



City of Santa Maria

California



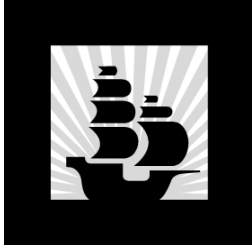
Comprehensive Annual Financial Report

Year Ending June 30, 2009



The Cover

The City's newest recreational open space celebrated its ribbon cutting ceremony on June 27, 2009. The 1,778 acres of Los Flores Recreational Open Space is a rare mix of preservation, cultural resources, and recreation opportunities.



**City of Santa Maria
California**

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

*Prepared by the Department of Administrative Services
Mary Harvey, Acting Director of Administrative Services*

www.ci.santa-maria.ca.us



City of Santa Maria
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009

INTRODUCTORY SECTION

Letter of Transmittal.....	I- 1
GFOA Certificate of Achievement	I- 9
Organization Chart.....	I-10
List of Principal Officials	I-11

FINANCIAL SECTION

Independent Auditors' Report	F- 1
Management's Discussion and Analysis (unaudited)	F- 5

Basic Financial Statements

Government-wide Financial Statements:	
Statement of Net Assets.....	F -19
Statement of Activities.....	F -20
Fund Financial Statements:	
Balance Sheet - Governmental Funds	F -26
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	F -29
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	F -30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F -33
Statement of Net Assets - Proprietary Funds	F -36
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds.....	F -38
Statement of Cash Flows - Proprietary Funds.....	F -40
Statement of Fiduciary Net Assets - Agency Funds	F -47
Notes to Basic Financial Statements.....	F -49

REQUIRED SUPPLEMENTARY INFORMATION (unaudited)

Budgetary Information - Major Funds:	
General Fund	F -85
Modification to Adopted Budget	F -86
CalPERS Schedule of Funding Progress.....	F -87
Postemployment Healthcare Schedule of Funding Progress.....	F -88

SUPPLEMENTARY INFORMATION

Non-major Funds:	
Descriptions of Non-major Governmental Funds	F -90
Combining Balance Sheet - Non-major Governmental Funds	F -92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds	F- 96
Non-major Funds - Budgetary Comparison Schedules:	
Library.....	F-100
Traffic Safety	F-101
Drainage District	F-101
Land Acquisition Tax.....	F-102

City of Santa Maria
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009

SUPPLEMENTARY INFORMATION, Continued

Growth Mitigation	F-103
Residential Development Tax.....	F-103
Landscape Maintenance	F-104
Stowell Parking and Lighting.....	F-105
Business Attraction Loan	F-105
Supplemental Law Enforcement Service Grant	F-106
Federal and State Asset Forfeiture	F-107
Gas Tax	F-107
Street Grant	F-108
Local Streets	F-109
Workforce Investment Act Grant.....	F-109
Redevelopment Agency	F-110
Public Access Television.....	F-111
Description of Internal Service Funds.....	F-113
Combining Statement of Net Assets – Internal Service Funds	F-115
Combining Statement of Revenues, Expenses and Changes in Net Assets – Internal Service Funds.....	F-117
Combining Statement of Cash Flows – Internal Service Funds.....	F-119
Description of Fiduciary - Agency Funds.....	F-121
Statement of Net Assets – Agency Funds	F-123
Statement of Changes in Assets and Liabilities – Agency Funds	F-124

STATISTICAL SECTION (unaudited)

Statistical Narrative	S- 1
Net Assets by Component.....	S- 2
Changes in Net Assets	S- 4
Governmental Activities Tax Revenues by Source.....	S- 8
Fund Balances of Governmental Funds – Last Seven Years.....	S- 10
Changes in Fund Balances of Governmental Funds – Last Seven Years.....	S- 12
Assessed and Estimated Actual Value of Taxable Property	S- 14
Property Tax Rates – Direct and Overlapping Governments	S- 16
Principal Property Taxpayers	S- 18
Property Tax Levies and Collections	S- 20
Ratios of Outstanding Debt by Type	S- 22
Ratios of General Bonded Debt Outstanding – Last Seven Fiscal Years	S- 24
Direct of Overlapping Governmental Activities Debt	S- 25
Legal Debt Margin – Last Seven Fiscal Years	S- 26
Pledged-Revenue Coverage.....	S- 29
Demographic and Economic Statistics	S- 30
Principal Employers – Current Year and Ten Fiscal Years Ago	S- 32
Full-Time Equivalent Employees By Function.....	S- 34
Operating Indicators By Function	S- 36
Capital Assets By Function/Program.....	S- 38

INTRODUCTORY SECTION





December 17, 2009

**Honorable Mayor and Members of the City Council
City of Santa Maria, California**

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (USGAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we are pleased to submit the City of Santa Maria's (City) Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009.

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rest with the City. Management of the City has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with USGAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

While traditionally addressed to the governing body of the City, this report is intended to provide relevant financial information to the citizens of the City, City staff, creditors, investors, and other concerned readers. City staff encourages all readers to contact the Department of Administrative Services with any questions or comments concerning this report.

Moss, Levy and Hartzheim, LLP, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for fiscal year ended June 30, 2009, were free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2009 are fairly presented in conformity with USGAAP. The independent auditors' report is presented as the first component of the financial section of this report.

City of Santa Maria
Letter of Transmittal
For the Fiscal Year Ended June 30, 2009

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in the City's separately issued Single Audit Report.

USGAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the report by the independent auditors.

Profile of the Government

The City, incorporated on September 12, 1905, is located on the Central Coast of California, which is famous for its high quality of life and year-round mild climate. Currently, the City has a land area of 23 square miles and a population of 92,542. Property taxes are collected by Santa Barbara County and are limited to one percent of assessed value on real and personal property. The City receives property tax revenues from Santa Barbara County based on an average apportionment rate of 11.9 percent of all property tax collected within its boundaries. The City also has the power, by State statute, to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the City Council.

Santa Maria is a charter city and operates under the council-manager form of government. Policy making and legislative authority are vested in the City Council, which consists of a mayor and four members elected at large on a non-partisan basis. Council members are elected to four year staggered terms with two council members elected every two years. The Mayor, City Clerk, and City Treasurer are elected to four-year terms. The City Council is responsible, among other things, for adopting ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments.

The City provides a full range of municipal services including: police and fire protection; street maintenance and public transportation; recreation and parks; water, wastewater, and refuse services; planning, building, and safety services; and general government activities.

Factors Affecting Financial Condition

The City's key revenues are affected by the condition of the local economy and by State and Federal economic trends. Santa Barbara County-San Luis Obispo County regions, the State, and the Nation are very slowly recovering from economic recession.

City of Santa Maria
Letter of Transmittal
For the Fiscal Year Ended June 30, 2009

The United States entered the worst recession since World War II, when the housing market collapsed in December, 2007. What began as a pricing correction in the housing market started a global credit crisis that created havoc at the National, State, and local levels. Now, two years later, the experts announce that the recession is drawing to a close, at least on the National level. While officially the National recession may be ending, improvements in the job, credit, and housing markets are projected to be painfully slow, especially at the local level. The National unemployment rate reached 10.0 percent in October, is expected to increase to 10.5 percent during the first quarter of 2010 before settling at 10.0 percent for the remainder of the year. In the housing market, prices remain 40 to 50 percent less than the peak of three years ago and concerns about the increasing defaults in the commercial market may hamper the recovery. While consumer confidence and spending are the keys to a full recovery, until workers are confident that their jobs are secure and consumers are confident that the dollar spent today will not be needed tomorrow, a full recovery is not possible. In February 2009, the Federal government enacted the American Recovery and Reinvestment Act (ARRA) to help “stimulate” the economy. ARRA provides federal tax cuts, expansion of unemployment benefits and grants for construction of infrastructure and capital projects, among others. The City has been awarded eight ARRA grants, totaling \$14.7 million to help fund the construction of two fire stations and an intermodal transit center, improve the lighting at the mall parking structure and provide services to prevent homelessness and improve neighborhoods with high rate of foreclosure.

The State has a multitude of problems including a structural budget imbalance, an unemployment rate of 12.2 percent, and revenues continue to decline. Facing a \$26.3 billion 2009-10 budget deficit, the State used a provision in Proposition 1A to “borrow” eight percent or \$1.9 billion of property tax from local governments.

Proposition 1A was passed by California voters in 2004 to ensure that local property tax and sales tax revenues remain with local governments to safeguard funding for public safety, health, libraries, parks, and other local services. Proposition 1A may be suspended if the Governor declares a fiscal emergency and two-thirds of the Legislature concurs with the suspension. Unfortunately, the Governor and Legislature took the required action to suspend Proposition 1A for 2009-10 resulting in a loss of \$1.9 billion to local governments and \$1.5 million loss to the City’s property tax revenues. Although, the State is required to repay these obligations, plus interest within three years or by June 30, 2013, the reduction in cash flow puts a severe strain on local governments. To assist local governments, California Statewide Communities Development Authority (“California Communities”) established the Proposition 1A Securitization Program to sell the receivable on the bond market. The City chose to participate in the securitization program, receive the full amount of funds loaned to the State rather than waiting three years, and collect the borrowed funds, plus interest. California Communities sold the bonds on November 19, 2009, and will forward the proceeds of the bond issuance to the City in two equal installments in January and May 2010.

The City, like all local governments, is struggling to maintain existing service levels due to the severe downturn in the economy and reductions in major revenue sources. As the economy

City of Santa Maria
Letter of Transmittal
For the Fiscal Year Ended June 30, 2009

inches its way out of the deepest downturn in decades, the local economic outlook for the next two years appears weak. Nearly every one of the City's major revenue sources tumbled in 2008-09, forcing immediate spending reductions in all departments. Facing a projected \$5.6 million General Fund budget gap in 2009-10, the City reduced budgets by five percent, tapped its reserve fund and further obtained compensation concessions from all employees including those in public safety, in order to balance its 2009-10 budget. Plunging revenues are alarming. In 2009-10, sales tax revenues are projected to be down by \$2.9 million, vehicle license fees down \$1.2 million, property tax revenues down approximately \$780,000, and construction permit revenues down \$1 million.

Prior to the current economic downturn, the local economy had grown at a healthy pace, leading economists to declare Santa Maria the "economic engine" of the County. Unemployment was low, hovering around six percent year after year. For much of this decade, consumer spending was fueled by a strong real estate market that provided additional wealth to homeowners. This was reflected in the City's sales tax revenues, which grew from \$14.8 million in 2003 to \$18.3 million in 2008. In the past two years, the City has experienced an extraordinary reversal of fortune with numerous business closures including Mervyn's, Circuit City, Baker's Square, Linens 'N Things, Steve and Barry's, Saturn, Gottschalk's, and Davidson's Home Furnishings, among others. Unemployment in the community soared during calendar year 2009, fluctuating between 12 percent and 13.6 percent. As a result of these events, the City's sales tax revenues are down by 21.7 percent for the first quarter of 2009-10 compared to the prior year.

The City's housing market continues to struggle as the median sales value for homes slipped eight percent from last year to \$235,000. Cumulatively, median sales value for homes has decreased by 53 percent from an all-time high of \$437,000 in February 2007. The community is hard-hit with waves of foreclosures and in the past two years banks repossessed and sold more than 1,000 properties at deeply discounted prices. In 2008-09, the County Assessor's Office reassessed about 15,000 properties County-wide. Approximately 70 percent, of these reassessments were in the north County (Santa Maria, Lompoc and the Santa Ynez valleys). The average reassessment indicates a decrease of 21 percent or \$79,000. Thousands of additional property reassessments by the County Assessor's Office are anticipated in 2010 and 2011 as the real estate market continues to struggle. Many of these reassessments will be within the City and will negatively affect the City's property tax revenues in the long-term.

Although residential real estate sales are slow, commercial and industrial activity is brisk. Two notable projects are the revitalization efforts at Town Center East Mall with a modernization of the food court and the construction of Windset Farms near Black and West Betteravia Roads. The Windset Farms project is a massive 5.7 million square foot green house facility and a 130,000 square foot processing center. Once completed, the Windset Farms project will create up to 400 new jobs. The creation of new jobs is important to the City's recovery as the unemployment rate is currently 13.2 percent.

City of Santa Maria
Letter of Transmittal
For the Fiscal Year Ended June 30, 2009

The significant decreases in economy-based revenues have caused the City to cut General Fund operating appropriations, defer capital projects and use reserves to bridge the \$5.6 million 2009-10 budget deficit. The City eliminated several vacant positions and, prior to hiring, is evaluating, on a case-by-case basis, all vacant positions. In all cases, positions are being held vacant in order to achieve salary savings. Departments reduced operational budgets by five percent, deferred transfers to internal service funds for replacement of equipment and postponed numerous equipment purchases and capital projects. In January 2009, the City Manager requested departments to reduce spending to achieve a five percent or \$860 thousand budget savings in 2008-09. These savings along with reserves of \$2.6 million from the City's "rainy day" fund, Local Economic Augmentation Fund reduced the budget deficit, but was not enough to balance the 2009-10 budget. This left the City no choice but to seek salary and benefit concessions from employees to balance the budget. In early November 2009, the City and its employees agreed to salary and benefit concessions that will result in 13 mandatory days off during calendar year 2010 for most employees, saving a projected \$1.2 million.

Looking ahead, the City will face many challenges in its preparation of the biannual budget for 2010-12. Most notably, the State remains in dire straits with a structurally unbalanced budget, a budget deficit estimated at \$21 billion and growing. The State has already resorted to suspending State reimbursement payments to various City capital-related funds and delaying payment of local highway user tax payments owed to counties and cities. There are reports that the State is looking at other revenue sources, such as Proposition 172 sales tax and vehicle license fees, the State can "redirect" or "borrow" from local governments, again using local government as a credit card to bail out its fiscal mismanagement. At the local level, consumer confidence is low, unemployment high and the housing market depressed, the City anticipates sales tax revenues will be flat at best and property tax will be down as a result of reassessments. Although the City has a Local Economic Augmentation Fund, lacking surplus revenues, the City will not likely be able to deposit monies into this "rainy day" account for the foreseeable future and cannot continue to draw from reserves for the long term.

Major Initiatives for the Fiscal Year

Northwest and Northeast Fire Stations

To enhance public safety and emergency response times in the northwest and northeast sections of the City, two new fire stations will be built. The northwest station will be built first, located at Preisker Park and will replace the existing fire station located at College and Donovan. The northeast fire station will be constructed at Suey and Donovan Roads and will increase the number of fire stations within the City limits to five stations. Each fire station is estimated to cost \$3.4 million to build. Although funding, had been authorized in the 2008-10 budget, for planning, design and initial construction costs of both stations, the downturn in the economy caused the City to question whether sufficient resources were available to complete the these two stations. In July 2009, the Fire Department applied for a Station Construction Grant, a program established as part of ARRA. The Fire Department was notified in late September that the City had been awarded \$4.4 million in grant funding to proceed with construction of both the northwest and northeast fire stations. This award will allow the City to build both stations

City of Santa Maria
Letter of Transmittal
For the Fiscal Year Ended June 30, 2009

while reducing the City's contribution of matching funds previously identified. This grant replaced approximately \$1.5 million in funding earmarked for the northwest fire station; allowing those funds to be returned to the General Fund Capital Project Fund.

Although the City has secured funding for the construction of a fire station at Suey and Donovan Roads, funding the cost to staff and operate the fire station, approximately \$1.2 million annually, has not been identified. The City is researching possible revenue sources and will address these costs, as well as capital equipment requirements, in the 2010-12 budget.

Future Police Department Building

In November 2008, the City purchased land and a building at 1111 W. Betteravia Road for the City's future Police Department. The City purchased the property at a cost of \$13.7 million, financed with a combination of one-time reserves and capital funds. At approximately 72,000 square feet, the one-story office space is two and a half times the size of the current Police Department headquarters and satellite office. The property requires custom modifications ranging from communications infrastructure to security enhancements before it becomes the new Police Department. Until the City is ready to begin the renovation, the City is leasing the building to Lockheed Martin for approximately \$800,000 per year.

Intermodal Transit Center

In 2008, the City purchased the land for an Intermodal Transit Center. The cost of the land was \$3.5 million and in December 2009, the City Council awarded a \$3.6 million construction contract for the project. The project consists of a 2,410 square foot building with 16 bays to accommodate urban transit buses serving citizens and commuters from Santa Maria and its surrounding communities. The construction of the Intermodal Transit Center is being funded through Federal grants, including a Federal ARRA grant in the amount of one million dollars and \$1.5 million from State Proposition 1B funding. Ground-breaking is expected in January 2010.

