431
Old Morro Rd Overlay Project	-	110,180	96,628	13,552
El Bordo Improvement Project	-	130,000	106,897	23,103
Road Slope Stabilization Project	25,000	25,000	19,886	5,114
06/07 Road Rehabilitation Project	300,000	159,820	10,500	149,320
<b>Total expenditures</b>	<b>325,000</b>	<b>474,000</b>	<b>263,117</b>	<b>210,883</b>
<b>Excess of revenues over expenditures</b>	<b>496,980</b>	<b>347,980</b>	<b>586,734</b>	<b>238,754</b>
<b>Other Financing Sources (Uses):</b>				
Transfer from Storm Drainage Facilities Fees Fund- El Bordo Sidewalk	-	56,360	46,344	(10,016)
Transfer from AB2928 Traffic Congestion Relief Fund for the Old Morro Rd Project	-	92,640	92,640	-
Transfer to CDBG Fund - La Linea Project	(30,000)	(30,000)	(25,680)	4,320
<b>Total other financing sources (uses)</b>	<b>(30,000)</b>	<b>119,000</b>	<b>113,304</b>	<b>(5,696)</b>
<b>Excess of revenues and other sources over expenditures and other uses</b>	<b>\$ 466,980</b>	<b>\$ 466,980</b>	<b>700,038</b>	<b>\$ 233,058</b>
Fund balance, June 30, 2005			811,383	
Fund balance, June 30, 2006			<u>\$ 1,511,421</u>	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and special assessments	\$ 2,070	\$ 2,070	\$ 2,020	\$ (50)
Interest income	2,200	2,200	2,652	452
Total revenues	4,270	4,270	4,672	402
Excess of revenues over expenditures	\$ 4,270	\$ 4,270	4,672	\$ 402
Fund balance, June 30, 2005			86,299	
Fund balance, June 30, 2006			\$ 90,971	

CITY OF ATASCADERO  
 SIDEWALK IN-LIEU FEES FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ 170	\$ 170	\$ 390	\$ 220
Total revenues	170	170	390	220
Excess of revenues over expenditures	170	170	390	220
<b>Other Financing Sources (Uses):</b>				
Transfer to CDBG Fund- Sidewalk Project	(3,010)	(3,010)	-	3,010
Total other financing sources (uses)	(3,010)	(3,010)	-	3,010
Excess of revenues over (under) expenditures	\$ (2,840)	\$ (2,840)	390	\$ 3,230
Fund balance, June 30, 2005			3,163	
Fund balance, June 30, 2006			\$ 3,553	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 33,480	\$ 33,480	\$ 38,163	\$ 4,683
Interest income	620	620	(5,115)	(5,735)
Total revenues	34,100	34,100	33,048	(1,052)
Excess of revenues over (under) expenditures	34,100	34,100	33,048	(1,052)
<b>Other Financing Sources (Uses):</b>				
Transfer to Capital Project Fund- New Corporate Yard	(350,000)	(350,000)	(350,000)	-
Total other financing sources (uses)	(350,000)	(350,000)	(350,000)	-
Excess of revenues over (under) expenditures	\$ (315,900)	\$ (315,900)	(316,952)	\$ (1,052)
Fund balance, June 30, 2005			15,330	
Fund balance, June 30, 2006			\$ (301,622)	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 887,480	\$ 887,480	\$ 702,048	\$ (185,432)
HBRR Grant - Garcia Road Bridge	993,520	926,480	598,272	(328,208)
RSHA Grant - Downtown Pedestrian Bridge	32,570	32,570	32,566	(4)
RSHA Grant - Interchange Improvement Study	50,000	50,000	9,275	(40,725)
Interest income	16,410	16,410	17,415	1,005
<b>Total revenues</b>	<b>1,979,980</b>	<b>1,912,940</b>	<b>1,359,576</b>	<b>(553,364)</b>
<b>Expenditures:</b>				
Special projects and studies:				
Interchange Improvements Study	120,000	170,000	31,536	138,464
Capital outlay:				
Santa Cruz Road Extension	16,540	16,540	6,204	10,336
Highway 41 @ San Gabriel Traffic Signal	300,000	300,000	38,680	261,320
US 101 @ Morro Road Interchange Improvements	5,150	5,150	-	5,150
Downtown Pedestrian Bridge Project	32,570	32,570	36,905	(4,335)
Lewis Avenue Bridge Project	606,990	606,990	320,823	286,167
Garcia Road Bridge Replacement	1,158,090	1,158,090	747,840	410,250
<b>Total expenditures</b>	<b>2,239,340</b>	<b>2,289,340</b>	<b>1,181,988</b>	<b>1,107,352</b>
Excess of revenues over (under) expenditures	\$ (259,360)	\$ (376,400)	177,588	\$ 553,988
Fund balance, June 30, 2005			876,446	
Fund balance, June 30, 2006			\$ 1,054,034	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 100,080	\$ 100,080	\$ 164,069	\$ 63,989
Interest income	12,510	12,510	17,905	5,395
Total revenues	112,590	112,590	181,974	69,384
<b>Expenditures:</b>				
Capital projects:				
2006/2007 Drainage Improvement Program	400,000	343,640	76,798	266,842
Total expenditures	400,000	343,640	76,798	266,842
Excess of revenues over (under) expenditures	(287,410)	(231,050)	105,176	336,226
<b>Other Financing Sources (Uses):</b>				
Transfer from Amapoa Tecorida Drainage Impact Fee Fund for the 06/07 Drainage Improvement Project	136,200	136,200	2,154	(134,046)
Transfer to the Local Transportation Fund for the El Bordo Improvement Project	-	(56,360)	(46,344)	10,016
Total other financing sources (uses)	136,200	79,840	(44,190)	(124,030)
Excess of revenues and other sources over (under) expenditures and other uses	\$ (151,210)	\$ (151,210)	60,986	\$ 212,196
Fund balance, June 30, 2005			553,635	
Fund balance, June 30, 2006			\$ 614,621	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ -	\$ -	\$ 634	\$ 634
Interest income	3,940	3,940	4,434	494
Total revenues	3,940	3,940	5,068	1,128
Excess of revenues over expenditures	3,940	3,940	5,068	1,128
<b>Other Financing Sources (Uses):</b>				
Transfer to 2006/2007 Drainage Improvement Project	(136,200)	(136,200)	(2,154)	134,046
Total other financing sources (uses)	(136,200)	(136,200)	(2,154)	134,046
Excess of revenues and other sources over (under) expenditures and other uses	\$ (132,260)	\$ (132,260)	2,914	\$ 135,174
Fund balance, June 30, 2005			134,562	
Fund balance, June 30, 2006			\$ 137,476	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 43,290	\$ 43,290	\$ 74,942	\$ 31,652
Interest income	2,330	2,330	2,280	(50)
Total revenues	45,620	45,620	77,222	31,602
Excess of revenues over expenditures	45,620	45,620	77,222	31,602
<b>Other Financing Sources (Uses):</b>				
Transfer to COP Fund for debt service on police station	(69,920)	(69,920)	(69,904)	16
Total other financing sources (uses)	(69,920)	(69,920)	(69,904)	16
Excess of revenues and other sources over (under) expenditures and other uses	\$ (24,300)	\$ (24,300)	7,318	\$ 31,618
Fund balance, June 30, 2005			51,692	
Fund balance, June 30, 2006			\$ 59,010	