Wastewater Treatment Plant Expansion

Expansion of the wastewater treatment plant began in July 2008 and is estimated to cost of \$20 million. The expansion is fast-tracked because the wastewater treatment plant is permitted for a daily flow of 9.5 million gallons per day (mgd), while the current mgd is ranging between 8.5 to 9.0 mgd. The Wastewater Treatment Plant Expansion Project will increase the mgd to 12.5, thereby, maintaining service levels and providing for projected City growth. Although the project was underway, Utilities Department staff secured funding of \$4.9 million through State Proposition 50 and reduced the City's capital outlay costs for this project. The Wastewater Treatment Plant Expansion Project is ahead of schedule and is expected to be complete by year-end.

Santa Maria Integrated Waste Management Facility

The City purchased approximately 1,778 acres of property, known as Los Flores Ranch, in early 2006, as a possible site for a new regional landfill and to fulfill a deficit in the acreage of open space available for recreational activities established by the General Plan. Currently, the Los

City of Santa Maria
Letter of Transmittal
For the Fiscal Year Ended June 30, 2009

Flores Ranch property is being utilized for recreational activities including hiking, off-road bicycling, and horse back riding. However, approximately 600 acres, spanning two adjacent canyons will be the future site of the Santa Maria Integrated Waste Management Facility. The Utilities Department is completing an environmental impact report (EIR) and expects a final EIR to be considered for certification in 2010. In addition, a Joint Technical Document (JTD) will be developed for submission to the California Integrated Waste Management Board. When approved, the JTD will be submitted to California Regional Water Quality Board and the Santa Barbara County Public Health Department in order to secure the needed landfill permitting. Upon receipt of the permitting, the City will prepare the final design plans for construction of the new landfill. Construction of the new landfill had been expected to commence during the 2010-12 budget at an estimated cost of \$10.7 million. However, successful efforts to extend the life of the existing landfill, currently slated for closure by 2016-17, have prompted a review of the estimated cost and date for opening the new landfill.

Cash Management Policies and Practices

Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, commercial paper, corporate bonds, and State of California's Local Agency Investment Fund (LAIF). The maturities of the investments generally range from 30 days to five years, with the average maturity being 3.97 years. The average yield on investments was 2.19 percent and total earned interest revenue of \$6,749,040 for the fiscal year ended June 30, 2009. The City's investment portfolio at June 30, 2009 included \$61.9 million invested in LAIF, \$98.9 million in U.S. securities, and \$24.2 million in notes, money markets, and investment contracts.

Risk Management

The objective of the City's Risk Management Program is to conserve resources from accidental loss and minimize the effects of any losses. The Risk Management Program is a coordinated and continuous effort to identify significant loss exposures, to apply reasonable and effective risk controls, and to ensure that the financial integrity of the City is not impaired after a loss. The City expects continuing success with its comprehensive Risk Management Program.

Pension Plan and Other Postemployment Benefits

All full-time employees of the City are eligible to participate in the California Public Employees' Retirement System (PERS). PERS is an agent multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for participating public entities within the State of California. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Employees vest after five years of service and are eligible to receive benefits at age 50. Additional information on the City's pension plan and post-employment benefits can be found in the notes to basic financial statements.

City of Santa Maria
Letter of Transmittal
For the Fiscal Year Ended June 30, 2009

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the 19th consecutive fiscal year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one fiscal year. Staff believes that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and it will be submitted to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of staff of the Department of Administrative Services. Each member of the department has the City's sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the governing body of the City, preparation of this report would not have been possible.

Sincerely,

CITY OF SANTA MARIA

MARY HARVEY
Acting Director of Administrative Services

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Santa Maria
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. R. T.", written over a horizontal line.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Erwin", written over a horizontal line.

Executive Director

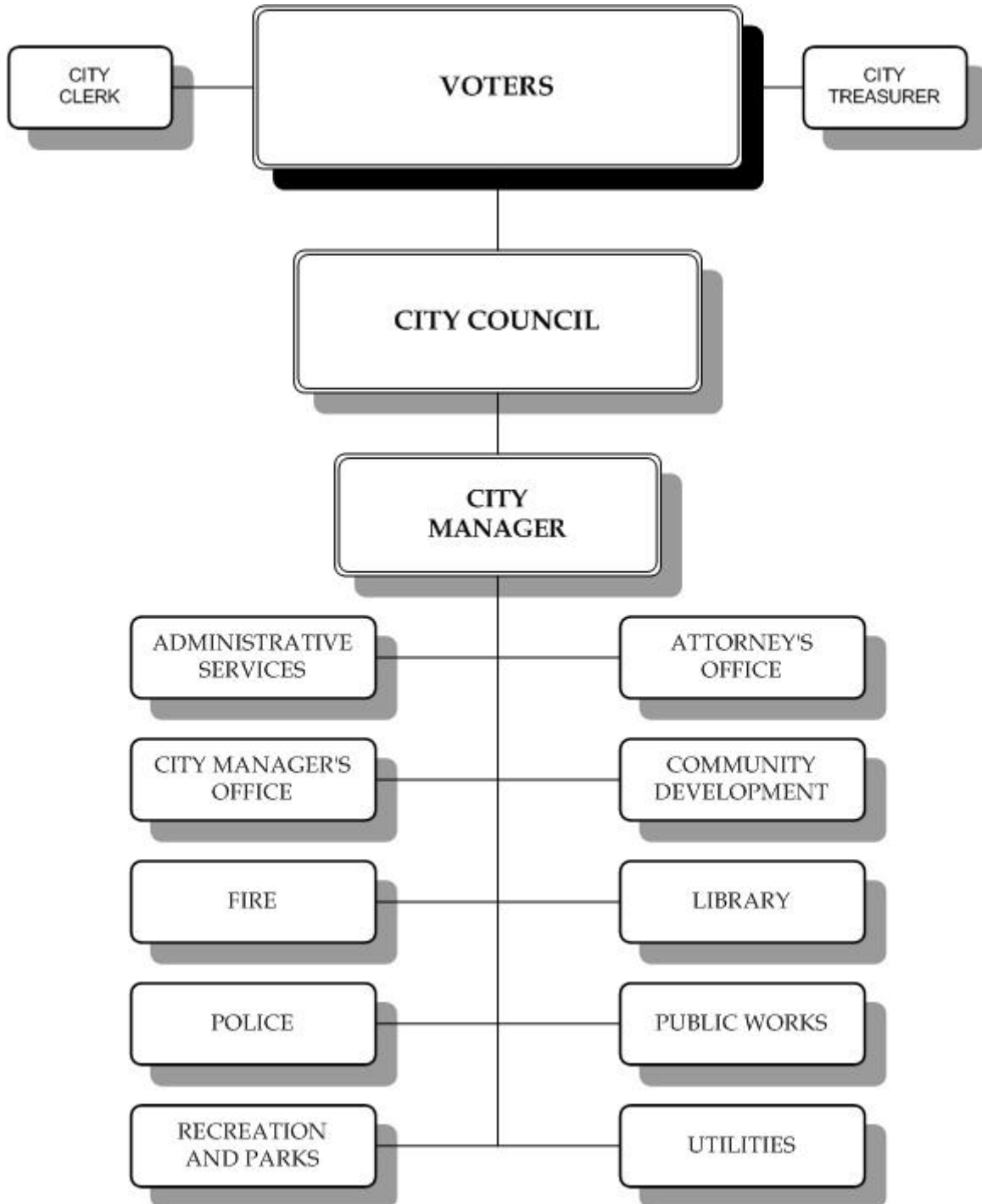
The City received a Certificate of Achievement of Excellence in Financial Reporting for the June 30, 2008 Comprehensive Annual Financial Report (CAFR) from the Government Finance Officers Association. This award is the highest form of recognition in governmental accounting and financial reporting.

This is a coveted award in the municipal financial arena at both the State and National levels, is given to municipalities preparing the CAFR in an exemplary fashion, and is in conformance with national guidelines. This was the 19th consecutive year that the City has received this award.

City of Santa Maria

Organizational Chart

For the Fiscal Year Ended June 30, 2009



City of Santa Maria

List of Principal Officials

For the Fiscal Year Ended June 30, 2009

ELECTED OFFICIALS

Mayor	Larry Lavagnino
Mayor Pro-Tem	Hilda Zacarías
Council Member.....	Mike Cordero
Council Member.....	Bob Orach
Council Member.....	Alice Patino
Council Member.....	Bob Orach
City Clerk.....	Patti Rodriguez
City Treasurer	Teressa Hall

PRINCIPAL ADMINISTRATIVE OFFICERS

City Manager	Tim S. Ness
City Attorney	Gil Trujillo
Director of Administrative Services	Lynda Snodgrass
City Librarian.....	Jack Buchanan
Community Development Director	Larry Appel
Fire Chief.....	Frank Ortiz
Police Chief.....	Dan Macagni
Public Works/Engineering Director	David Whitehead
Recreation and Parks Director.....	Alex Posada
Utilities Director	Rick Sweet





FINANCIAL SECTION







MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A. LEVY, CPA
CRIAG A. HARTZHEIM, CPA
HADLEY Y. HUI, CPA

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

INDEPENDENT AUDITORS' REPORT

City Council of the City of Santa Maria
Santa Maria, 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 Santa Maria, California (City) as of and for the fiscal year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Maria, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable thereof, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages F-5 through F-13, and the required supplementary information on pages F-85 through F-88, are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

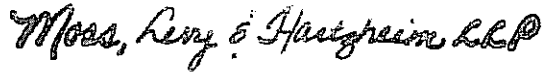
As discussed in note 1 of the notes to basic financial statements effective July 1, 2008, the City of Santa Maria adopted Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The major fund schedules, combining and individual nonmajor fund financial statements and schedules, introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The major fund schedules and 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.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion thereon.

MOSS, LEVY & HARTZHEIM LLP

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

December 9, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Santa Maria

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

The management of the City of Santa Maria (City) offer readers, of the City's financial statements, this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. Readers are encouraged to consider the information presented here in conjunction with the Letter of Transmittal beginning on page I-1 and the City's basic financial statements that begin on page F-15 of this report.

A. FINANCIAL HIGHLIGHTS

- At June 30, 2009, the City's net assets (excess of assets over liabilities) were \$438.7 million. Of this amount, \$104.4 million is available to meet the City's ongoing operations.
- During the fiscal year ended June 30, 2009, the City's net assets increased 1.1 percent to \$438.7 million. This increase represents an increase in governmental activities of .4 percent. Business-type activities showed an increase of 2.5 percent. The majority of the increase in the business-type activities was the result of increases in revenues from capital grants and contributions.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$67.4 million, a decrease of \$10.1 million in comparison with the prior fiscal year. Approximately, \$49.2 million is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$14.8 million, or 29.2 percent of total General Fund expenditures.

B. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three sections: 1) Government-wide Financial Statements; 2) Fund Financial Statements; and 3) Notes to Basic Financial Statements. This report contains other supplementary information in addition to the basic financial statements and required information.

Government-wide Financial Statements

The Government-wide Financial Statements are designed to provide readers with a broad overview of the City's financial position, in a manner similar to that of a private-sector business. These statements are reported on the full accrual basis of accounting. Thus, revenues and expenses are reported for some items that will not affect cash flows until future periods.

The Government-wide Financial Statements separate Governmental Activities that are principally supported by taxes and revenues from other agencies, from Business-type Activities that are intended to recover all, or a significant portion of their costs, through user fees and charges. The Governmental Activities of the City include General Government, Public Safety, Public Works, Community Development, Recreation and Parks, and Library. The City's Business-type Activities include water and wastewater utilities, solid waste, and transit.

City of Santa Maria

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

The Government-wide Financial Statements include not only the City, but also all legal entities for which the City is financially accountable. Accordingly, the financial information for the City's Redevelopment Agency (RDA), and the Santa Maria Public Financing Authority (SMPFA) are included as an integral part of the City's financial statements and reported as blended component units.

The Statement of Net Assets presents information on all of the City's assets and liabilities; the difference between the two is reported as net assets. These net assets include infrastructure and all assets previously included in the General Fixed Assets Account Group. The liabilities include all obligations previously reported in the General Long-Term Debt Account Group. Evaluating the increases or decreases in the net assets over time will serve as a useful indicator of whether the financial position of the City is improving or declining.

The Statement of Activities presents information on the net cost of each governmental function (activity) during the fiscal year. This statement also identifies the amount of general revenues needed to fully fund each governmental function.

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, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds (General, Special Revenue, Debt Service, and Capital Projects Funds) are used to account for the same functions reported as Governmental Activities in the Government-wide Financial Statements. The City's General, Capital Project and Debt Service Funds are considered major funds and are reported separately on the Fund Financial Statements. All other governmental funds are non-major funds and data is combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements as supplemental information in this report. Unlike Government-wide Financial Statements, Fund Financial Statements focus on short-term inflows and outflows of spendable resources. Governmental Funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. This information may be useful in evaluating the City's short-term financing requirements.

The focus of the Fund Financial Statements is narrower than that of the Government-wide Financial Statements. The various fund Balance Sheets and the Statement of Revenues, Expenditures, and Changes in Fund Balances require a reconciliation to facilitate the comparison between Fund Financial Statements and the Government-wide Financial Statements. This reconciliation is required because the Government-wide Financial Statements are prepared on the full accrual basis of accounting while the fund statements are prepared on the modified accrual

City of Santa Maria

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

basis of accounting. These reconciliations can be found on pages F-29 and F-33, immediately following the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds, respectively.

Proprietary Funds are Enterprise and Internal Service Funds. The City maintains two different types of Proprietary Funds. Enterprise Funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The City uses Enterprise Funds to account for its water, wastewater, solid waste, and transit operations. Internal Service Funds are used to accumulate and allocate costs internally to various functions. The City uses Internal Service Funds to allocate fleet maintenance and replacement, business equipment, liability and workers' compensation insurance costs.

The Proprietary Fund Financial Statements provide the same type of information as the Government-wide Financial Statements, only in more detail. The Proprietary Fund Financial Statements provide separate information for the Water and Wastewater, Solid Waste, Transit, and the Internal Service Funds. The Water and Wastewater Fund and Solid Waste Fund are considered major funds of the City. All of the Internal Service Funds are combined into a single, aggregated presentation in the Proprietary Fund Financial Statements. Individual fund data for the Internal Service Funds is provided in the form of combining statements.

Fiduciary Funds are used to account for resources held for the benefit of parties outside of the City. Fiduciary Funds are not reflected in the Government-wide and Fund Financial Statements because the resources of those funds are not available to support the City's own programs. Fiduciary Funds are reported in the Financial section.

Notes to Basic Financial Statements. The notes provide additional information that is essential to the reader for a full understanding of the data provided in the Government-wide and Fund Financial Statements.

Other Information. A budgetary comparison statement for the General Fund and information regarding the City's progress in funding its obligation to provide pension benefits to its employees is provided as required supplementary information beginning on page F-83. The combining statements referred to earlier in connection with non-major governmental funds and Internal Service Funds are presented immediately following required supplementary information. The inclusion of the Statistical Section provides useful historical trend data on the City.

C. GOVERNMENT-WIDE FINANCIAL STATEMENTS ANALYSIS

Statement of Net Assets

Net assets may serve over time as a useful indicator of a City's financial position. During this fiscal year, net assets of the City were \$438.7 million, which is an increase of \$4.8 million from the prior fiscal year. The increase resulted from revenues exceeding expenses of \$5.1 million

City of Santa Maria

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

and net reduction of \$.3 million due to two prior period adjustments recorded this fiscal year. Both prior period adjustments involved adjustments to receivables. The first entry increased fund balance by \$.1 million and was processed to correct facility rental deposits that were incorrectly carried as receivable rather than being reported as revenue in prior years. The second entry reduced fund balance by \$.4 million to correct the double posting of a grant receivable recorded at June 30, 2008.

The following is the condensed Statements of Net Assets as of June 30, 2009 and 2008, expressed in millions.

	Governmental		Business		Total	
	2008	2009	2008	2009	2008	2009
Current and other assets	\$ 111.3	\$ 100.5	\$ 117.7	\$ 116.9	\$ 229.0	\$ 217.4
Restricted and other assets	2.8	2.8	10.4	10.2	13.2	13.0
Capital assets, net	198.7	210.8	113.8	124.8	312.5	335.6
Total assets	312.8	314.1	241.9	251.9	554.7	566.0
Current Liabilities	13.1	13.8	9.1	13.4	22.2	27.2
Long-term liabilities	19.8	19.4	78.8	80.7	98.6	100.1
Total liabilities	32.9	33.2	87.9	94.1	120.8	127.3
Net Assets:						
Invested in capital assets, net of related debt	182.2	196.5	39.0	79.3	221.2	275.8
Restricted	63.7	53.4	10.4	10.2	74.1	63.6
Unrestricted	34.0	31.0	104.6	68.3	138.6	99.3
Total Net Assets	\$ 279.9	\$ 280.9	\$ 154.0	\$ 157.8	\$ 433.9	\$ 438.7

As of June 30, 2009, of the \$438.7 million of net assets, the largest portion is \$270.6 million that (61.7 percent) consists of the City's investment in capital assets, net of related debt. This component portrays the total amount of funds required to acquire those assets less any related debt used for such acquisition that is still outstanding. The City uses these capital assets to provide services to citizens. The capital assets of the City are not sources of income for repayment of debt as most assets are not revenue generating and generally are not liquidated to repay debt. Therefore, debt service payments are funded from other sources available to the City.

An additional portion of the City's net assets (14.5 percent) of \$63.6 million represents resources that are subject to external restrictions on how the net assets may be used. The remaining balance of unrestricted net assets (\$104.5 million) may be used to meet the City's ongoing obligations to citizens and creditors. Of this amount, \$73.5 million is held by the business-type activities and \$31.0 million is by the governmental activities.

The RDA, a blended component unit of the City, represents \$13.8 million of unrestricted (deficit) net assets. The RDA exists to finance improvement to the commercial environment, upgrade residential neighborhoods, and provide new public improvements. Often, these activities do not result in a residual asset, but rather underwrite the cost of a development activity deemed beneficial in meeting the RDA's objectives. The resulting statement of net

City of Santa Maria
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

assets reflects the debt obligation to be repaid through future tax revenues, without an offsetting asset. This is considered the routine function of the City.

The following condensed summary of net statements of activities (expressed in millions) shows that, during the fiscal year, net assets increased by \$5.1 million.

	Governmental		Business		Total	
	2008	2009	2008	2009	2008	2009
Revenues						
Program revenues:						
Charges for services	\$ 17.4	\$ 15.6	\$ 54.2	\$ 51.6	\$ 71.6	\$ 67.2
Operating grants and contributions	18.4	12.6			18.4	12.6
Capital grants and contributions	5.0	2.7	3.9	8.0	8.9	10.7
General Revenues:						
Taxes	44.7	41.3			44.7	41.3
Use of money and property	4.9	4.6	4.5	3.5	9.4	8.1
Intergovernmental revenues	0.4	0.5			0.4	0.5
Other	0.2	0.3			0.2	0.3
Total revenues	<u>91.0</u>	<u>77.6</u>	<u>62.6</u>	<u>63.1</u>	<u>153.6</u>	<u>140.7</u>
Expenses						
General government	9.1	11.2			9.1	11.2
Public safety	29.9	31.1			29.9	31.1
Public works	19.9	12.5			19.9	12.5
Library	1.2	4.2			1.2	4.2
Community development	5.6	3.9			5.6	3.9
Parks & recreation	11.8	13.8			11.8	13.8
Interest & fiscal charges	0.6	0.8			0.6	0.8
Water & wastewater			31.4	34.8	31.4	34.8
Solid waste			15.8	18.0	15.8	18.0
Public transit			5.0	5.3	5.0	5.3
Total expenses	<u>78.1</u>	<u>77.5</u>	<u>52.2</u>	<u>58.1</u>	<u>130.3</u>	<u>135.6</u>
Increase in net assets before transfers	<u>12.9</u>	<u>0.1</u>	<u>10.4</u>	<u>5.0</u>	<u>23.3</u>	<u>5.1</u>
Transfers	<u>0.8</u>	<u>1.2</u>	<u>(0.8)</u>	<u>(1.2)</u>		
Increase in net assets	<u>13.7</u>	<u>1.3</u>	<u>9.6</u>	<u>3.8</u>	<u>23.3</u>	<u>5.1</u>
Net assets - beginning of fiscal year	266.2	279.9	144.3	154.0	410.5	433.9
Prior period adjustments		(0.3)	0.1		0.1	(0.3)
Net assets - end of fiscal year	<u>\$ 279.9</u>	<u>\$ 280.9</u>	<u>\$ 154.0</u>	<u>\$ 157.8</u>	<u>\$ 433.9</u>	<u>\$ 438.7</u>

Governmental Activities. Governmental activities increased the City's net assets by \$1.3 million.

Business-type Activities. Business-type activities increased the City's net assets by \$3.8 million.

City of Santa Maria

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

At June 30, 2009, the City's governmental funds reported combined ending fund balances of \$67.4 million, a decrease of \$10.1 million in comparison to the prior fiscal year.

Approximately, 72.9 percent of this amount (\$49.2 million) constitutes an unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior fiscal period (\$1.6 million), 2) for debt service (\$2.8 million), and 3) for advance receivable (\$13.8 million).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$39.4 million, of which \$24.6 million was designated for future liabilities and economic contingencies. Unreserved fund balance increased by \$.9 million over the prior fiscal year.

The General Fund reported a net increase to fund balance of \$2.6 million primarily from the result of operations (\$3.5 million) reduced by net transfers (\$.9 million) to internal service funds and debt service funds. Total tax revenues decreased by \$2.9 million, primarily from reductions of \$2.2 million in sales tax and \$.4 million in property tax. Combined, sales tax and property tax make up approximately 41 percent of General Fund revenues. These reductions are the direct result of the economic recession and collapse of the housing market causing a large number of properties into foreclosure and reassessments by the Santa Barbara County (County) Assessor's Office. The City has a teeter agreement with the County whereby the total assessed property tax is remitted to the City with the County retaining the right to delinquencies and penalties. Revenues from use of money and property, namely interest earnings, were down nearly 24 percent or \$.8 million compared to the prior fiscal year. Fortunately, revenues classified as aid from other governmental agencies and charges for current services increased by \$.8 million and \$.1 million, respectively, and helped to offset other revenue reductions. However, revenues from the sale of non-hazardous impacted soil is the largest component of charges for current services, at \$.5 million and is a temporary revenue source that can end at any time. Non-hazardous impacted soil is received from oil companies for a fee and is available for use in road beds throughout the City. Any non-hazardous impacted soil not utilized for road beds is provided to the Solid Waste Division for use as landfill cover.

General Fund expenses decreased by \$200,000 compared to prior fiscal year totals. The reduction in expenditures is a direct result of the City "tightening belts" in response to the downturn in the economy. The largest reduction, \$630,000 occurred in capital expenditures primarily from fewer improvements made to park and recreation areas. Though most departments reported decreases, General Government and Public Works showed increases of \$495,000 and \$250,000, respectively. The majority of the increase in General Government is due

City of Santa Maria

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

to expenses related to the non-hazardous impacted soil program and increases in contracts for professional services. The increase in Public Works expenditures is also the result of increases in contracts for professional services, most notably for services to continue efforts to secure funding for repair of the Santa Maria river levee.

The City has two other major funds, the General Capital Project Fund and the RDA Debt Service Fund. The General Capital Project Fund gathers resources to be used for the construction of capital improvements related to projects for general City benefit. The RDA Debt Service Fund is responsible for principal and interest payments on the 1993 RDA Refunding Revenue Bonds Payable.

The General Capital Project Fund received \$441,000 in revenue from use of money and property, \$2.1 million in transfers from the Local Economy Augmentation Fund to be set aside for future tenant improvements, and used \$11.2 million for capital construction. The current years projects included \$8.5 million for purchase of a building which will, in the future, become a new Police Station; \$855,000 for construction and equipment for the new Library; \$742,000 for renovation of Recreation and Parks' facilities; and \$666,000 for the reconstruction of road ways.

The Debt Service Fund made interest and principal payments of \$2.7 million and received transfers of \$2.5 million from the General Fund. The fund balance decreased by \$100,000 at fiscal year-end.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget (\$1.7 million) resulted primarily from the carryover of appropriations approved in prior years for capital projects (\$640,000); receipt and appropriations for various capital grants and reimbursable contracts (\$524,000); increases in the non-hazardous impacted soil program (\$182,000); and Public Works planning projects (\$160,000).

These adjustments and several small adjustments resulting from adoption of changes to operating programs are responsible for the \$1.7 million increase to the General Fund budget. The larger adjustments are as follows:

- The Police Department received grants from the Office of Traffic Safety totaling over \$335,000 to conduct DUI, seat belt and unlicensed driver check points.
- The Fire Department carried over \$298,000 of appropriations for completion of the new Emergency Operations Center.
- The Recreation and Parks Department carried over \$87,000 of appropriations for the upgrade of equipment, parks, and facilities in the Department. In addition, the Parks Division carried over \$80,000 of appropriations from three Park Resources Grants awarded in prior years and received two additional Park Resources Grants totaling approximately \$104,000 for City park improvements.

City of Santa Maria
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

F. CAPITAL ASSETS

The City's investments in capital assets for governmental and business-type activities as of June 30, 2009 amount to \$335.6 million. This net investment in capital assets includes land, buildings, equipment, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the fiscal year ending June 30, 2009 was seven percent (a 6.1 percent increase for governmental activities and 9.8 percent increase for business type activities). Phase II of the Wastewater Treatment Plant expansion began this fiscal year and accounts for the majority of the "construction in progress" balance.

The chart below and Note 4 Capital Assets (page F-66) provide additional detailed information on capital assets. The amounts shown below are expressed in millions.

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Land	\$ 17.8	\$ 20.2	\$ 12.2	\$ 12.2	\$ 30.0	\$ 32.4
Buildings	52.0	90.8	82.6	83.2	134.6	174.0
Equipment	8.4	9.6	13.9	13.8	22.3	23.4
Infrastructure	88.9	86.6			88.9	86.6
Construction in progress	31.6	3.6	5.0	15.6	36.6	19.2
Total net capital assets	<u>\$ 198.7</u>	<u>\$ 210.8</u>	<u>\$ 113.7</u>	<u>\$ 124.8</u>	<u>\$ 312.4</u>	<u>\$ 335.6</u>

Major capital asset additions during the current fiscal year, included the following:

- The completion of the new Library added an additional \$28.8 million in buildings and \$1.0 million in equipment.
- Fixed assets increased by \$13.7 million due to the purchase of land and a building located on West Betteravia that will be the site for a new Police Station.
- The increase in business-type activities resulted primarily from Phase II construction of the Wastewater Treatment Plant expansion. Phase II construction began this fiscal year and accounts for \$13 million of the construction in progress balance as of June 30, 2009.

G. LONG-TERM DEBT

At fiscal year-end, the City had \$111.5 million in bonds and other long-term debt outstanding. The detail of this \$111.5 million is shown on the following page.

The City's total debt increased by \$2.7 million due to increases in claims payable (\$3.3 million) and accrued (landfill) closure costs (\$1.7 million). These increases were offset by \$2.4 million, from principal payments on bonds and Certificates of Participation (COP's). Minor changes in payment of capital leases, the recording of OPEB liability and compensated absences contribute to the change in total debt.

City of Santa Maria
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

The City and its RDA maintained an "A3" rating from Moody's and an "AA-" rating from Fitch for general obligation debt.

A summary of the City's long-term debt is reported below (amounts expressed in millions) while detailed information is shown in the Notes to Basic Financial Statements, beginning on page F-71.

Activities	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Bonds/COPs	\$ 15.6	\$ 13.7	\$ 68.9	\$ 68.4	\$ 84.5	\$ 82.1
Accrued closure costs			10.1	11.8	10.1	11.8
Capital leases	0.2		0.3		0.5	
Claims payable	5.3	7.8	1.8	2.6	7.1	10.4
Compensated absences	4.9	5.0	0.6	0.8	5.5	5.8
OPEB Liability	0.4	0.7	0.1	0.1	0.5	0.8
Land Purchase Obligation	0.6	0.6			0.6	0.6
Total	<u>\$ 27.0</u>	<u>\$ 27.8</u>	<u>\$ 81.8</u>	<u>\$ 83.7</u>	<u>\$ 108.8</u>	<u>\$ 111.5</u>

H. REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and to demonstrate accountability for the money the City receives. If you have questions about this report or need additional financial information, contact the City's Department of Administrative Services at (805) 925-0951 extension 215.



BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS



City of Santa Maria
STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 84,426,232	\$ 87,613,015	\$ 172,039,247
Restricted cash and investments with fiscal agents	2,815,789	5,898,335	8,714,124
Accounts receivable		11,298,027	11,298,027
Other receivables	1,830,051	1,534,274	3,364,325
Accrued revenue receivable	14,452,012		14,452,012
Deposit with CCWA		4,258,071	4,258,071
Deposits	219,972	45,000	264,972
Prepaid items	104,965	15,582,561	15,687,526
Inventory	15,034	15,034	30,068
Deferred cost of issuance	266,368		266,368
Internal balances	(848,248)	848,248	
Total current assets	103,282,175	127,092,565	230,374,740
Noncurrent Assets:			
Capital assets:			
Non-depreciable	33,732,439	27,793,436	61,525,875
Depreciable, net	177,072,556	96,986,514	274,059,070
Total noncurrent assets	210,804,995	124,779,950	335,584,945
Total Assets	314,087,170	251,872,515	565,959,685
LIABILITIES			
Current liabilities:			
Accounts payable	3,108,728	3,855,986	6,964,714
Interest payable	13,652		13,652
Accrued payroll	143,925	263,960	407,885
Unearned revenue	2,025,067	6,246,984	8,272,051
Debt due within one year	8,459,340	3,002,266	11,461,606
Total current liabilities	13,750,712	13,369,196	27,119,908
Noncurrent liabilities:			
Due in more than one year	19,388,377	80,742,036	100,130,413
Total noncurrent liabilities	19,388,377	80,742,036	100,130,413
Total Liabilities	33,139,089	94,111,232	127,250,321
NET ASSETS			
Invested in capital assets, net of related debt	196,570,092	79,293,638	275,863,730
Restricted for:			
CCWA water purchase and debt refunding		10,156,406	10,156,406
Special revenue	27,181,135		27,181,135
Emergencies	17,778,760		17,778,760
Other post employment benefits	6,798,520		6,798,520
Capital projects	1,635,837		1,635,837
Total restricted	53,394,252	10,156,406	63,550,658
Unrestricted	30,983,737	68,311,239	99,294,976
Total Net Assets	\$ 280,948,081	\$ 157,761,283	\$ 438,709,364

See Accompanying Notes to Basic Financial Statements.

City of Santa Maria

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2009

Functions/Programs:	Expenses	Charges for Services	Program Revenue	
			Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 11,161,958	\$ 7,863,933	\$ 14,958	\$ 137,625
Public safety	31,138,825	2,896,162	1,132,953	479,276
Public works	12,464,751	3,014,599	9,654,434	888,216
Library	4,255,495	491,201	1,044,647	452,830
Community development	3,934,760	302,321		136,653
Recreation and parks	13,764,775	1,009,008	755,586	555,402
Interest and fiscal charges	778,946			
Total governmental activities	77,499,510	15,577,224	12,602,578	2,650,002
Business-type activities:				
Water and wastewater	34,782,630	33,139,664		4,320,000
Solid waste	18,013,667	16,796,317		124,845
Public transit	5,331,516	1,658,181		3,616,434
Total business-type activities	58,127,813	51,594,162		8,061,279
Total primary government	\$ 135,627,323	\$ 67,171,386	\$ 12,602,578	\$ 10,711,281

General Revenues

Taxes :

Property taxes

Sales taxes

Franchise taxes

Other taxes

Motor vehicle in-lieu tax

Use of money and property

Other revenues

Loss on sale of assets

Intergovernmental revenues - unrestricted

Transfers

Total general revenues and transfers

Changes in net assets

Net assets at beginning of fiscal year

Prior period adjustments

Net assets at beginning of fiscal year - restated

Net assets at end of fiscal year

See Accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets			
Total	Governmental Activities	Business-type Activities	Total
\$ 8,016,516	\$ (3,145,442)	\$	\$ (3,145,442)
4,508,391	(26,630,434)		(26,630,434)
13,557,249	1,092,498		1,092,498
1,988,678	(2,266,817)		(2,266,817)
438,974	(3,495,786)		(3,495,786)
2,319,996	(11,444,779)		(11,444,779)
	(778,946)		(778,946)
<u>30,829,804</u>	<u>(46,669,706)</u>		<u>(46,669,706)</u>
37,459,664		2,677,034	2,677,034
16,921,162		(1,092,505)	(1,092,505)
5,274,615		(56,901)	(56,901)
<u>59,655,441</u>		<u>1,527,628</u>	<u>1,527,628</u>
<u>\$ 90,485,245</u>	<u>(46,669,706)</u>	<u>1,527,628</u>	<u>(45,142,078)</u>
	9,336,050		9,336,050
	15,906,435		15,906,435
	3,427,069		3,427,069
	5,483,960		5,483,960
	7,136,333		7,136,333
	4,602,199	3,484,806	8,087,005
	340,869		340,869
	531,217		-
	1,237,482	(1,237,482)	531,217
	<u>48,001,614</u>	<u>2,247,324</u>	<u>50,248,938</u>
	<u>1,331,908</u>	<u>3,774,952</u>	<u>5,106,860</u>
	<u>279,944,365</u>	<u>153,986,331</u>	<u>433,930,696</u>
	<u>(328,192)</u>		<u>(328,192)</u>
	<u>279,616,173</u>	<u>153,986,331</u>	<u>433,602,504</u>
<u>\$ 280,948,081</u>	<u>\$ 157,761,283</u>	<u>\$ 438,709,364</u>	



FUND FINANCIAL STATEMENTS

Governmental Funds Financial Statements

Proprietary Funds Financial Statements

Fiduciary Funds Financial Statements



GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

General Fund - The General Fund is used to account for resources that are not required legally or by sound financial management to be accounted for in another fund.