**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, 2006**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 83,930	\$ 83,930	\$ 119,901	\$ 35,971
Rental income	10,800	10,800	10,800	-
Interest income	7,260	7,260	7,898	638
<b>Total revenues</b>	<b>101,990</b>	<b>101,990</b>	<b>138,599</b>	<b>36,609</b>
<b>Expenditures:</b>				
Capital projects:				
Radio shelters	-	43,000	42,990	10
<b>Total expenditures</b>	<b>-</b>	<b>43,000</b>	<b>42,990</b>	<b>10</b>
<b>Excess of revenues over expenditures</b>	<b>\$ 101,990</b>	<b>\$ 58,990</b>	<b>95,609</b>	<b>\$ 36,619</b>
Fund balance, June 30, 2005			252,226	
Fund balance, June 30, 2006			<b>\$ 347,835</b>	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 91,990	\$ 91,990	\$ 112,890	\$ 20,900
Interest income	2,370	2,370	1,140	(1,230)
Total revenues	<u>94,360</u>	<u>94,360</u>	<u>114,030</u>	<u>19,670</u>
Excess of revenues over expenditures	<u>\$ 94,360</u>	<u>\$ 94,360</u>	<u>114,030</u>	<u>\$ 19,670</u>
Fund balance, June 30, 2005			<u>46,114</u>	
Fund balance, June 30, 2006			<u>\$ 160,144</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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 350,630	\$ 350,630	\$ 493,389	\$ 142,759
Roberti Z'Berg Harris Grant	-	-	2,974	2,974
Interest income	6,980	6,980	4,765	(2,215)
<b>Total revenues</b>	<b>357,610</b>	<b>357,610</b>	<b>501,128</b>	<b>143,518</b>
<b>Expenditures:</b>				
Special projects & community funding:				
Lake Park Other Improvements	-	35,840	35,861	(21)
Trash receptacles	-	2,500	-	2,500
Fencing	-	2,000	-	2,000
Sign replacement	-	5,000	-	5,000
Capital Projects:				
Lake Park Other Improvements	-	4,000	-	4,000
AARP Landscaping Project	-	29,620	1,929	27,691
Lake Park BBQ Area #2 Renovation	-	30,000	1,045	28,955
Lake Water Quality Project	-	-	44,558	(44,558)
Lake Park Improvements	50,000	14,160	11,779	2,381
Paloma Creek Park Acquisition	-	900,000	6,000	894,000
<b>Total expenditures</b>	<b>50,000</b>	<b>1,023,120</b>	<b>101,172</b>	<b>921,948</b>
<b>Excess of revenues over expenditures</b>	<b>307,610</b>	<b>(665,510)</b>	<b>399,956</b>	<b>1,065,466</b>
<b>Other Financing Sources (Uses):</b>				
Transfer to the Youth Center Construction Fund	(78,850)	(78,850)	(78,847)	3
<b>Total other financing sources (uses)</b>	<b>(78,850)</b>	<b>(78,850)</b>	<b>(78,847)</b>	<b>3</b>
<b>Excess of revenues and other sources over expenditures and other uses</b>	<b>\$ 228,760</b>	<b>\$ (744,360)</b>	<b>321,109</b>	<b>\$ 1,065,469</b>
Fund balance, June 30, 2005			171,134	
Fund balance, June 30, 2006			<b>\$ 492,243</b>	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 118,390	\$ 118,390	\$ 141,996	\$ 23,606
Interest income	(920)	(920)	552	1,472
Total revenues	117,470	117,470	142,548	25,078
Excess of revenues over expenditures	117,470	117,470	142,548	25,078
<b>Other Financing Sources (Uses):</b>				
Transfer to C.O.P. Fund	(47,670)	(47,670)	(47,662)	8
Transfer to Youth Center Construction Fund	(170,000)	(170,000)	-	170,000
Total other financing sources (uses)	(217,670)	(217,670)	(47,662)	170,008
Excess of revenues and other sources over (under) expenditures and other uses	\$ (100,200)	\$ (100,200)	94,886	\$ 195,086
Fund balance, June 30, 2005			11,889	
Fund balance, June 30, 2006			\$ 106,775	

CITY OF ATASCADERO  
 LIBRARY EXPANSION FACILITIES FEES FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 Fund balance, June 30, 2003  
 For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Impact fees	\$ 37,430	\$ 37,430	\$ 45,104	\$ 7,674
Interest income	960	960	454	(506)
Total revenues	<u>38,390</u>	<u>38,390</u>	<u>45,558</u>	<u>7,168</u>
Excess of revenues over expenditures	<u>\$ 38,390</u>	<u>\$ 38,390</u>	<u>45,558</u>	<u>\$ 7,168</u>
Fund balance, June 30, 2005			<u>18,685</u>	
Fund balance, June 30, 2006			<u>\$ 64,243</u>	

CITY OF ATASCADERO  
 PROPOSITION 12 FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Proposition 12 Funds	\$ 388,780	\$ 388,780	\$ 21,221	\$ (367,559)
Total revenues	<u>388,780</u>	<u>388,780</u>	<u>21,221</u>	<u>(367,559)</u>
<b>Expenditures:</b>				
Capital outlay:				
Zoo Utility Renovations	224,870	224,870	21,221	203,649
Total expenditures	<u>224,870</u>	<u>224,870</u>	<u>21,221</u>	<u>203,649</u>
Excess of revenues over (under) expenditures	<u>163,910</u>	<u>163,910</u>	<u>-</u>	<u>(163,910)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer to Youth Center Construction Fund	(163,910)	(163,910)	-	163,910
Total other financing sources (uses)	<u>(163,910)</u>	<u>(163,910)</u>	<u>-</u>	<u>163,910</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, June 30, 2005			(3,645)	
Fund balance, June 30, 2006			<u>\$ (3,645)</u>	

CITY OF ATASCADERO  
COMMUNITY FACILITIES DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 156,540	\$ 156,540	\$ 96,219	\$ (60,321)
Interest income	40	40	349	309
Total revenues	<u>156,580</u>	<u>156,580</u>	<u>96,568</u>	<u>(60,012)</u>
<b>Expenditures:</b>				
Contract services	-	-	504	(504)
Total expenditures	<u>-</u>	<u>-</u>	<u>504</u>	<u>(504)</u>
Excess of revenues over expenditures	<u>156,580</u>	<u>156,580</u>	<u>96,064</u>	<u>(60,516)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer to the General Fund for police, fire and parks services	<u>(156,540)</u>	<u>(156,540)</u>	<u>(49,766)</u>	<u>106,774</u>
Total other financing sources (uses)	<u>(156,540)</u>	<u>(156,540)</u>	<u>(49,766)</u>	<u>106,774</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ 40</u>	<u>\$ 40</u>	<u>46,298</u>	<u>\$ 46,258</u>
Fund balance, June 30, 2005			<u>-</u>	
Fund balance, June 30, 2006			<u>\$ 46,298</u>	

**CITY OF ATASCADERO**  
**APPLE VALLEY STREET & STORM DRAIN ASSESSMENT DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2006**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 34,840	\$ 34,840	\$ 76,143	\$ 41,303
Interest income	280	280	63	(217)
Total revenues	<u>35,120</u>	<u>35,120</u>	<u>76,206</u>	<u>41,086</u>
<b>Expenditures:</b>				
Contract services	9,940	9,940	500	9,440
Administration	2,860	2,860	-	2,860
Total expenditures	<u>12,800</u>	<u>12,800</u>	<u>500</u>	<u>12,300</u>
Excess of revenues over expenditures	<u>\$ 22,320</u>	<u>\$ 22,320</u>	<u>75,706</u>	<u>\$ 53,386</u>
Fund balance, June 30, 2005			-	
Fund balance, June 30, 2006			<u>\$ 75,706</u>	