General Capital Projects - The General Capital Projects Fund is used to account for the purchase and construction of capital assets for the General Fund.

Redevelopment Agency Debt Service Fund - The Redevelopment Agency Debt Service Fund accounts for the advances to the Redevelopment Agency and the debt requirements of the Authority.

Non-major Governmental Funds - Non-major Governmental Funds are the aggregate of all the non-major governmental funds.

City of Santa Maria

BALANCE SHEET

Governmental Funds

June 30, 2009

ASSETS	Major Funds		
	General	General Capital Projects	RDA Debt Service
Cash and investments	\$ 37,209,564	\$ 12,295,810	\$
Cash with fiscal agent			2,424,574
Accounts receivable			
Accrued revenue receivable	5,758,923	37,156	
Advance receivable	13,815,810		
Loans receivable	578,387		
Due from other funds	26,459		
Deposits	84,972		
Total assets	\$ 57,474,115	\$ 12,332,966	\$ 2,424,574
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,791,665	\$ 18,659	\$
Matured interest payable			
Due to other funds			
Accrued payroll			
Deferred revenue	2,121,299		
Advance payable			13,815,810
Total liabilities	3,912,964	18,659	13,815,810
Fund Balances:			
Reserved			
Encumbrances	355,959	91,400	
Debt service			2,424,574
Advance to RDA	13,815,810		
Total reserved fund balances	14,171,769	91,400	2,424,574
Unreserved, designated for:			
Designated for emergency	17,778,760		
Designated for other post employment benefits	6,798,520		
	24,577,280		
Unreserved, undesignated, reported in:			
General fund	14,812,102		
Special revenue funds			
Capital projects funds		12,222,907	
Debt service funds			(13,815,810)
	14,812,102	12,222,907	(13,815,810)
Total fund balances	53,561,151	12,314,307	(11,391,236)
Total liabilities and fund balances	\$ 57,474,115	\$ 12,332,966	\$ 2,424,574

See Accompanying Notes to Basic Financial Statements.

Non-major Governmental Funds	Total Governmental Funds
\$ 11,415,970	\$ 60,921,344
391,215	2,815,789
1,241,751	1,241,751
4,647,579	10,443,658
	13,815,810
4,008,354	4,586,741
	26,459
	84,972
<u>\$ 21,704,869</u>	<u>\$ 93,936,524</u>
\$ 988,178	\$ 2,798,502
13,652	13,652
3,419,450	3,419,450
132,124	132,124
4,230,889	6,352,188
	13,815,810
<u>8,784,293</u>	<u>26,531,726</u>
1,188,478	1,635,837
377,563	2,802,137
	13,815,810
<u>1,566,041</u>	<u>18,253,784</u>
	17,778,760
	6,798,520
	<u>24,577,280</u>
	14,812,102
11,036,074	11,036,074
318,461	12,541,368
	(13,815,810)
<u>11,354,535</u>	<u>24,573,734</u>
12,920,576	67,404,798
<u>\$ 21,704,869</u>	<u>\$ 93,936,524</u>



City of Santa Maria

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

June 30, 2009

Fund balances of governmental funds \$ 67,404,798

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Net capital assets of \$8,020,540 (\$17,557,966 less depreciation of \$9,537,426) allocated from internal service funds are included in the internal service fund adjustment below.

Capital assets	\$ 148,108,654	
Infrastructure	173,035,150	
Internal service assets	17,557,966	
Accumulated depreciation	<u>(127,896,775)</u>	210,804,995

Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The assets and liabilities of the internal service funds are included in the statement of net assets. Capital assets of the internal service funds are included in total capital assets above. 18,120,314

Long-term liabilities are not due and payable in the current fiscal period and, therefore, not reported in the funds. Long-term liabilities of \$7,872,202 allocated from internal service funds are included in the above internal service fund adjustments.

Long-term debt	\$ (14,187,918)	
Compensated absences	(5,068,164)	
Other post employment benefits	<u>(719,433)</u>	(19,975,515)

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount represents the unamortization cost of issuance. 266,368

Certain revenues in the governmental funds are deferred because the revenues are not collected within the prescribed time period after fiscal year-end. However, the revenues are included on the accrual basis used in the government-wide statements. 4,327,121

Net assets of governmental activities \$ 280,948,081

See Accompanying Notes to Basic Financial Statements.

City of Santa Maria

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Governmental Funds

For the Fiscal Year Ended June 30, 2009

	Major Funds		
	General	General Capital Projects	RDA Debt Service
REVENUES:			
Taxes	\$ 30,143,517	\$	\$
Permits, fines and forfeitures	1,464,519		
Revenues from use of money and property	2,693,614		110,436
Aid from governmental agencies	9,190,759	440,727	
Charges for current services	10,086,527		
Other revenues	794,914		
Total revenues	54,373,850	440,727	110,436
EXPENDITURES:			
Current:			
General government	8,262,292		
Community development	2,621,092		
Public safety	29,159,756		
Recreation and parks	7,848,478		
Public works	2,504,886		
Library			
Capital outlay	406,370	11,150,379	
Debt service:			
Principal			1,920,000
Interest and fiscal charges			768,325
Total expenditures	50,802,874	11,150,379	2,688,325
REVENUES OVER (UNDER) EXPENDITURES	3,570,976	(10,709,652)	(2,577,889)
OTHER FINANCING SOURCES (USES):			
Transfers in	4,033,165	2,184,000	2,476,001
Transfers out	(4,975,708)	(33,110)	
Total other financing sources (uses)	(942,543)	2,150,890	2,476,001
NET CHANGE IN FUND BALANCES	2,628,433	(8,558,762)	(101,888)
FUND BALANCES:			
Beginning of fiscal year	50,835,098	20,873,069	(11,289,348)
Prior period adjustments	97,620		
Beginning fund balances, restated	50,932,718	20,873,069	(11,289,348)
End of fiscal year	\$ 53,561,151	\$ 12,314,307	\$ (11,391,236)

See Accompanying Notes to Basic Financial Statements.

Non-major Governmental Funds	Total Governmental Funds
\$ 10,143,299	\$ 40,286,816
500,316	1,964,835
819,665	3,623,715
5,795,357	15,426,843
2,843,260	12,929,787
76,566	871,480
20,178,463	75,103,476
	8,262,292
1,290,020	3,911,112
130,050	29,289,806
2,421,044	10,269,522
2,551,809	5,056,695
3,019,728	3,019,728
13,059,079	24,615,828
	1,920,000
102,570	870,895
22,574,300	87,215,878
(2,395,837)	(12,112,402)
2,798,657	11,491,823
(4,150,608)	(9,159,426)
(1,351,951)	2,332,397
(3,747,788)	(9,780,005)
17,094,176	77,512,995
(425,812)	(328,192)
16,668,364	77,184,803
\$ 12,920,576	\$ 67,404,798



City of Santa Maria

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For the Fiscal Year Ended June 30, 2009

Net changes in fund balances - total governmental funds \$ (9,780,005)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation on the current fiscal period and the loss on disposal of capital assets during the current fiscal period.

Capital outlay	\$ 21,652,744	
Depreciation	(9,383,411)	
Loss on disposal of capital assets	<u>(125,461)</u>	12,143,872

Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The assets and liabilities of the internal service funds are included in the statement of net assets. (3,229,797)

Governmental funds report the affect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount represents the amortization of deferred cost of issuance. (29,596)

Issuance of long-term debt including capital advances, compensated absences, and leases provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources in governmental funds. Neither transaction has any affect on net assets. Also, governmental funds report the affect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net affect of these differences in the treatment of long-term debt and related items. 1,504,006

Certain revenues in the governmental funds are deferred because the revenues are not collected within the prescribed time period after fiscal year-end. However, the revenues are included on the accrual basis used in the government-wide statements. 723,428

Change in net assets of governmental activities \$ 1,331,908

See Accompanying Notes to Basic Financial Statements.



PROPRIETARY FUNDS FINANCIAL STATEMENTS

Water and Wastewater Fund - The Water and Wastewater Fund is used to account for the activities associated with the transmission and distribution of potable water by the City to its users and the transmission, pumping, and treatment of the City's wastewater.

Solid Waste Fund - The Solid Waste Fund accounts for the activities associated with collection and disposal of rubbish and recyclable materials.

Non-major Transit Fund - The Nonmajor Transit Fund accounts for resources to provide transit services to the City and surrounding areas.

Internal Service Funds - The Internal Service Funds are used to account for interdepartmental operations where it is the stated intent that costs of providing services to the department of the City on a continuing basis be financed or recovered primarily by charges to the user departments.

City of Santa Maria
STATEMENT OF NET ASSETS
Proprietary Funds
June 30, 2009

ASSETS	Enterprise Funds		
	Water and Wastewater	Solid Waste	Non-major Transit Fund
Current Assets:			
Cash and investments	\$ 16,511,722	\$ 58,448,944	\$ 3,954,561
Accounts receivable, net	7,753,107	430,019	3,105,607
Other receivables	167,661	1,114,877	35,605
Due from other funds			
Inventory			
Deposits			
Prepaid items	15,582,561	216,131	
Total current assets	40,015,051	60,209,971	7,095,773
Noncurrent Assets:			
Restricted Assets:			
Deposit with CCWA	4,258,071		
Restricted cash and investments	5,898,335		
Total restricted assets	10,156,406		
Capital Assets:			
Non-depreciable assets	20,836,293	2,538,774	4,360,459
Depreciable assets, net	66,573,414	19,586,336	6,121,970
Total capital assets, net	87,409,707	22,125,110	10,482,429
Total noncurrent assets	97,566,113	22,125,110	10,482,429
Total assets	137,581,164	82,335,081	17,578,202
LIABILITIES			
Current Liabilities:			
Accounts payable	2,538,725	586,143	594,538
Accrued payroll	127,655	119,120	7,989
Deferred revenue			6,246,984
Debt due within one year	2,157,299		
Total current liabilities	4,823,679	705,263	6,849,511
Noncurrent Liabilities:			
Compensated absences payable	407,659	317,724	6,118
OPEB liability	72,889	54,858	4,283
Claims payable			
Accrued closure and postclosure care costs		11,790,073	
Long-term debt - due in more than one year	66,293,605		
Total noncurrent liabilities	66,774,153	12,162,655	10,401
Total liabilities	71,597,832	12,867,918	6,859,912
NET ASSETS			
Net assets:			
Invested in capital assets, net of related debt	41,923,395	22,125,110	10,482,429
Restricted cash for CCWA water purchase and debt refunding	10,156,406		
Unrestricted	13,903,531	47,342,053	235,861
Total net assets	\$ 65,983,332	\$ 69,467,163	\$ 10,718,290

Adjustment to reflect the consolidation of internal service funds activities to related enterprise funds

Net assets of business-type activities

See Accompanying Notes to Basic Financial Statements.

Total Enterprise Funds	Internal Service Funds
\$ 78,915,227	\$ 32,202,676
11,288,733	19,207
1,318,143	
	3,392,991
	30,068
	180,000
15,798,692	104,965
<u>107,320,795</u>	<u>35,929,907</u>
4,258,071	
5,898,335	
<u>10,156,406</u>	
27,735,526	
92,281,720	12,783,244
<u>120,017,246</u>	<u>12,783,244</u>
130,173,652	12,783,244
<u>237,494,447</u>	<u>48,713,151</u>
3,719,406	446,806
254,764	20,997
6,246,984	
2,157,299	3,379,868
<u>12,378,453</u>	<u>3,847,671</u>
731,501	64,650
132,030	13,724
	7,053,754
11,790,073	
66,293,605	
<u>78,947,209</u>	<u>7,132,128</u>
<u>91,325,662</u>	<u>10,979,799</u>
74,530,934	12,783,244
10,156,406	
61,481,445	24,950,108
<u>146,168,785</u>	<u>\$ 37,733,352</u>
11,592,498	
<u>\$ 157,761,283</u>	

City of Santa Maria

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

Proprietary Funds

For the Fiscal Year Ended June 30, 2009

	Enterprise Funds		
	Water and Wastewater	Solid Waste	Non-major Transit Fund
OPERATING REVENUES:			
Operating revenues:			
Charges for current services	\$ 31,764,616	\$ 16,566,147	\$ 901,750
Other	606,707	84,598	65,033
Total operating revenues	32,371,323	16,650,745	966,783
OPERATING EXPENSES:			
Salaries, wages and benefits	4,137,404	3,687,439	263,756
Materials and supplies	2,036,490	358,357	3,514,857
Equipment maintenance and operation	1,997,668	3,507,966	2,787
Depreciation	2,579,054	1,779,880	589,308
Contracts and services	2,850,318	8,064,546	859,281
Bad debts	210,744	60,576	
Subtotal operating expenses	13,811,678	17,458,764	5,229,989
State water payments:			
State water payments DWR	12,517,113		
State water payments CCWA	3,752,494		
Subtotal state water payments	16,269,607		
Total operating expenses	30,081,285	17,458,764	5,229,989
OPERATING INCOME (LOSS)	2,290,038	(808,019)	(4,263,206)
NONOPERATING REVENUES (EXPENSES):			
Local, state and federal grants	4,320,000	124,845	3,616,434
Interest income	1,249,363	1,951,968	84,774
Interest expense	(4,149,356)	(385)	
Gain (loss) on sale of equipment	(96,083)		
Other	(99,449)		
Total nonoperating revenues (expenses)	1,224,475	2,076,428	3,701,208
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS			
	3,514,513	1,268,409	(561,998)
Capital contributions	657,520		642,874
Transfers in	81,515		
Transfers out	(470,225)	(456,490)	(27,310)
Change in net assets	3,783,323	811,919	53,566
NET ASSETS:			
Beginning of fiscal year	62,200,009	68,655,244	10,664,724
End of fiscal year	\$ 65,983,332	\$ 69,467,163	\$ 10,718,290

Adjustment to reflect the consolidation of internal service funds activities to related enterprise fund

Change in net assets of business-type activities

See Accompanying Notes to Basic Financial Statements.

Total Enterprise Funds	Internal Service Funds
\$ 49,232,513	\$ 7,450,935
756,338	15,071
49,988,851	7,466,006
8,088,599	744,898
5,909,704	2,572,088
5,508,421	998,717
4,948,242	2,861,410
11,774,145	5,061,940
271,320	143,909
36,500,431	12,382,962
12,517,113	
3,752,494	
16,269,607	
52,770,038	12,382,962
(2,781,187)	(4,916,956)
8,061,279	
3,286,105	794,803
(4,149,741)	(14,436)
(96,083)	200,059
(99,449)	
7,002,111	980,426
4,220,924	(3,936,530)
1,300,394	1,478,881
81,515	724,113
(954,025)	(2,184,000)
4,648,808	(3,917,536)
	41,650,888
	\$ 37,733,352
(873,856)	
\$ 3,774,952	

City of Santa Maria

STATEMENT OF CASH FLOWS

Proprietary Funds

For the Fiscal Year Ended June 30, 2009

	Enterprise Funds		
	Water and Wastewater	Solid Waste	Non-major Transit Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts for current services	\$ 28,074,761	\$ 16,536,744	\$ 4,261,464
Payments for goods and services	(20,821,351)	(9,970,533)	(4,747,368)
Payments to employees	(4,021,964)	(3,577,502)	(255,485)
Net cash provided by (used for) operating activities	3,231,446	2,988,709	(741,389)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Federal and state transportation grants	4,320,000	124,845	3,616,435
Transfers in from other funds	81,515		
Transfers out to other funds	(470,225)	(456,490)	(27,310)
Net cash provided by (used for) noncapital activities	3,931,290	(331,645)	3,589,125
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(13,870,982)	(1,039,655)	
Capital lease payments	(86,767)	(11,618)	
Certificate principal payments	(2,285,000)		
Proceeds from sale of assets	583		
Interest expense payments	(2,365,737)	(385)	
Net cash provided by (used for) capital and related financing activities	(18,607,903)	(1,051,658)	
CASH FLOW FROM INVESTING ACTIVITIES:			
Interest on investments	1,148,341	1,951,968	84,774
Net cash provided by investing activities	1,148,341	1,951,968	84,774
Net increase (decrease) in cash and cash equivalents	(10,296,826)	3,557,374	2,932,510
CASH AND CASH EQUIVALENTS:			
Beginning of fiscal year	36,964,954	54,891,570	1,022,051
End of fiscal year	\$ 26,668,128	\$ 58,448,944	\$ 3,954,561
Reconciliation of cash and investments per the statement of net assets:			
Total cash and investments per the statement of net assets	\$ 16,511,722	\$ 58,448,944	\$ 3,954,561
Total restricted cash and investments per the statement of net assets	10,156,406		
Cash and cash equivalents, June 30, 2009	\$ 26,668,128	\$ 58,448,944	\$ 3,954,561

See Accompanying Notes to Basic Financial Statements.