**CITY OF ATASCADERO**  
**APPLE VALLEY LANDSCAPING & LIGHTING ASSESSMENT DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 76,140	\$ 76,140	\$ 89,618	\$ 13,478
Interest income	130	130	310	180
Total revenues	<u>76,270</u>	<u>76,270</u>	<u>89,928</u>	<u>13,658</u>
<b>Expenditures:</b>				
Utilities	20,530	20,530	-	20,530
Operating supplies	1,700	1,700	-	1,700
Contract services	71,460	71,460	500	70,960
Administration	7,200	7,200	-	7,200
Total expenditures	<u>100,890</u>	<u>100,890</u>	<u>500</u>	<u>100,390</u>
Excess of revenues over (under) expenditures	<u>(24,620)</u>	<u>(24,620)</u>	<u>89,428</u>	<u>114,048</u>
<b>Other Financing Sources:</b>				
Transfer from the General Fund for park maintenance	35,210	35,210	35,210	-
Total other financing sources	<u>35,210</u>	<u>35,210</u>	<u>35,210</u>	<u>-</u>
Excess of revenues and other sources over expenditures	<u>\$ 10,590</u>	<u>\$ 10,590</u>	<u>124,638</u>	<u>\$ 114,048</u>
Fund balance, June 30, 2005			<u>-</u>	
Fund balance, June 30, 2006			<u>\$ 124,638</u>	

**CITY OF ATASCADERO**  
**LAS LOMAS STREET & STORM DRAIN ASSESSMENT DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2006**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 115,410	\$ 115,410	\$ 55,636	\$ (59,774)
Interest income	770	770	(13)	(783)
Total revenues	<u>116,180</u>	<u>116,180</u>	<u>55,623</u>	<u>(60,557)</u>
<b>Expenditures:</b>				
Contract services	43,630	43,630	500	43,130
Administration	10,020	10,020	-	10,020
Total expenditures	<u>53,650</u>	<u>53,650</u>	<u>500</u>	<u>53,150</u>
Excess of revenues over (under) expenditures	<u>\$ 62,530</u>	<u>\$ 62,530</u>	<u>55,123</u>	<u>\$ (7,407)</u>
Fund balance, June 30, 2005			-	
Fund balance, June 30, 2006			<u>\$ 55,123</u>	

**CITY OF ATASCADERO**  
**LAS LOMAS LANDSCAPING & LIGHTING ASSESSMENT DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2006**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 286,590	\$ 286,590	\$ 34,843	\$ (251,747)
Interest income	450	450	31	(419)
Total revenues	<u>287,040</u>	<u>287,040</u>	<u>34,874</u>	<u>(252,166)</u>
<b>Expenditures:</b>				
Utilities	48,520	48,520	-	48,520
Operating supplies	4,730	4,730	-	4,730
Contract services	192,990	192,990	500	192,490
Administration	19,380	19,380	-	19,380
Total expenditures	<u>265,620</u>	<u>265,620</u>	<u>500</u>	<u>265,120</u>
Excess of revenues over expenditures	<u>21,420</u>	<u>21,420</u>	<u>34,374</u>	<u>12,954</u>
<b>Other Financing Sources:</b>				
Transfer from the General Fund for park maintenance	<u>7,540</u>	<u>7,540</u>	<u>7,540</u>	<u>-</u>
Total other financing sources	<u>7,540</u>	<u>7,540</u>	<u>7,540</u>	<u>-</u>
Excess of revenues and other sources over expenditures	<u>\$ 28,960</u>	<u>\$ 28,960</u>	<u>41,914</u>	<u>\$ 12,954</u>
Fund balance, June 30, 2005			<u>-</u>	
Fund balance, June 30, 2006			<u>\$ 41,914</u>	

**CITY OF ATASCADERO**  
**DE ANZA STREET & STORM DRAIN ASSESSMENT DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2006**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -	\$ 39,629	\$ 39,629
Interest income	-	-	137	137
Total revenues	-	-	39,766	39,766
<b>Expenditures:</b>				
Contract services	-	-	500	(500)
Total expenditures	-	-	500	(500)
Excess of revenues over expenditures	\$ -	\$ -	39,266	\$ 39,266
Fund balance, June 30, 2005			-	
Fund balance, June 30, 2006			\$ 39,266	

**CITY OF ATASCADERO**  
**DE ANZA LANDSCAPING & LIGHTING ASSESSMENT DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2006**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -	\$ 34,421	\$ 34,421
Interest income	-	-	(11)	(11)
Total revenues	-	-	34,410	34,410
<b>Expenditures:</b>				
Contract services	-	-	500	(500)
Total expenditures	-	-	500	(500)
Excess of revenues over expenditures	\$ -	\$ -	33,910	\$ 33,910
Fund balance, June 30, 2005			-	
Fund balance, June 30, 2006			\$ 33,910	

**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, 2006

	Budget		Actual Amounts	Variance with Final
	Original	Final		Budget Positive (Negative)
<b>Revenues:</b>				
Impact fees	\$ -	\$ -	\$ 3,483	\$ 3,483
Developer reimbursement- UPRR Overcrossing	208,580	208,580	162,814	(45,766)
TEA Grants- Downtown Streetscape II	250,000	250,000	-	(250,000)
PG & E Underground Utility Contribution	60,000	60,000	-	(60,000)
Interest income	25,680	25,680	43,926	18,246
LINK Donation	7,420	7,420	4,342	(3,078)
Cash Contribution from the Wastewater Fund for the Corporate Yard Relocation Project	175,000	175,000	175,000	-
Cash Contribution from the Building Maintenance Fund for the Corporate Yard Relocation Project	175,000	175,000	175,000	-
<b>Total revenues</b>	<b>901,680</b>	<b>901,680</b>	<b>564,565</b>	<b>(337,115)</b>
<b>Expenditures:</b>				
Special projects:				
UPRR Railroad Crossing	208,580	208,580	162,814	45,766
Pedestrian Tunnel Improvements	26,920	26,920	4,342	22,578
Downtown Underground Utility Project	60,000	60,000	-	60,000
Capital outlay:				
2004/2005 Road Rehabilitation Project	96,750	96,750	80,431	16,319
Downtown Streetscape Improvements	750,000	750,000	6,018	743,982
Atascadero Avenue @ Golf Course project	300,000	205,000	176,256	28,744
Atascadero Ave Overlay - Phase II		95,000	5,401	89,599
New Corporate Yard	1,029,740	1,279,740	426,706	853,034
<b>Total expenditures</b>	<b>2,471,990</b>	<b>2,721,990</b>	<b>861,968</b>	<b>1,860,022</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,570,310)</b>	<b>(1,820,310)</b>	<b>(297,403)</b>	<b>1,522,907</b>

CITY OF ATASCADERO  
 CAPITAL PROJECTS FUND (continued)  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Other Financing Sources:</b>				
Transfer from the General Fund for Street Projects	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Transfer from the General Fund for the Corporate Yard Relocation Project	175,000	425,000	425,000	-
Transfer from the Gas Tax Fund for the Corporate Yard Relocation Project	175,000	175,000	175,000	-
Transfer from the Government Facilities Fee Fund for the Corporate Yard Relocation Project	350,000	350,000	350,000	-
Transfer from the RDA Fund for the Pedestrian Tunnel Project	19,500	19,500	-	(19,500)
Transfer from the RDA Fund for the Downtown Streetscape II Project	500,000	500,000	6,018	(493,982)
Transfer from the RDA Fund for the Underground Utility Project	60,000	60,000	-	(60,000)
Total other financing sources	<u>1,529,500</u>	<u>1,779,500</u>	<u>1,206,018</u>	<u>(573,482)</u>
Excess of revenues and other sources over (under) expenditures	<u>\$ (40,810)</u>	<u>\$ (40,810)</u>	908,615	<u>\$ 949,425</u>
Fund balance, June 30, 2005			<u>1,183,464</u>	
Fund balance, June 30, 2006			<u>\$ 2,092,079</u>	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ -	\$ -	\$ 25	\$ 25
Total revenues	-	-	25	25
Excess of revenues over expenditures	\$ -	\$ -	25	\$ 25
Fund balance, June 30, 2005			881	
Fund balance, June 30, 2006			\$ 906	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Capital outlay:				
City Hall Earthquake Repairs	\$ -	\$ -	\$ 40,020	\$ (40,020)
Total expenditures	-	-	40,020	(40,020)
Excess of revenues over (under) expenditures	\$ -	\$ -	(40,020)	\$ 40,020
Fund balance, June 30, 2005			(139,483)	
Fund balance, June 30, 2006			\$ (179,503)	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
OES Earthquake Reimbursement	\$ 475,000	\$ 475,000	\$ -	(475,000)
FEMA Earthquake Reimbursement	1,425,000	1,425,000	-	(1,425,000)
Federal Legislative Grant (Thomas)	397,640	397,640	-	(397,640)
Youth Center Donations- The Lakes	229,400	229,400	-	(229,400)
Interest income	18,700	18,700	22,719	4,019
Donations	100,000	100,000	-	(100,000)
<b>Total revenues</b>	<b>2,645,740</b>	<b>2,645,740</b>	<b>22,719</b>	<b>(2,623,021)</b>
<b>Expenditures:</b>				
Capital outlay:				
Youth / Community Center	3,578,850	3,578,850	512,559	3,066,291
<b>Total expenditures</b>	<b>3,578,850</b>	<b>3,578,850</b>	<b>512,559</b>	<b>3,066,291</b>
Excess of revenues over (under) expenditures	(933,110)	(933,110)	(489,840)	443,270
<b>Other Financing Sources:</b>				
Transfer from the Redevelopment Agency Fund	\$ 500,000	500,000	290,309	(209,691)
Transfer from the Parkland Facilities Fees Fund	-	78,850	78,847	(3)
Transfer from the Public Facilities Fees Fund	248,850	170,000	-	(170,000)
Transfer from the Proposition 12 Fund	163,910	163,910	-	(163,910)
<b>Total other financing sources</b>	<b>912,760</b>	<b>912,760</b>	<b>369,156</b>	<b>(543,604)</b>
Excess of revenues and other sources over (under) expenditures	\$ (20,350)	\$ (20,350)	(120,684)	\$ (100,334)
Fund balance, June 30, 2005			482,571	
Fund balance, June 30, 2006			\$ 361,887	