Total Enterprise Funds	Internal Service Funds
\$ 48,872,969	\$ 10,343,781
(35,539,252)	(5,904,259)
(7,854,951)	(768,520)
5,478,766	3,671,002
8,061,280	
81,515	724,113
(954,025)	(2,184,000)
7,188,770	(1,459,887)
(14,910,637)	(766,801)
(98,385)	(434,878)
(2,285,000)	
583	81,228
(2,366,122)	(14,436)
(19,659,561)	(1,134,887)
3,185,083	794,803
3,185,083	794,803
(3,806,942)	1,871,031
92,878,575	30,331,645
\$ 89,071,633	\$ 32,202,676
\$ 78,915,227	\$ 32,202,676
10,156,406	
\$ 89,071,633	\$ 32,202,676

City of Santa Maria

STATEMENT OF CASH FLOWS

Proprietary Funds, continued

For the Fiscal Year Ended June 30, 2009

	Enterprise Funds		
	Water and Wastewater	Solid Waste	Non-major Transit Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 2,290,038	\$ (808,019)	\$ (4,263,206)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	2,579,054	1,779,880	589,308
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	(4,085,818)	(53,425)	1,040,636
Decrease (increase) in inventory			
Decrease (increase) in prepaid items	109,640		
Increase (decrease) in accounts payable	2,223,092	262,749	(370,443)
Increase (decrease) due to other funds			
Increase (decrease) in accrued payroll	27,464	30,341	719
Increase (decrease) in claims payable			
Increase (decrease) in postclosure costs		1,697,587	
Increase (decrease) deferred revenue			2,254,044
Increase (decrease) short-term debt			
Increase (decrease) in compensated absences payable	52,133	50,153	4,993
Increase (decrease) in OPEB liability	35,843	29,443	2,560
Total adjustments	941,408	3,796,728	3,521,817
Net cash provided by (used for) operating activities	\$ 3,231,446	\$ 2,988,709	\$ (741,389)
NON CASH ACTIVITY:			
Contributed capital assets	\$ 657,520		\$ 642,874
Amortization of deferral on refunding and bond discount	10,265		
Accretion discount	1,407,303		

See Accompanying Notes to Basic Financial Statements.

Total Enterprise Funds	Internal Service Funds
\$ (2,781,187)	\$ (4,916,956)
4,948,242	2,861,410
(3,098,607)	141,730
109,640	(69,644)
2,115,398	12,045
58,524	(44,744)
1,697,587	2,736,045
2,254,044	240
107,279	3,412,712
67,846	(434,878)
8,259,953	(33,359)
8,259,953	6,401
\$ 5,478,766	\$ 3,671,002
\$ 1,300,394	\$ 1,478,881
10,265	
1,407,303	



FIDUCIARY FUNDS FINANCIAL STATEMENTS

Agency Funds - Agency Funds are custodial in nature (assets equal liabilities) and do not measure the results of operations. These funds are used to account for assets held in an agency capacity for others, therefore, cannot be used to support the City's programs.



City of Santa Maria

STATEMENT OF FIDUCIARY NET ASSETS

Agency Funds

June 30, 2009

Assets	Total Agency Funds
Cash and investments	\$ 6,222,122
PH Development Trust	115,531
Accounts receivable	<u>146,456</u>
Total Assets	<u>\$ 6,484,109</u>
Liabilities	
Trust deposits	<u>\$ 6,484,109</u>
Total Liabilities	<u>\$ 6,484,109</u>

See Accompanying Notes to Basic Financial Statements.



City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statement of the City of Santa Maria (City) has been prepared in conformity with accounting principles generally accepted in the United States of America (USGAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

A. Financial Reporting Entity

The City was incorporated on September 12, 1905, under the laws of the State of California. Santa Maria is a charter city, and operates under a Council-Manager form of government, which includes an elected mayor and a four-member council. As required by USGAAP, these financial statements present the City and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are in substance, part of the government's operations, so data from these units are combined with data of the primary government. The following entities are reported as blended component units:

Redevelopment Agency of the City of Santa Maria: The Redevelopment Agency of the City of Santa Maria (the "RDA") is governed by the City Council of the City of Santa Maria. Although it is legally separate from the City, the RDA is reported as if it were part of the primary government because the City Council is the governing board.

Santa Maria Public Financing Authority: City officials govern the Santa Maria Public Financing Authority (the "Authority"). Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public facilities.

The City participates in the two following intergovernmental joint ventures:

The Local Government Finance Joint Powers Authority: The Local Government Finance Joint Powers Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement dated July 15, 1986. The Authority was created to provide a method of pooled financing for interested agencies throughout the State. The governing board is comprised of representatives from participants across the State. In August, 1989, the Authority provided financing proceeds and the resulting debt service obligation to various participants. By agreement, each participant assumed all responsibility with regard to its issue. All debt issued by participants has been paid or defeased. Financial statements of the Joint Powers Authority may be obtained by contacting the California Statewide Communities Development Authority at 2033 North Main Street, Suite 700, Walnut Creek, CA 94596.

City of Santa Maria

Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

Central Coast Water Authority (CCWA): CCWA is a joint powers authority organized on August 1, 1991, comprised of eight cities and special districts responsible for the creation and maintenance of water resources in portions of Santa Barbara County. The purpose of the CCWA is to provide financing, construction, operation, and maintenance of certain local (non-State owned) facilities required to deliver water from the State Water Project (SWP) to certain water purveyors and users in Santa Barbara County. The City has an ongoing financial responsibility pursuant to a Water Supply Agreement between the City and CCWA; however, the City does not have an equity interest.

The Board of Directors (Board) is comprised of one representative from each participating entity. Votes on the Board are apportioned among the entities based upon each entity's pro-rata share of the water provided by the project. Each participant is required to pay CCWA an amount equal to its share of the total cost of "fixed project costs" and certain other costs in the proportion established in the Water Supply Agreement. This includes the participant's share of payments to the State Department of Water Resources (DWR) under the State Water Supply Agreement (including capital, operation, maintenance, power, and replacement costs of the DWR facilities), debt service on CCWA bonds, and all CCWA operating and administrative costs.

In November, 1996, CCWA sold \$198,015,000 of revenue bonds at a true cost of 5.55 percent of the defeased CCWA 1992 revenue bonds with \$177,200,000 outstanding. The City's Water and Wastewater Fund makes direct contributions for its share of project expenditures and has no direct liability for any bonded debt of the CCWA. The City is responsible for 38 to 43 percent of system costs based on various pools of expenditures.

Financial Statements for CCWA may be obtained by contacting the Central Coast Water Authority at 255 Industrial Way, Buellton, CA 93427.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which the governmental resources are to be spent and the means by which spending activities are controlled.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the 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 enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

City of Santa Maria

Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

Government-wide Financial Statements

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which the revenues are earned while expenses are recognized in the period in which the liability is incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34, in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances as presented in these statements to the net assets presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

City of Santa Maria

Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

Governmental fund financial statements are reported using the “*current financial resources*” measurement focus and the modified accrual basis of accounting. Under this method, revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Revenues are recorded when received in cash, except for revenues subject to accrual (generally 60 days after fiscal year-end) are recognized when due. Property taxes, charges for services, and interest associated with the current fiscal period are all considered susceptible to accrual and as such have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available when received by the government.

The City reports the following major governmental funds:

General Fund: This fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

General Capital Projects: This fund is used to account for the purchase and construction of capital assets for the General Fund.

RDA Debt Service Fund: This fund is used to account for the debt requirement of the RDA.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental and business-type activities in the government-wide financial statements.

The Proprietary Funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

recognized in the period in which the revenues are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. The principal operating revenues of the Water and Wastewater Fund are charges to customers for sales and services. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund, such as cost of sales and services, administrative expenses, and depreciation on capital assets. All other expenses are reported as non-operating expenses.

The major proprietary funds the City reports are shown below:

Water and Wastewater Fund: The Water and Wastewater Fund is used to account for resources used to provide water and sewer services to the City.

Solid Waste Fund: The Solid Waste Fund is used to account for solid waste collection and disposal.

The City reports the following internal service funds as proprietary funds:

Fleet Services Fund: The Fleet Services Fund is used to finance the operations, maintenance, and timely replacement of the City's fleet of vehicles and related equipment.

Business Equipment Fund: The Business Equipment Fund is used to finance and account for the maintenance and replacement of business equipment used by City departments.

Insurance Fund: The Insurance Fund provides and charges other City funds for liability, property, and workers' compensation insurance.

Fiduciary Fund Financial Statements

The City's fiduciary funds, Treasurer's Trust, Twitchell Management Authority, and Maintenance Annuity Fund, combine in an Agency Fund Statement of Net Assets. Because these funds are custodial in nature (assets equal liabilities), a measurement of results of operations is not shown. The agency funds are accounted for on the accrual basis of accounting. The Treasurer's Trust Fund accounts for deposits held for others, while the Maintenance Annuity Fund accounts for developer deposits earning interest income for the purpose of subsidizing property tax revenue on annexed property. The Twitchell Management Authority Fund accounts for the financial transactions of a court-mandated committee that monitors and manages the groundwater basin.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

C. Cash and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investments, with original maturities of three months or less, to be cash equivalents.

Certain proceeds of the City's Water and Wastewater Fund revenue bonds, as well as certain resources set aside for repayment, are classified as restricted assets on the balance sheet statement of net assets, because their use is limited by applicable bond covenants. The City has classified additional assets as restricted to comply with laws and other agreements.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. The City's investments with fiscal agents required by bond indentures are stated at cost, which approximate fair value.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in Structured Notes and Asset-backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-backed Securities are subject to market risk as to change in interest rates.

D. Interfund Transactions

Activity among funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

E. Assets Held for Resale

Should the City have assets held for resale, those assets would be recorded at the lower of cost or market, but not greater than the net realizable value. An amount equal to the carrying value of land would be reserved in fund balance of governmental funds because such assets are not available to finance the City's current operations.

F. Capital Assets

Capital assets are defined as property, plant, equipment, and infrastructure assets (roads, sidewalks, drainage systems, lighting systems, etc.). Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

financial statements. These assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The City's policy has set the capitalization threshold for reporting capital assets at the following:

Property, Plant, and Equipment	\$ 5,000
Infrastructure Capital Assets	50,000

Depreciation is recorded in the government-wide financial statements on a straight-line basis over the useful lives of the assets, as follows:

Equipment	5 to 20 years
Buildings and Improvements	10 to 70 years
Infrastructure:	
Medians	25 years
Pavement	25 years
Traffic signals	25 years
Off-road trails	40 years
Cabling	40 years
Curbs and gutters	50 years
Sidewalks	50 years
Storm drain lines	50 years
Bridges	75 years

The City has included the value of all infrastructure in its government-wide statements.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant, and equipment are depreciated in the proprietary funds using the straight-line method over the following estimated useful lives:

Water and Wastewater and Solid Waste Funds:	
Facilities and Improvements	25-50 years
Equipment	6-15 years

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Transit Fund:	
Facilities and Improvement	25-50 years
Equipment	3-7 years
Buses	7 years
Fleet Services Fund:	
Equipment	3-10 years
Vehicles	5 years
Business Equipment Fund:	
Equipment	3-10 years

G. Interest Payable

In the government-wide financial statements, interest payable on long-term debt is recognized as the liability is incurred for governmental activities and business-type activities.

In the fund financial statements, proprietary fund types recognize the interest payable when the liability is incurred.

H. Deferred Revenue

In the government-wide financial statements, deferred revenue is recognized for transactions for which revenue has not yet been earned. A typical transaction recorded as deferred revenues in the government-wide financial statements is the prepaid charges for services.

In the Governmental Fund Financial Statements, deferred revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records deferred revenue for transactions for which revenues have not been earned, or for which funds are not available to meet current financial obligations. Typical transactions for which deferred revenue is recorded are grants received but not yet earned or available.

I. Compensated Absences

Compensated absences are recorded in accordance with GASB. It is the City's policy to record the cost of annual vacation, compensatory time, and fringe benefits as earned. City employees accrue vacation and sick leave in varying amounts. Compensatory time is recorded as time earned by City employees. In the event of termination, employees are reimbursed for the total value of their accumulated vacation days and compensatory time. Sick leave benefits are not vested to the employee; however, the City has a sick leave incentive program, which will compensate employees at a rate of 50 percent for accrued sick leave between a floor and ceiling amount. The maximum sick hours subject to be paid is

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

police - 680 hours, fire - 608 hours, and 360 hours for general and management employees upon regular retirement or death. The City accrued amounts for the sick leave incentive program using historical trends and other relevant data.

The City records compensated absences in the governmental funds as expenditures for the amount accrued during the fiscal year that would normally be liquidated with expendable, available financial resources. The remainder of the liability is recorded as long-term debt. The individual governmental funds report a liability for compensated absences only if the debt matured at fiscal year end, i.e. unused reimbursable leave outstanding as the result of an employee's resignation or retirement. The proprietary funds accrue compensated absences in the period they are earned and are recorded as long-term liabilities in the applicable funds.

J. Post-Employment Benefits

In addition to pension benefits described in Note 9-A, the City provides post-retirement health benefits, in accordance with State statutes, to all employees retiring from the City and enrolled in an insurance program under the California Public Employees' Medical and Hospital Act. Currently, 87 retirees meet the eligibility requirements. The City is required by CALPERS to contribute \$101 per month, the balance of premiums, which average \$638 per month, are paid by retirees. This fiscal year expenditures of \$103,570 were recognized for post-retirement health insurance contributions. Post-employment benefits are provided on a pay-as-you-go basis.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Net Assets

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

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2009

Invested in Capital Assets, net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

M. Use of Restricted/Unrestricted Net Assets

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

N. Fund Balances – Reservations and Designations

In the fund financial statements, governmental funds reported reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represents tentative management plans that are subject to change.

O. Property Tax Calendar

The State of California Constitution Article XIII A, provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless voters approved an additional amount for debt. Assessed value is calculated at 100 percent of market value as defined by Article XII A, and may be increased by no more than two percent per year unless the property is sold, transferred, or improved.

Santa Barbara County assesses properties, bills for, collects, and distributes property taxes on the basis of the taxing jurisdiction’s tax rate percentage, subject to individual tax jurisdiction’s adjustments as may be allowed for voter-approved debt, as follows:

	<u>Secured</u>	<u>Unsecured</u>
Lien date	January 1	January 1
Lien date	July 1	July 1
Due dates	50% - November 1 50% - February 1	July 1 August 31
Delinquent as of	December 10 (for November) April 10 (for February)	

The term “unsecured” refers to taxes on personal property other than real estate, land, and buildings. These taxes are secured by liens on the property being taxed.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

P. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

Q. Closure and Postclosure Care Costs

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for a minimum of 30 years after closure. The site covers 247 acres.

According to its revised operating plan filed with the State, portions of the landfill site will be closed on a “rolling closure” basis, with final closure anticipated by the year 2017. The City is required to report a portion of these closure and postclosure costs as an operating expense in each period based on landfill capacity used as of each statement of net assets date.

The \$11.8 million reported as landfill closure and postclosure care liability at June 30, 2009, represents the cumulative amount reported to date based on the use of 80.5 percent of the estimated capacity of the landfill. The City will recognize remaining estimated costs of \$7.3 million in closure and postclosure care as the remaining estimated capacity is filled. The total costs of \$19.1 million are based on what it would cost to perform all closure and postclosure care in fiscal year 2008-09. The City expects to close the landfill by fiscal year 2016-17. Inflation and changes in technology and/or regulations may result in higher costs. Actual costs may be higher due to inflation and changes in technology and/or regulations.

The City is required by State and Federal laws to provide assurance that the closure will be completed and postclosure requirements met. Assurance with regard to postclosure costs has been met by a pledge of the General Fund sales tax revenues should the Solid Waste Fund be unable to perform in accordance with the requirements.

R. Budgetary Data

The City Council has the responsibility for adoption of the City’s budget. Budgets are adopted for all general and special revenue funds. The budget adopted by the City Council is for a two-fiscal year period. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion any time during the two-year fiscal period. The City Manager is authorized to transfer funds within major expenditure categories within the same fund. Any revisions that alter the total fund balance must be approved by the City Council. The level at which expenditures may not legally exceed appropriations is therefore established at the fund level.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Appropriations, remaining at the end of the first fiscal year, are eligible to be carried forward to the second fiscal year. All appropriations lapse at the end of the two-fiscal year period to the extent that appropriations have not been expended or encumbered. Lease contracts entered into by the City are subject to annual review by the City Council; hence, lease contracts are legally one-fiscal year contracts. These one-fiscal year contracts have an option for renewal for an additional fiscal year.