CITY OF ATASCADERO  
 ASSESSMENT DISTRICT #3 DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ 10	\$ 10	\$ 60	\$ 50
Total revenues	10	10	60	50
Excess of revenues over expenditures	\$ 10	\$ 10	60	\$ 50
Fund balance, June 30, 2005			594	
Fund balance, June 30, 2006			\$ 654	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 104,080	\$ 104,080	\$ 104,985	\$ 905
Interest income	1,160	1,160	4,976	3,816
Total revenues	<u>105,240</u>	<u>105,240</u>	<u>109,961</u>	<u>4,721</u>
<b>Expenditures:</b>				
Services	6,830	6,830	7,259	(429)
Principal	70,000	70,000	70,000	-
Interest	15,380	15,380	15,375	5
Total expenditures	<u>92,210</u>	<u>92,210</u>	<u>92,634</u>	<u>(424)</u>
Excess of revenues over expenditures	<u>\$ 13,030</u>	<u>\$ 13,030</u>	<u>17,327</u>	<u>\$ 4,297</u>
Fund balance, June 30, 2005			<u>203,028</u>	
Fund balance, June 30, 2006			<u>\$ 220,355</u>	

CITY OF ATASCADERO  
 ASSESSMENT DISTRICT #5 DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ -	\$ -	\$ 212	\$ 212
Total revenues	-	-	212	212
Excess of revenues over expenditures	\$ -	\$ -	212	\$ 212
Fund balance, June 30, 2005			3,522	
Fund balance, June 30, 2006			\$ 3,734	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 15,630	\$ 15,630	\$ 15,634	\$ 4
Interest income	-	-	(1,825)	(1,825)
Total revenues	<u>15,630</u>	<u>15,630</u>	<u>13,809</u>	<u>(1,821)</u>
<b>Expenditures:</b>				
Services	-	500	465	35
Interest	3,680	3,679	3,679	-
Total expenditures	<u>3,680</u>	<u>4,179</u>	<u>4,144</u>	<u>35</u>
Excess of revenues over (under) expenditures	<u>\$ 11,950</u>	<u>\$ 11,451</u>	9,665	<u>\$ (1,786)</u>
Fund balance, June 30, 2005			(123,196)	
Fund balance, June 30, 2006			<u>\$ (113,531)</u>	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 27,150	\$ 27,150	\$ 27,157	\$ 7
Interest income	70	70	421	351
Total revenues	<u>27,220</u>	<u>27,220</u>	<u>27,578</u>	<u>358</u>
<b>Expenditures:</b>				
Services	-	590	611	(21)
Interest	6,950	6,950	6,950	-
Total expenditures	<u>6,950</u>	<u>7,540</u>	<u>7,561</u>	<u>(21)</u>
Excess of revenues over expenditures	<u>\$ 20,270</u>	<u>\$ 19,680</u>	20,017	<u>\$ 337</u>
Fund balance, June 30, 2005			(121,874)	
Fund balance, June 30, 2006			<u>\$ (101,857)</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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 3,630	\$ 3,630	\$ 3,632	\$ 2
Interest income	20	20	37	17
Total revenues	<u>3,650</u>	<u>3,650</u>	<u>3,669</u>	<u>19</u>
<b>Expenditures:</b>				
Interest	<u>940</u>	<u>940</u>	<u>936</u>	<u>4</u>
Total expenditures	<u>940</u>	<u>940</u>	<u>936</u>	<u>4</u>
Excess of revenues over expenditures	<u>\$ 2,710</u>	<u>\$ 2,710</u>	2,733	<u>\$ 23</u>
Fund balance, June 30, 2005			<u>(18,987)</u>	
Fund balance, June 30, 2006			<u>\$ (16,254)</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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ 24,140	\$ 24,140	\$ 43,295	\$ 19,155
Total revenues	24,140	24,140	43,295	19,155
<b>Expenditures:</b>				
Services	-	3,400	2,200	1,200
Interest	574,050	574,050	574,043	7
Total expenditures	574,050	577,450	576,243	1,207
Excess of revenues over (under) expenditures	(549,910)	(553,310)	(532,948)	20,362
<b>Other Financing Sources:</b>				
Transfer From Redevelopment Fund for Trustee Services	-	-	2,200	2,200
Total other financing sources	-	-	2,200	2,200
Excess of revenues and other sources over (under) expenditures	\$ (549,910)	\$ (553,310)	(530,748)	\$ 22,562
Fund balance, June 30, 2005			2,260,707	
Fund balance, June 30, 2006			\$ 1,729,959	

**CITY OF ATASCADERO**  
**1997 COP REFUNDING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2006**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest income	\$ -	\$ -	\$ 40	\$ 40
Total revenues	-	-	40	40
<b>Expenditures:</b>				
Principal	127,000	127,000	127,000	-
Interest	31,910	31,910	31,913	(3)
Total expenditures	158,910	158,910	158,913	(3)
Excess of revenues over (under) expenditures	(158,910)	(158,910)	(158,873)	37
<b>Other Financing Sources:</b>				
Transfer from General Fund for pavilion debt service	41,320	41,320	41,307	(13)
Transfer from Public Facilities Fees Fund for pavilion debt service	47,670	47,670	47,662	(8)
Transfer from Law Enforcement Facilities Fees Fund for police station debt service	69,920	69,920	69,904	(16)
Total other financing sources	158,910	158,910	158,873	(37)
Excess of revenues and other sources over expenditures	\$ -	\$ -	-	\$ -
Fund balance, June 30, 2005			-	
Fund balance, June 30, 2006			\$ -	

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, 2006

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 77,650	\$ 77,650	\$ 77,800	\$ 150
Interest income	1,400	1,400	7,864	6,464
Total revenues	<u>79,050</u>	<u>79,050</u>	<u>85,664</u>	<u>6,614</u>
<b>Expenditures:</b>				
Services	-	5,500	5,676	(176)
Principal	60,000	60,000	60,000	-
Interest	13,270	13,270	13,267	3
Total expenditures	<u>73,270</u>	<u>78,770</u>	<u>78,943</u>	<u>(173)</u>
Excess of revenues over expenditures	<u>\$ 5,780</u>	<u>\$ 280</u>	6,721	<u>\$ 6,441</u>
Fund balance, June 30, 2005			<u>272,550</u>	
Fund balance, June 30, 2006			<u>\$ 279,271</u>	

**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, 2006**

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments	\$ 176,270	\$ 176,270	\$ 176,514	\$ 244
Interest income	1,800	1,800	10,418	8,618
<b>Total revenues</b>	<b>178,070</b>	<b>178,070</b>	<b>186,932</b>	<b>8,862</b>
<b>Expenditures:</b>				
Services	-	2,490	2,328	162
Principal	105,000	105,000	105,000	-
Interest	62,060	62,060	62,060	-
<b>Total expenditures</b>	<b>167,060</b>	<b>169,550</b>	<b>169,388</b>	<b>162</b>
<b>Excess of revenues over expenditures</b>	<b>\$ 11,010</b>	<b>\$ 8,520</b>	<b>17,544</b>	<b>\$ 9,024</b>
Fund balance, June 30, 2005			385,889	
Fund balance, June 30, 2006			<b>\$ 403,433</b>	

**CITY OF ATASCADERO**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
June 30, 2006

	<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	\$ 651,723	\$ 1,707,141	\$ -	\$ 2,358,864
Receivables:				
Federal distributions due	11,088	4,003	14,931	30,022
Due from State of California	3,732	1,335	4,976	10,043
Accrued interest	6,651	17,570	-	24,221
Total current assets	<u>673,194</u>	<u>1,730,049</u>	<u>19,907</u>	<u>2,423,150</u>
Capital Assets:				
Non depreciable:				
Construction in progress	43,688	29,774	993,387	1,066,849
Depreciable:				
Vehicles	-	2,092,638	-	2,092,638
Equipment	1,489,772	1,931,059	17,713	3,438,544
Structure and improvements	-	-	6,293,782	6,293,782
Accumulated depreciation	<u>(781,564)</u>	<u>(1,380,319)</u>	<u>(695,862)</u>	<u>(2,857,745)</u>
Net capital assets	<u>751,896</u>	<u>2,673,152</u>	<u>6,609,020</u>	<u>10,034,068</u>
Total assets	<u>1,425,090</u>	<u>4,403,201</u>	<u>6,628,927</u>	<u>12,457,218</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	25,171	55	20,782	46,008
Accrued salaries and benefits	6,727	-	3,832	10,559
Due to other funds	-	-	1,081,891	1,081,891
Noncurrent Liabilities:				
Compensated absences	<u>4,442</u>	<u>-</u>	<u>12,227</u>	<u>16,669</u>
Total liabilities	<u>36,340</u>	<u>55</u>	<u>1,118,732</u>	<u>1,155,127</u>
<b>NET ASSETS</b>				
Invested in capital assets (net of related debt)	751,896	2,673,152	6,609,020	10,034,068
Unrestricted	<u>636,854</u>	<u>1,729,994</u>	<u>(1,098,825)</u>	<u>1,268,023</u>
Total net assets	<u>\$ 1,388,750</u>	<u>\$ 4,403,146</u>	<u>\$ 5,510,195</u>	<u>\$ 11,302,091</u>