Budgetary comparison is provided in the accompanying financial statements for the General Fund and Special Revenue Funds. Budgeted revenue and expenditure amounts shown represent the City's originally adopted budget and the budget adjusted for supplemental appropriations. Budget amounts, as adjusted, reported for Governmental Funds of the City, are adopted on a basis consistent with USGAAP. Effective fiscal control for debt service funds is achieved through bond indenture provisions and other management controls. While budgets are prepared for City capital projects funds, capital projects generally extend beyond one fiscal year and are controlled at the project level.

S. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 49

For the fiscal year ended June 30, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations". GASB Statement No. 49 is effective for periods beginning after December 15, 2007. GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and clean ups. The scope of the document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care and nuclear power plant decommissioning.

Implementation of the GASB Statement No. 49 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2009.

T. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 52

For the fiscal year ended June 30, 2009, the City implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments." GASB Statement No. 52 is effective for periods beginning after June 15, 2008. GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

GASB Statement No. 52. requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value.

Implementation of the GASB Statement No. 52, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2009.

Governmental Accounting Standards Board Statement No. 55

For the fiscal year ended June 30, 2009, the City implemented GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." GASB Statement No. 55 is effective as of April 2, 2009. The objective of GASB Statement No. 55 is to incorporate the hierarchy of Generally Accepted Accounting Principles (GAAP) for state and local governments into GASB's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the *preparation* of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles.

Implementation of the GASB Statement No. 55, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2009.

Governmental Accounting Standards Board Statement No. 56

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

Implementation of the GASB Statement No. 56, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2009.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

2. CASH AND INVESTMENTS

A. Cash and investments as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 172,039,247
Cash and investments held by bond trustee	8,714,124
Fiduciary funds:	
Cash and investments	<u>6,222,122</u>
Total cash and investments	<u><u>\$ 186,975,493</u></u>

Cash and investments as of June 30, 2009 consist of the following:

Cash on hand	\$ 16,865
Deposits with financial institutions	1,895,165
Investments	<u>185,063,463</u>
Total cash and investments	<u><u>\$ 186,975,493</u></u>

B. Investments Authorized by the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the City's Investment Policy. The table also identifies certain provisions of the City's Investment Policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the City's Investment Policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Bills	N/A	None	None
Federal Agency Issues	5 years	None	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper	270 days	25%	None
Negotiable Certificates of Deposit (NCD)	5 years	30%	None
Medium-Term Corporate Notes (MTN)	5 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	\$40 million
Mutual Funds	N/A	20%	10%

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

C. Investments Authorized by Debt Agreements

Provisions of the debt agreements, rather than the general provisions of the City's investment policy, govern investments of debt proceeds held by bond trustees. The table, on the next page, identified the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Bills	None	None	None
Federal Agency Issues	None	None	None
Bankers' Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

D. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>	<u>Value</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
Federal Agency Issues	\$ 98,920,124	\$ 1,036,560	\$	\$ 97,883,564	\$
Medium-Term Corporate Notes (MTN)	15,462,520	841,360		14,621,160	
Local Agency Investment Fund (LAIF)	61,966,695	61,966,695			
Held by bond trustee:					
Money market funds	4,558,867	4,558,867			
Commercial Paper	2,380,010	2,380,010			
Investment contracts	1,775,247				1,775,247
Total	\$185,063,463	\$70,783,492	\$	\$112,504,724	\$ 1,775,247

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

E. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments do not include investments that are highly sensitive to interest rate fluctuations beyond those indicated in the information provided on previous pages.

F. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Value	Minimum Legal Rating	Rating as of Year End				Not Rated
			AAA	AA+,AA, AA-	A+, A, A-	BBB+, BB+, BB	
Federal Agency Issues	\$ 98,920,124	N/A	\$ 98,920,124	\$	\$	\$	\$
Medium-Term Corporate Notes	15,462,520	A		5,915,640	5,749,320	3,797,560	
Local Agency Investment Fund	61,966,695	N/A					61,966,695
Held by bond trustee:							
Money market funds	4,558,867	A	4,558,867				
Commercial Paper	2,380,010	A			2,380,010		
Investment contracts	1,775,247	N/A					1,775,247
Total	\$ 185,063,463		\$ 103,478,991	\$ 5,915,640	\$ 8,129,330	\$ 3,797,560	\$ 63,741,942

At the time of the purchase of the investments listed above, all investments were rated A or higher. The City's policy has been to buy investments for the long term and to hold those investments to maturity.

G. Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
FHLB	Federal Agency Issues	\$ 50,362,005
FHLMC	Federal Agency Issues	30,859,730
FFCB	Federal Agency Issues	15,619,405

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

H. Custodial Credit Risk

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

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law.

The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

As of June 30, 2009, none of the City's deposits with financial institutions in excess of Federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2009, City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
Federal Agency Issues	\$ 98,920,124
Corporate medium term notes	15,462,520

I. Investment in State Investment Pool

The City is a voluntary participant in the (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2009

3. RECEIVABLES

The receivables as of fiscal year-end for the governmental and business-type activities, which include individual major funds, non-major funds, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are shown below:

Government accounts receivables:

<u>Governmental</u>	<u>Accounts Receivable</u>	<u>Accrued Revenues</u>	<u>Totals</u>
General Fund	\$	\$ 5,758,923	\$ 5,758,923
General Capital Projects		37,156	37,156
Non-major Funds	1,241,751	4,647,579	5,889,330
Internal Service	9,913		9,913
Totals	<u>\$ 1,251,664</u>	<u>\$ 10,443,658</u>	<u>\$ 11,695,322</u>

Business-type receivables:

<u>Business-type</u>	<u>Accounts Receivable</u>	<u>Other</u>	<u>Gross Receivables</u>	<u>Uncollectible Allowance</u>	<u>Net Total Receivables</u>
Water and Wastewater	\$ 7,860,495	\$ 167,661	\$ 8,028,156	\$ (107,388)	\$ 7,920,768
Solid Waste	466,113	1,114,877	1,580,990	(36,094)	1,544,896
Transit	3,105,607	35,605	3,141,212		3,141,212
Internal Service	9,294		9,294		9,294
Totals	<u>\$ 11,441,509</u>	<u>\$ 1,318,143</u>	<u>\$ 12,759,652</u>	<u>\$ (143,482)</u>	<u>\$ 12,616,170</u>

4. CAPITAL ASSETS

A. Government-wide Financial Statements

A summary of changes in capital assets activity for the City's governmental activities for the fiscal year ended June 30, 2009, is shown on the following page:

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Governmental Activities:	Balances at July 1, 2008	Increases	Decreases	Balances at June 30, 2009
Non-depreciable capital assets:				
Land	\$ 17,770,546	\$ 2,464,100	\$	\$ 20,234,646
Construction in progress	31,638,096	3,623,548	(31,638,096)	3,623,548
Right of Way Infrastructure	12,338,345			12,338,345
Total non-depreciable capital	61,746,987	6,087,648	(31,638,096)	36,196,539
Depreciable capital assets:				
Buildings and Improvements	80,676,396	40,646,406		121,322,802
Equipment	19,066,224	3,193,092	(1,773,692)	20,485,624
Infrastructure	157,572,155	3,363,694	(239,044)	160,696,805
Total depreciable capital assets	257,314,775	47,203,192	(2,012,736)	302,505,231
Less accumulated depreciation:				
Buildings and improvements	(28,718,769)	(1,879,721)		(30,598,490)
Equipment	(10,753,408)	(1,906,097)	1,735,355	(10,924,150)
Infrastructure	(80,928,462)	(5,597,593)	151,920	(86,374,135)
Total accumulated depreciation	(120,400,639)	(9,383,411)	1,887,275	(127,896,775)
Total depreciable capital assets, net	136,914,136	37,819,781	(125,461)	174,608,456
Governmental activities capital assets, net	\$ 198,661,123	\$ 43,907,429	\$ (31,763,557)	\$ 210,804,995

B. Fund Financial Statements

A summary of changes in capital assets activity, by type, for the City's governmental activities for the fiscal year ended June 30, 2009, is as follows:

Net Capital Assets By Type:	Balances at July 1, 2008	Increases	Decreases	Balances at June 30, 2009
Capital Assets	\$ 101,844,661	\$ 45,742,069	\$ (31,463,290)	\$ 116,123,440
Internal Service Fund Assets	7,834,424	399,259	(213,143)	8,020,540
Infrastructure Assets	88,982,038	(2,233,899)	(87,124)	86,661,015
Net Capital Assets by Type	\$ 198,661,123	\$ 43,907,429	\$ (31,763,557)	\$ 210,804,995

The fund financial statements do not present general government capital assets but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

C. Business-Type Capital Assets

A summary of changes in capital assets activity for the City's business-type activities for the fiscal year ended June 30, 2009, is as follows:

Business-type Activities:	Balances at July 1, 2008	Increases	Decreases	Balances at June 30, 2009
Non-depreciable capital assets:				
Land	\$ 12,226,027		\$	\$ 12,226,027
Construction in progress	5,008,042	15,567,409	(5,008,042)	15,567,409
Total non-depreciable capital	17,234,069	15,567,409	(5,008,042)	27,793,436
Depreciable capital assets:				
Buildings and improvement	120,425,918	4,328,991		124,754,909
Equipment and vehicles	26,813,321	2,252,185	(2,256,283)	26,809,223
Total depreciable capital assets	147,239,239	6,581,176	(2,256,283)	151,564,132
Less accumulated depreciation for:				
Building and improvements	(37,789,479)	(3,816,008)		(41,605,487)
Equipment and vehicles	(12,938,638)	(2,183,585)	2,150,092	(12,972,131)
Total accumulated depreciation	(50,728,117)	(5,999,593)	2,150,092	(54,577,618)
Total depreciable capital assets, net	96,511,122	581,583	(106,191)	96,986,514
Business-type activities capital assets, net	\$ 113,745,191	\$ 16,148,992	\$ (5,114,233)	\$ 124,779,950

A summary of changes in capital assets activity, by type, for the City's business-type activities for the fiscal year ended June 30, 2009, is as follows:

Net Capital Assets By Type:	Balances at July 1, 2008	Increases	Decreases	Balances at June 30, 2009
Water and Wastewater	\$ 75,555,352	\$ 13,497,027	\$ (1,642,672)	\$ 87,409,707
Solid Waste	22,865,335	2,241,797	(2,982,022)	22,125,110
Transit	10,428,863	352,572	(299,006)	10,482,429
Internal Service Fund Assets	4,895,641	57,596	(190,533)	4,762,704
Net Capital Assets by Type	\$ 113,745,191	\$ 16,148,992	\$ (5,114,233)	\$ 124,779,950

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2009

D. Depreciation Expense

Depreciation expense of \$15,383,004 was charged to the following functions:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General Government	\$ 120,170	\$	\$ 120,170
Public Safety	199,986		199,986
Public Works	5,636,476		5,636,476
Community Development	14,623		14,623
Library	749,863		749,863
Recreation and Parks	852,234		852,234
Internal Service Fund	1,810,059	1,051,351	2,861,410
Water and Wastewater		2,579,054	2,579,054
Solid Waste		1,779,880	1,779,880
Public Transit		589,308	589,308
	<u>\$ 9,383,411</u>	<u>\$ 5,999,593</u>	<u>\$ 15,383,004</u>

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Due To and From Other Funds

The Due To and From Other Funds are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 26,459	\$
Non-major Governmental Funds		3,419,450
Internal Service Funds	<u>3,392,991</u>	
Total	<u>\$ 3,419,450</u>	<u>\$ 3,419,450</u>

The outstanding balances among funds results from cash advances to non-major funds to correct cash deficits at fiscal year-end. The cash deficits are largely the result of time lags between the dates that expenditures are incurred and cash payments are received, such as occurs in grant funds. The City expects the amounts due the General Fund and Internal Service Funds to be collected in the subsequent fiscal year.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

B. Transfers In and Out

The transfers in and out between funds are shown below:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 4,033,165	\$ 4,975,708
General Capital Projects Fund	2,184,000	33,110
RDA Debt Service Fund	2,476,001	
Non-major Governmental Funds	2,798,657	4,150,608
Water and Wastewater Fund	81,515	470,225
Solid Waste Fund		456,490
Transit Fund		27,310
Internal Service Funds	724,113	2,184,000
Total	<u>\$ 12,297,451</u>	<u>\$ 12,297,451</u>

Interfund transfers are used to (1) move revenues from funds required by statute or budget to collect, to the funds required by statute or budget to expend; (2) to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) to cover negative cash balances in the funds.

C. Advances To and From Funds

The advances to and from other funds are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$13,815,810	\$
RDA Debt Service		13,815,810
	<u>\$13,815,810</u>	<u>\$13,815,810</u>

Advances payable, due to the City from the RDA, originated in 1972. A fixed rate of negative amortization of \$113,466, which represents the accrual of interest, is accrued each fiscal year, as additional advance payable. Additional interest of \$9,561 accrued to the Educational Revenue Augmentation Fund (ERAF) advances between the City and the RDA. The payments to the City do not begin until 2016. The advance payable balance at June 30, 2009 is \$13,815,810.

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2009

6. CAPITAL LEASES

In fiscal year 2001-02, the City entered into a \$6,703,400 capital lease agreement for financing the acquisition of the City's equipment needs. The funds were received and accounted for as restricted cash and investments in the appropriate funds. This lease agreement qualifies as a capital lease for accounting purposes, therefore, has been recorded as the capitalized purchase price in the appropriate funds. All capital lease funds have been used to purchase equipment. The governmental, internal service, and business-type activities funds contribute toward lease payments in the ratio of equipment received.

The lease obligations in governmental, internal service, and enterprise activities were paid in full as of June 30, 2009, as follows:

Balance at July 1, 2008	Principal Payment	Interest Payment	Payment Total	Balance at June 30, 2009
\$ 565,309	\$ 565,309	\$ 18,766	\$ 584,075	\$

7. LONG-TERM DEBT

The following is a summary of the City's bonds, certificates of participation, and long-term liability transactions for the fiscal year ended June 30, 2009:

A. Governmental Activities

Following is a summary of the changes in the governmental funds long-term debt for the fiscal year ended June 30, 2009:

Liabilities	Balance 7/1/2008	Additions	Deletions	Balance 6/30/2009	Due within one year
Bonds payable	\$ 15,255,000	\$	\$ (1,920,000)	\$ 13,335,000	\$ 2,010,000
Add:					
Premium	1,066,631		(133,328)	933,303	
Less: deferred amounts on refunding	(685,859)		85,732	(600,127)	
Total bonds payable	15,635,772		(1,967,596)	13,668,176	2,010,000
Compensated absences	4,919,822	2,867,282	(2,718,940)	5,068,164	3,750,441
OBEB liability	363,344	449,452	(93,363)	719,433	143,886
Property purchase obligation	586,252		(19,525)	566,727	20,112
Claims payable	5,265,683	2,822,539	(263,005)	7,825,217	2,534,901
Capital lease payable	249,485		(249,485)		
Total	\$ 27,020,358	\$ 6,139,272	\$ (5,311,914)	\$ 27,847,717	\$ 8,459,340

City of Santa Maria

Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

Refunding Revenue Bonds Payable

The RDA issued \$23,460,000 of refunding revenue bonds with an average interest rate of 3.8 percent to advance refund \$26.5 million of outstanding 1993 revenue bonds with an average interest rate of 5.1 percent. Payments are due in annual installments ranging from \$2,682,325 to \$1,205,112 through June 1, 2016.

Compensated Absences

The General Fund was primarily responsible for the liquidation of \$2,718,940 of outstanding compensated absences during fiscal year 2008-09. The \$5,068,164 of outstanding compensated absences at June 30, 2009, is also primarily the responsibility of the General Fund over the long term.

OPEB Liability

The General Fund was primarily responsible for the addition of "other post employment benefits" (OPEB) liabilities of \$449,452 during fiscal year 2008-09. Over the long term, the \$719,433 of outstanding OPEB at June 30, 2009, is also primarily the responsibility of the General Fund.

Arbitrage

The Tax Reform Act of 1986 (Act), substantially revised the treatment to be afforded to arbitrage earnings on invested bond proceeds and now requires the City to remit excess arbitrage earnings to the Internal Revenue Service. Certain of the City's debt and interest earned on the proceeds, thereon, fall under the requirements of the Act. The City has made the necessary arbitrage rebate calculations. As of June 30, 2009, the City incurred no rebate liability for the Bonds.