**CITY OF ATASCADERO**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**For the Fiscal Year Ended June 30, 2006**

	<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	\$ 583,555	\$ 266,080	\$ 720,431	\$ 1,570,066
Total operating revenues	<u>583,555</u>	<u>266,080</u>	<u>720,431</u>	<u>1,570,066</u>
<b>Operating Expenses:</b>				
Salaries and benefits	321,097	-	154,312	475,409
Office expense	1,003	-	722	1,725
Computer maintenance, software and replacement	-	-	4,770	4,770
Insurance	-	-	17,145	17,145
Occupancy and rental costs	37,250	-	373,596	410,846
Utilities	-	-	52,631	52,631
Communications	7,948	-	3,607	11,555
Operating supplies and services	19,162	-	33,298	52,460
Vehicle and equipment operating costs	129	-	7,906	8,035
Contract services	18,567	-	53,791	72,358
Professional development	5,242	-	753	5,995
Recruitment	-	-	24	24
Administrative charges	27,580	-	43,480	71,060
Special projects:				
Telecommunications project	7,901	-	-	7,901
Refinish Pavilion floors	-	-	14,625	14,625
Depreciation	197,900	379,637	279,164	856,701
Total operating expenses	<u>643,779</u>	<u>379,637</u>	<u>1,039,824</u>	<u>2,063,240</u>
Operating income (loss)	<u>(60,224)</u>	<u>(113,557)</u>	<u>(319,393)</u>	<u>(493,174)</u>
<b>Non-Operating Revenues (Expenses):</b>				
FEMA Earthquake Repair Grant	11,088	38,499	29,331	78,918
OES Earthquake Repair Grant	3,696	12,833	9,777	26,306
Interest income	17,620	48,577	(13,496)	52,701
Gain (Loss) on sale of assets	(670)	24,588	(95,936)	(72,018)
Total non-operating revenues (expenses)	<u>31,734</u>	<u>124,497</u>	<u>(70,324)</u>	<u>85,907</u>
Change in net assets prior to capital contributions	<u>(28,490)</u>	<u>10,940</u>	<u>(389,717)</u>	<u>(407,267)</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, 2006**

	<u>Technology Fund</u>	<u>Vehicle and Equipment Replacement Fund</u>	<u>Building Maintenance and Replacement Fund</u>	<u>Totals</u>
<b>Capital Contributions:</b>				
Contributions from community	\$ -	\$ -	\$ 100,000	\$ 100,000
Cash contributions from other funds	50,000	-	-	50,000
Cash contribution to Capital Projects Fund for a portion of the New Corporate Yard Project	-	-	(175,000)	(175,000)
Capital contributions from other funds	<u>133,579</u>	<u>429,055</u>	<u>425,667</u>	<u>988,301</u>
Total capital contributions	<u>183,579</u>	<u>429,055</u>	<u>350,667</u>	<u>963,301</u>
Change in net assets	155,089	439,995	(39,050)	556,034
Total net assets, June 30, 2005	<u>1,233,661</u>	<u>3,963,151</u>	<u>5,549,245</u>	<u>10,746,057</u>
Total net assets, June 30, 2006	<u><u>\$ 1,388,750</u></u>	<u><u>\$ 4,403,146</u></u>	<u><u>\$ 5,510,195</u></u>	<u><u>\$ 11,302,091</u></u>

**CITY OF ATASCADERO**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended June 30, 2006**

	<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	\$ 583,555	\$ 266,080	\$ 720,431	\$ 1,570,066
Payments to suppliers of goods and services	(175,252)	55	(853,810)	(1,029,007)
Payments for employee services	(320,414)	-	(155,861)	(476,275)
Net cash provided by operating activities	<u>87,889</u>	<u>266,135</u>	<u>(289,240)</u>	<u>64,784</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Loaned from other funds	-	-	1,081,891	1,081,891
Net cash provided by non-capital related financing activities	<u>-</u>	<u>-</u>	<u>1,081,891</u>	<u>1,081,891</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition of fixed assets	(156,025)	(271,338)	(1,885,288)	(2,312,651)
Cash contributions received for capital purchases	50,000	-	-	50,000
Cash contributions to other funds for capital purchases	-	-	(175,000)	(175,000)
Capital grant proceeds	-	45,994	167,574	213,568
Proceeds from sale of assets	281	26,239	-	26,520
Net cash provided (used) by capital and related financing activities	<u>(105,744)</u>	<u>(199,105)</u>	<u>(1,892,714)</u>	<u>(2,197,563)</u>
<b>Cash Flows From Investing Activities:</b>				
Interest income	15,691	42,760	(5,149)	53,302
Net cash provided (used) by investing activities	<u>15,691</u>	<u>42,760</u>	<u>(5,149)</u>	<u>53,302</u>
Net increase (decrease) in cash and cash equivalents	(2,164)	109,790	(1,105,212)	(997,586)
Cash and cash equivalents - June 30, 2005	<u>653,887</u>	<u>1,597,351</u>	<u>1,105,212</u>	<u>3,356,450</u>
Cash and cash equivalents - June 30, 2006	<u>\$ 651,723</u>	<u>\$ 1,707,141</u>	<u>\$ -</u>	<u>\$ 2,358,864</u>

CITY OF ATASCADERO  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS (continued)  
For the Fiscal Year Ended June 30, 2006

	<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)	\$ (60,224)	\$ (113,557)	\$ (319,393)	\$ (493,174)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	197,900	379,637	279,164	856,701
Change in assets and liabilities:				
Accounts and other payables	(50,470)	55	(247,462)	(297,877)
Accrued salaries and benefits	1,217	-	556	1,773
Compensated absences	(534)	-	(2,105)	(2,639)
Net cash provided by operating activities	<u>\$ 87,889</u>	<u>\$ 266,135</u>	<u>\$ (289,240)</u>	<u>\$ 64,784</u>

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