Property Purchase Obligation

On August 27, 2003, the City entered into a Real Property Purchase Agreement for the acquisition of property required in connection with a new City Library project. Yearly payments of \$37,680, which includes principal and interest at 3.003 percent, in addition to a final payment of \$425,000 will continue through September 26, 2016.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Debt Service Requirements to Maturity - Governmental Activities

The annual requirements to amortize outstanding long-term debt of the City's Governmental Activities as of June 30, 2009, excluding amounts for compensated absences, property purchase obligation, and claims payable are shown below:

Fiscal Year Ending June 30,	Refunding Lease Revenue Bond	
	Principal	Interest
2010	\$ 2,010,000	\$ 672,325
2011	2,110,000	571,825
2012	2,215,000	466,325
2013	2,325,000	355,575
2014	2,445,000	239,325
2015-2016	2,230,000	177,187
Total payments	<u>\$ 13,335,000</u>	<u>\$ 2,482,562</u>

B. Business-type Activities

Following is a summary of the changes in the business-type activities long-term debt for the fiscal year ended June 30, 2009:

<u>Long-term Liabilities</u>	<u>Balance 6/30/2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2009</u>	<u>Due within one year</u>
Certificate of participation payable 1993	\$ 14,945,000	\$		\$ 14,945,000	\$ 745,000
Certificate of participation payable 1997 A & B	36,773,798		(1,078,703)	35,695,095	1,110,088
Add: Accretion	22,763,586	1,407,303	(1,206,297)	22,964,592	
Less:					
Deferred by refunding	(5,434,380)		366,051	(5,068,329)	(366,051)
Bond discount	(95,719)		10,265	(85,454)	(10,265)
Total COP's	<u>68,952,285</u>	<u>1,407,303</u>	<u>(1,908,684)</u>	<u>68,450,904</u>	<u>1,478,772</u>
Compensated absences	665,766	574,188	(483,069)	756,885	650,920
OBEB liability	67,415	95,827	(25,207)	138,035	27,607
Claims payable	1,755,227	940,846	(87,668)	2,608,405	844,967
Accrued closure costs	10,092,486	1,697,587		11,790,073	
Capital lease payable	315,824		(315,824)		
Total	<u>\$ 81,849,003</u>	<u>\$ 4,715,751</u>	<u>\$ (2,820,452)</u>	<u>\$ 83,744,302</u>	<u>\$ 3,002,266</u>

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Local Water System and Refunding Project Certificate of Participation issued March 1, 1993:

\$20,898,204 of Water Project Certificates of Participation (COP) was issued for the Water and Wastewater Fund. Payments are due in annual installments ranging from \$574,334 to \$1,416,969 through August 1, 2023, with interest averaging 5.528 percent.

Water and Wastewater Revenue Subordinate Capital Appreciation Certificate of Participation issued October 15, 1997:

\$38,355,942 of Water Project Certificates of Participation (COP) issued for the Water and Wastewater Fund due in annual installments ranging from \$1,001,914 to \$5,093,827 from February 1, 2005 through August 1, 2027, with interest averaging 5.9269 percent. Early redemption periods are August 1, 2012 at 101 percent and, August 1, 2013 at 100 percent.

Debt Service Requirements to Maturity- Business-type Activities:

The annual requirements to amortize outstanding long-term debt of the City's business-type activities as of June 30, 2009, excluding amounts for claims payable, and compensated absences, including interest payments are as follows:

Fiscal Year Ending June 30,	Certificate of Participation (1993)		Certificate of Participation (1997)	
	Principal *	Interest *	Principal *	Interest *
2010	\$ 745,000	\$ 795,187	\$ 1,110,088	\$ 3,423,740
2011	790,000	752,975	1,246,076	3,837,752
2012	830,000	708,425	1,161,438	3,932,390
2013	880,000	661,400	1,216,156	3,877,472
2014	930,000	611,625	1,307,736	3,771,092
2015-2019	5,455,000	2,213,188	7,966,628	17,440,646
2020-2024	5,315,000	595,512	9,341,995	16,098,235
2026-2028			12,344,978	7,545,568
Total debt service payments	<u>\$ 14,945,000</u>	<u>\$ 6,338,312</u>	<u>\$ 35,695,095</u>	<u>\$ 59,926,895</u>

*The principal payment does not include accreted interest. Accreted interest is included as interest in debt service schedule.

Defeased Debt

In prior fiscal years, the Public Finance Authority and the Water and Wastewater Fund defeased certain general obligations and other bonds by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, trust account assets and liability for the defeased bonds are not included in either the Public Financing Authority's or the Water and Wastewater Fund enterprise's financial statements. At June 30, 2009, \$685,000 and \$1,830,000 of bonds outstanding are considered defeased, respectively.

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2009

8. INDIVIDUAL FUND INFORMATION

A. Excess of Expenditures over Appropriations

The following individual non-major special revenue funds reported expenditures exceeding budget:

<u>Fund</u>	<u>Amount Over Budget</u>
Traffic Safety	\$ 71,222
Stowell Parking and Lighting	2,409
Federal and State Asset Forfeiture	32,729
Local Streets	83,720

B. Deficit Fund Equity

The non-major special revenue funds with a deficit fund balance at June 30, 2009, are:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Stowell Parking and Lighting	\$ (15,115)
Workforce Investment Act Grant	(21,404)

The deficit results from timing issues regarding grant funding and property tax receipts.

C. Water and Wastewater Fund

The Water and Wastewater Fund has long-term commitments to purchase water from the State Water Project. The Fund has contracted for 16,200 acre-feet of water per year plus a "drought buffer" of 1,620 acre-feet per year at costs estimated between \$12 and \$20 million per year through 2035. The estimated State Water payments for each of the next five fiscal years, are summarized as follows:

<u>Fiscal Ending June 30</u>	<u>Amount</u>
2010	\$ 16,615,873
2011	19,720,908
2012	19,766,751
2013	19,954,245
2014	15,994,285

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2009

9. EMPLOYEES' RETIREMENT PLANS

A. Pension Plan

Plan Description: The City contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of CalPERS' annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento, CA 95814.

Funding Policy: Participants are required to contribute eight percent (nine percent for public safety employees) of their annual covered salary. The City pays the full-time employee portion of the CalPERS contributions in the amounts of eight percent for miscellaneous employees; and nine percent for public safety employees. The City is required to contribute at an actuarially determined rate for fiscal year 2008-09, the City contribution rate is 22.807 percent for police, 24.191 percent for fire, and 12.728 percent for miscellaneous. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Annual Pension Cost: For fiscal year 2009, the City's annual pension cost of \$8.1 million for CalPERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions are unchanged from the prior fiscal year and include: (a) 7.75 percent investment rate of return (net of administrative expenses); (b) projected annual salary increases that vary by duration of service; and (c) 2.00 percent per fiscal year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). CalPERS initial unfunded actuarial accrued liability was amortized as a level percentage of projected payrolls on a closed basis. The amortization period of initial unfunded actuarial accrued liability is completed at June 30, 2009. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plans are amortized over an open 13-year period, which results in an amortization of 10 percent of unamortized gains and losses each year. If the plan had an accrued liability exceeding the actuarial value of plan assets, then the amortization payment of the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period. Below is a schedule of employer contributions (in thousands) for pension benefits.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

B. Defined Contribution Pension Plan

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2007	\$ 6,429	100%	\$ 0
6/30/2008	7,110	100%	0
6/30/2009	8,048	100%	0

All 19-hour limited service employees and employees not covered by CalPERS are covered by the Public Agency Retirement System (PARS), pursuant to the requirements of 3121 (b)(7)(F) of the Internal Revenue Service code. PARS is a Defined Contribution Plan qualifying under 401(a) and 501 of the Internal Revenue Service code. Plan provisions may only be amended by City Council action.

Contributions of 3.75 percent of covered compensation are made by the City and eligible employees. Contributions of \$71,035 were made during the fiscal year ending June 30, 2009. The total amount of covered compensation was \$947,133. All eligible employees are covered by the plan, are fully vested, and may withdraw 100 percent of the value of employee's account upon separation from the City or reaching the age of 70½. City liabilities are limited to the amount of current contributions.

C. Defined Contribution Pension Plan

The account summary, on the following page, reports the additions and distributions during fiscal year 2008-09:

Beginning Balance		\$ 237,655
Plus:		
Contributions	\$ 71,035	
Year-to-Date Earnings	5,743	
Subtotal		76,778
Less:		
Year-to-date expenses	5,482	
Distributions	61,641	
Subtotal		67,123
Ending Balance		<u>\$ 247,310</u>

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2009

10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description: The City provides post-retirement health benefits, in accordance with State statutes, to all employees retiring from the City and enrolled in an insurance program under the California Public Employees' Medical and Hospital Care Act (PEMHCA). The CalPERS PEMHCA Plan is a defined contribution, multiple employer, healthcare plan providing benefits to active and retired employees. The healthcare plan is administered by the California Public Employees Retirement Agency. Copies of the CalPERS annual financial report may be obtained from the Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy: PEMHCA determines the amount contributed by the City toward retiree health insurance. Currently, the City is required to contribute \$101 per month toward the cost of the retiree health insurance, which is the same amount contributed toward active employee health insurance. The balance of the premium, averaging approximately \$638 per month, is paid directly by the retirees to CalPERS. The mandatory employer contribution for active and retiree health insurance is increased annually in accordance with PEMHCA regulations. Beginning in calendar 2009, the contribution amount will increase by the annual consumer price index increase. During fiscal year 2008-09, expenditures of \$103,570 were recognized for post-retirement health insurance contributions on a pay-as-you-go basis.

The City is required to record the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate is 1.61 percent of annual covered payroll.

Annual OPEB Cost: For fiscal year 2008-09, the City's annual OPEB cost (expense) of \$493,247 was equal to the ARC. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation of 2008-09 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/09	\$ 530,280	20%	\$ 426,710

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

be used to reduce the actuarial accrued liability shown above. The decision to not use an irrevocable trust was made because of the current National and State economic issues and the possibility that the funds may be required to provide current services to the residents of the community.

11. RISK MANAGEMENT

The City is partially self-insured for workers' compensation and liability claims and fully self-insured for unemployment claims. The City has been partially self-insured for workers' compensation since July 1, 1978.

City, RDA, and the Santa Maria Public Finance Authority property is covered for all risks, per occurrence of \$1,000,000,000 through the California Public Entity Property Program. Various unique risks, (i.e., boilers, machinery, and data processing equipment) are fully insured. The City contracts for liability insurance with Exclusive Risk Management Authority of California providing excess liability insurance of \$15 million per claim in excess of the City's self-insured retention of \$250,000.

The City maintains a \$500,000 self-insured retention (SIR) for workers' compensation claims. The Local Agency Workers' Compensation Excess (LAWCX) Joint Powers Insurance Authority provides insurance in excess of the City's SIR, and \$2 million in employer liability. The City's Insurance Fund is financed through contributions made by the City's General and Proprietary funds.

Third party administration provides data on estimated claim liabilities (paid and reserves). As of June 30, 2009, the estimated outstanding liability was \$8,756,537 for workers' compensation and \$1,677,094 for general liability. Such amounts have been accrued in the accompanying combined financial statements' Internal Service Insurance Fund. At June 30, 2009, the estimated liability for claims payable is \$10,433,631. The City's liability for claims payable is based on claims reserves established by the claims administrators and actuarial studies. The claims liability includes an allowance for incurred, but not reported losses.

Insurance Claims Payable

	<u>2007-08</u>	<u>2008-09</u>
Claims payable at July 1	\$ 7,405,560	\$ 7,020,910
Claims incurred during the fiscal year	603,110	3,763,385
Payments on claims during the fiscal year	<u>(987,760)</u>	<u>(350,673)</u>
Claims and judgements payable at June 30	<u>\$ 7,020,910</u>	<u>\$ 10,433,622</u>

12. LOW INCOME HOUSING SET ASIDE

Pursuant to the State of California Health/Safety Code, Section 33334.6, the RDA recognizes a liability of 20 percent of tax increment funds received as a future obligation to provide

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

funds for low income housing. The obligation will be met with tax increment funds received after all bond and other indebtedness is repaid. The amount recognized, but not recorded to date is \$4,297,315.

13. DESIGNATED FUND BALANCE

The General Fund designates a portion of Fund Balance for future contingencies. Two amounts are unreserved, but designated for the following specific events:

Designated for emergency - \$17,778,760

The General Fund set aside an amount equal to four months of appropriations for use in an emergency. A formal emergency would be declared before these funds would be used for operations.

Designated for other post employment benefits - \$6,798,520

The Governmental Accounting Standards Board (GASB) requires the City to implement GASB Statement Numbers 43 and 45 as of June 30, 2008. GASB Statement Numbers 43 and 45 provide new accounting and financial reporting standards for "other postemployment benefits." In preparation for the implementation, the City contracted for an actuarial valuation of the value of health insurance subsidies provided to retirees. This actuarial valuation calculated the present value of future benefits to current employees to be \$6,798,520. The City's General Fund designated a portion of the fund balance for this future liability.

14. PRIOR PERIOD ADJUSTMENTS

Two prior period adjustments, both dealing with receivables, were completed this fiscal year. An entry increasing fund balance in the General Fund and net assets in the Governmental Funds was recorded to correct facility rental deposits of \$97,620 that were incorrectly carried as a receivable rather than reported as revenues in prior periods. The second entry corrects the double posting of a grant receivable at June 30, 2008 to the Street Grant Fund. The grant receivable and the fund balance were both overstated by \$425,812 at June 30, 2008. The Street Grant Fund is a non-major governmental fund.

The impact of the prior period adjustment on the Statement of Activities is as follows:

	Governmental Activities	Business-type Activities	Total
Beginning net assets	\$ 279,944,365	\$ 153,986,331	\$ 433,930,696
Total prior period adjustments	(328,192)		(328,192)
Beginning net assets, restated	<u>\$ 279,616,173</u>	<u>\$ 153,986,331</u>	<u>\$ 433,602,504</u>

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

The impact of the prior period adjustment on the individual fund is as follows:

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Beginning fund balance	\$ 50,835,098	\$ 17,094,176	\$ 77,512,995
Correction of receivable at 6/30/08	97,620	(425,812)	(328,192)
Beginning net assets, restated	<u>\$ 50,932,718</u>	<u>\$ 16,668,364</u>	<u>\$ 77,184,803</u>

15. RECONCILIATION - ENTERPRISE NET ASSETS

The proprietary fund statement of net assets includes a reconciliation between *net assets-total enterprise funds* and *net assets of business-type activities* as reported in the government-wide statement of net assets. The description of the sole element of that reconciliation is "Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds." The details of this \$873,856 difference are shown as follows:

Internal receivable representing charges less than cost to business-type activities - current fiscal year.	<u>\$ (873,856)</u>
Net adjustment to decrease net assets - total enterprise funds to arrive at net assets - business-type activities.	<u>\$ (873,856)</u>

Required Supplementary Information



City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2009

1. BUDGETARY INFORMATION

The following are budget comparison schedules for the General Fund:

*Budget Comparison Schedule, General Fund
For the Fiscal Year Ended June 30, 2009*

	Budget Amounts		Actual	Variance Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 33,020,780	\$ 33,020,780	\$ 30,143,517	\$ (2,877,263)
Permits, fines and forfeitures	2,115,300	2,115,300	1,464,519	(650,781)
Revenues from use of money	1,775,170	1,775,170	2,693,614	918,444
Aid from governmental agencies	8,014,480	8,930,850	9,190,759	259,909
Charges for current services	5,782,170	5,654,441	10,086,527	4,432,086
Other revenue	248,070	250,470	794,914	544,444
Total revenues	50,955,970	51,747,011	54,373,850	2,626,839
EXPENDITURES:				
Current:				
General government	8,148,110	8,140,950	8,262,292	121,342
Community development	3,125,490	3,178,081	2,621,092	(556,989)
Public safety	29,109,070	29,696,528	29,159,756	(536,772)
Recreation and parks	8,067,850	8,088,200	7,848,478	(239,722)
Public works	2,300,140	2,807,303	2,504,886	(302,417)
Capital outlay	89,500	766,648	406,370	(360,278)
Debt service:				
Principal	799,000	723,700		(723,700)
Interest and fiscal charges	859,830	770,000		(770,000)
Total expenditures	52,498,990	54,171,410	50,802,874	(3,368,536)
REVENUES OVER (UNDER) EXPENDITURES	(1,543,020)	(2,424,399)	3,570,976	5,995,375
OTHER FINANCING SOURCES (USES):				
Transfers in	4,022,770	4,007,983	4,033,165	(25,182)
Transfers out	(2,136,850)	(2,708,060)	(4,975,708)	2,267,648
Total other financing sources (uses)	1,885,920	1,299,923	(942,543)	2,242,466
Net change in fund balance	\$ 342,900	\$ (1,124,476)	2,628,433	\$ 3,752,909
FUND BALANCE:				
Beginning of fiscal year			50,835,098	
Prior period adjustment			97,620	
Beginning fund balance, restated			50,932,718	
End of fiscal year			\$ 53,561,151	

See Accompanying Note to Required Supplementary Information.

City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION, Continued

For the Fiscal Year Ended June 30, 2009

2. MODIFICATION TO ADOPTED BUDGET (Note to Required Supplementary Information)

The City Council is responsible for the adoption of the City's two fiscal year budget. As of the effective date of the budget, the proposed expenditure amounts reported in the City's two fiscal year budget, become appropriations to City departments. The City Council has the authority to amend the budget by motion during the two-year period, while the City Manager is authorized to transfer funds among major expenditure categories within the same fund. However, any revisions altering the total fund balance must be approved by the City Council.

Remaining appropriations at the end of the first fiscal year of the two fiscal year budget are eligible to be carried forward to the second fiscal year. At the end of the second fiscal year, all appropriations lapse unless encumbered. Because lease contracts are subject to annual review by the City Council, these contracts are legally one year contracts with an option for renewal for another fiscal year.

The City's originally adopted budget and the budget amended for supplemental appropriations during the course of the fiscal year are reported in the Required Supplementary Information. Budget amounts reported for governmental funds of the City are adopted on a basis consistent with USGAAP.

City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION, Continued

For the Fiscal Year Ended June 30, 2009

3. DEFINED PENSION PLAN

The following table provides required supplementary information regarding the City's CalPERS Plan:

Schedule of Funding Progress (in thousands)

Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL as a % of Covered Payroll
6/30/04						
Misc.	\$ 83,680	\$ 87,424	\$ 3,744	95.7%	\$ 13,769	27.2%
Police	45,739	51,415	5,676	89.0%	7,122	79.7%
Fire	21,974	26,251	4,277	83.7%	3,737	114.5%
Total	<u>\$ 151,393</u>	<u>\$ 165,090</u>	<u>\$ 13,697</u>	<u>91.7%</u>	<u>\$ 24,628</u>	<u>55.6%</u>
6/30/05						
Misc.	\$ 89,281	\$ 95,438	\$ 6,157	93.5%	\$ 14,481	42.5%
Police	49,845	56,709	6,864	87.9%	7,696	89.2%
*Fire						
Total	<u>\$ 139,126</u>	<u>\$ 152,147</u>	<u>\$ 13,021</u>	<u>91.4%</u>	<u>\$ 22,177</u>	<u>58.7%</u>
6/30/06						
Misc.	\$ 101,980	\$ 102,425	\$ 445	99.6%	\$ 15,540	2.9%
Police	57,694	61,811	4,117	93.3%	8,106	50.8%
*Fire						
Total	<u>\$ 159,674</u>	<u>\$ 164,236</u>	<u>\$ 4,562</u>	<u>97.2%</u>	<u>\$ 23,646</u>	<u>19.3%</u>
6/30/07						
Misc.	\$ 120,845	\$ 109,701	\$ (11,144)	110.2%	\$ 17,321	(64.3)%
Police	69,270	66,932	(2,338)	103.5%	7,825	(29.9)%
*Fire						
Total	<u>\$ 190,115</u>	<u>\$ 176,633</u>	<u>\$ (13,482)</u>	<u>107.6%</u>	<u>\$ 25,146</u>	<u>(53.6)%</u>
6/30/08						
Misc.	\$ 113,479	\$ 118,221	\$ 4,742	96.0%	\$ 18,498	26 %
Police	65,652	73,631	7,979	89.2%	8,984	89 %
*Fire						
Total	<u>\$ 179,131</u>	<u>\$ 191,852</u>	<u>\$ 12,721</u>	<u>93.4%</u>	<u>\$ 27,482</u>	<u>46 %</u>

*Fire - The City's Fire employees were combined into a CalPERS risk pool. The City is not reported separately, therefore, GASB Statement Number 27 does not require the City to report the pool funding status.

City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION, Continued For the Fiscal Year Ended June 30, 2009

4. SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT HEALTHCARE COSTS

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

Schedule of Funding Progress

<u>Valuation Date</u>	<u>Actuarial Asset Value</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
6/30/08	\$	\$ 3,332,851	\$ 3,332,851	0.0%	\$ 30,596,487	10.9%
6/30/09		4,143,411	4,143,411	0.0%	34,380,964	12.1%

Supplementary Information

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

Library Fund - The Library Fund accounts for resources used to provide library services to north county residents in the communities of Santa Maria, Cuyama, Guadalupe, and Orcutt.

Traffic Safety Fund - The Traffic Safety Fund is used to account for fines and penalties received from traffic law violations. Funds received are used to support safety operations.

Drainage Districts Fund - The Drainage Districts Fund accounts for resources used to provide drainage in specific areas of the City.

Land Acquisition Tax Fund - The Land Acquisition Tax Fund is used to account for receipts and use of subdivision in-lieu tax for the acquisition of parks.

Growth Mitigation Fund - The Growth Mitigation Fund accounts for the receipt of developer and user fees as approved under the State of California Assembly Bill 1600.

Residential Development Tax Fund - The Residential Development Tax Fund accounts for the development and rehabilitation of parks.

Landscape Maintenance Fund - The Landscape Maintenance Fund accounts for property tax revenues that are restricted to providing landscaping to specific areas in the City.

Stowell Parking and Lighting Assessment Fund - The Stowell Parking and Lighting Assessment Fund is used to account for property tax revenues that are restricted to providing lighting and landscaping to the Stowell Plaza Shopping Center.

Business Attraction Loan Fund - The Business Attraction Loan Fund is used to account for a revolving loan program aimed at attracting new businesses, expanding, and retaining existing businesses in the community.

Supplemental Law Enforcement Service Grant Fund - The Supplemental Law Enforcement Service Grant Fund accounts for resources provided to units of local government to underwrite projects to reduce crime and improve public safety.

Federal and State Asset Forfeiture Fund - The Federal and State Asset Forfeiture Fund is used to account for Federal and State drug assets forfeiture funds received by the City.

Gas Tax Fund, Street Grant Fund, and Local Street Fund - The Gas Tax Fund, Street Grant Fund, and Local Street Fund account for resources from gas taxes collected by the State; Federal and State grant programs; and local projects financed by a ½ cent Santa Barbara County sales tax.

Workforce Investment Act Grant Fund - The Workforce Investment Act Grant Fund is used to account for grant proceeds aimed at providing training to at risk students.

Redevelopment Agency Fund - The Redevelopment Agency Fund accounts for monies from incremental property tax revenues that are restricted to redevelop of the downtown area of the City.

DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS

Public Access Television Fund - The Public Access Television Fund accounts for resources provided to fund a studio, equipment, and personnel to produce and broadcast television articles in the areas of government, public information, and public access for private citizens.

Debt Service Fund

Public Financing Authority Fund - The Public Financing Authority Fund accounts for the debt requirement of the Public Financing Authority.

Capital Projects Fund

Community Development Fund - The Community Development Fund was established to account for receipts from Community Development Block Grant Funds for special projects in the City.

City of Santa Maria
COMBINING BALANCE SHEET
Non-major Governmental Funds
June 30, 2009

	Special Revenue Funds				
	Library	Traffic Safety	Drainage Districts	Land Acquisition Tax	Growth Mitigation
ASSETS					
Cash and investments	\$ 746,650	\$	\$ 268,374	\$ 1,338,619	\$ 944,830
Cash with fiscal agent					
Accounts receivable	14,613			9,638	7,736
Accrued revenue receivable		70,935	1,933		
Loans receivable					
Total assets	<u>\$ 761,263</u>	<u>\$ 70,935</u>	<u>\$ 270,307</u>	<u>\$ 1,348,257</u>	<u>\$ 952,566</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 79,492	\$ 36,050	\$ 8	\$ 15,704	\$ 317,695
Matured interest payable					
Due to other funds					
Accrued payroll	66,235				
Deferred revenue	1,200				
Total liabilities	<u>146,927</u>	<u>36,050</u>	<u>8</u>	<u>15,704</u>	<u>317,695</u>
Fund balances:					
Reserved for:					
Encumbrances	22,407			17,428	749,146
Debt service					
Unreserved, undesignated	591,929	34,885	270,299	1,315,125	(114,275)
Total fund balances	<u>614,336</u>	<u>34,885</u>	<u>270,299</u>	<u>1,332,553</u>	<u>634,871</u>
Total liabilities and fund balances	<u>\$ 761,263</u>	<u>\$ 70,935</u>	<u>\$ 270,307</u>	<u>\$ 1,348,257</u>	<u>\$ 952,566</u>

Special Revenue Funds					
Residential Development Tax	Landscape Maintenance	Stowell Parking and Lighting	Business Attraction Loan	Supplemental Law Enforcement Service Grant	Federal and State Asset Forfeiture
\$ 86,680	\$ 2,626,247	\$ 11,931	\$ 634,780	\$ 94,701	\$ 299,391
624	18,939	86	4,571	12,975	47,289
			555,400		
<u>\$ 87,304</u>	<u>\$ 2,645,186</u>	<u>\$ 12,017</u>	<u>\$ 1,194,751</u>	<u>\$ 107,676</u>	<u>\$ 346,680</u>
\$ 2	\$ 203,798	\$ 1,673	\$ 19	\$ 10	\$ 1,996
	11,582	25,459	555,400	105,560	
<u>2</u>	<u>215,380</u>	<u>27,132</u>	<u>555,419</u>	<u>105,570</u>	<u>1,996</u>
	51,667				
<u>87,302</u>	<u>2,378,139</u>	<u>(15,115)</u>	<u>639,332</u>	<u>2,106</u>	<u>344,684</u>
<u>87,302</u>	<u>2,429,806</u>	<u>(15,115)</u>	<u>639,332</u>	<u>2,106</u>	<u>344,684</u>
<u>\$ 87,304</u>	<u>\$ 2,645,186</u>	<u>\$ 12,017</u>	<u>\$ 1,194,751</u>	<u>\$ 107,676</u>	<u>\$ 346,680</u>

(continued)

City of Santa Maria
COMBINING BALANCE SHEET
Non-major Governmental Funds
June 30, 2009

	Special Revenue Funds				
	Gas Tax	Street Grant	Local Streets	Workforce Investment Act Grant	Redevelopment Agency
ASSETS					
Cash and investments	\$ 3,778,177	\$ 23,635	\$ 9,167	\$	\$ 97,469
Cash with fiscal agent					
Accounts receivable	348,226	1,991	826,049	27,585	
Accrued revenue receivable		4,307,969	28,976	400	3,185
Loans receivable					
Total assets	<u>\$ 4,126,403</u>	<u>\$ 4,333,595</u>	<u>\$ 864,192</u>	<u>\$ 27,985</u>	<u>\$ 100,654</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 82,231	\$ 53,493	\$ 72,775	\$ 9,600	\$ 3
Matured interest payable					
Due to other funds		3,353,202		39,789	1,000
Accrued payroll			49,727		
Deferred revenue	115,775				
Total liabilities	<u>198,006</u>	<u>3,406,695</u>	<u>122,502</u>	<u>49,389</u>	<u>1,003</u>
Fund balances:					
Reserved for:					
Encumbrances	96,652	237,076			
Debt service					
Unreserved, undesignated	3,831,745	689,824	741,690	(21,404)	99,651
Total fund balances	<u>3,928,397</u>	<u>926,900</u>	<u>741,690</u>	<u>(21,404)</u>	<u>99,651</u>
Total liabilities and fund balances	<u>\$ 4,126,403</u>	<u>\$ 4,333,595</u>	<u>\$ 864,192</u>	<u>\$ 27,985</u>	<u>\$ 100,654</u>

<u>Special Revenue Funds</u>		<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Public Access Television</u>	<u>Total Special Revenue Funds</u>	<u>Public Financing Authority</u>	<u>Community Development</u>	
\$ 164,000	\$ 11,124,651	\$	\$ 291,319	\$ 11,415,970
		391,215		391,215
1,256	1,241,751			1,241,751
50	4,493,275		154,304	4,647,579
	555,400		3,452,954	4,008,354
<u>\$ 165,306</u>	<u>\$ 17,415,077</u>	<u>\$ 391,215</u>	<u>\$ 3,898,577</u>	<u>\$ 21,704,869</u>
\$ 569	\$ 875,118	\$	\$ 113,060	\$ 988,178
		13,652		13,652
	3,419,450			3,419,450
4,580	132,124			132,124
	777,935		3,452,954	4,230,889
<u>5,149</u>	<u>5,204,627</u>	<u>13,652</u>	<u>3,566,014</u>	<u>8,784,293</u>
	1,174,376		14,102	1,188,478
		377,563		377,563
<u>160,157</u>	<u>11,036,074</u>	<u></u>	<u>318,461</u>	<u>11,354,535</u>
<u>160,157</u>	<u>12,210,450</u>	<u>377,563</u>	<u>332,563</u>	<u>12,920,576</u>
<u>\$ 165,306</u>	<u>\$ 17,415,077</u>	<u>\$ 391,215</u>	<u>\$ 3,898,577</u>	<u>\$ 21,704,869</u>

(concluded)

City of Santa Maria

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Non-major Governmental Funds

For the Fiscal Year Ended June 30, 2009

	Special Revenues Funds				
	Library	Traffic Safety	Drainage Districts	Land Acquisition Tax	Growth Mitigation
REVENUES:					
Taxes	\$	\$	\$	\$	\$
Permits, fines and forfeitures		500,316			
Revenues from use of money	24,554		9,044	50,081	398,577
Aid from governmental agencies	1,044,647				
Charges for current services	408,328			175,848	1,950,827
Other	9,011	11,599			
Total revenues	1,486,540	511,915	9,044	225,929	2,349,404
EXPENDITURES:					
Current:					
Community development					
Public safety		96,222			
Recreation and parks					
Public works					
Library	3,019,728				
Capital outlay				521,276	6,737,532
Debt service:					
Interest and fiscal charges					17,603
Total expenditures	3,019,728	96,222		521,276	6,755,135
Excess (deficiency) of revenues over expenditures	(1,533,188)	415,693	9,044	(295,347)	(4,405,731)
Other financing sources (uses):					
Transfers in	1,787,000				
Transfers out		(424,466)			
Total other financing sources (uses)	1,787,000	(424,466)			
Net change in fund balances	253,812	(8,773)	9,044	(295,347)	(4,405,731)
FUND BALANCES:					
Beginning of fiscal year	360,524	43,658	261,255	1,627,900	5,040,602
Prior period adjustments					
Beginning of fiscal year, restated	360,524	43,658	261,255	1,627,900	5,040,602
End of fiscal year	\$ 614,336	\$ 34,885	\$ 270,299	\$ 1,332,553	\$ 634,871

Special Revenues Funds					
Residential Development Tax	Landscape Maintenance	Stowell Parking and Lighting	Business Attraction Loan	Supplemental Law Enforcement Service Grant	Federal and State Asset Forfeiture
\$ 171,368	\$ 2,522,730	\$ 48,041	\$	\$	\$
1,141	78,297	362	49,357	10,967	9,900
	44,904	155		226,043	107,203
	912		53,769		
<u>172,509</u>	<u>2,646,843</u>	<u>48,558</u>	<u>103,126</u>	<u>237,010</u>	<u>117,103</u>
			437,000		33,828
	2,275,775	22,236			
	795,501				
		3,049			
	<u>3,071,276</u>	<u>25,285</u>	<u>437,000</u>		<u>33,828</u>
<u>172,509</u>	<u>(424,433)</u>	<u>23,273</u>	<u>(333,874)</u>	<u>237,010</u>	<u>83,275</u>
	581,740				
	<u>(166,733)</u>	<u>(350)</u>		<u>(240,382)</u>	
	415,007	(350)		(240,382)	
<u>172,509</u>	<u>(9,426)</u>	<u>22,923</u>	<u>(333,874)</u>	<u>(3,372)</u>	<u>83,275</u>
(85,207)	2,439,232	(38,038)	973,206	5,478	261,409
<u>(85,207)</u>	<u>2,439,232</u>	<u>(38,038)</u>	<u>973,206</u>	<u>5,478</u>	<u>261,409</u>
<u>\$ 87,302</u>	<u>\$ 2,429,806</u>	<u>\$ (15,115)</u>	<u>\$ 639,332</u>	<u>\$ 2,106</u>	<u>\$ 344,684</u>

(continued)

City of Santa Maria

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Non-major Governmental Funds (continued)

For the Fiscal Year Ended June 30, 2009

	Special Revenue Funds				
	Gas Tax	Street Grant	Local Streets	Workforce Investment Act Grant	Redevelopment Agency
REVENUES:					
Taxes	\$ 2,134,088	\$	\$ 4,062,420	\$	\$ 1,204,652
Permits, fines and forfeitures					
Revenues from use of money	114,161		27,010		39,856
Aid from governmental agencies		3,392,440		136,653	
Charges for current services			49,871		
Other					
Total revenues	2,248,249	3,392,440	4,139,301	136,653	1,244,508
EXPENDITURES:					
Current:					
Community development					
Public safety					
Recreation and parks				145,269	
Public works			2,529,573		
Library					
Capital outlay	1,428,669	2,333,030	1,239,747		
Debt service:					
Interest and fiscal charges					
Total expenditures	1,428,669	2,333,030	3,769,320	145,269	
Excess (deficiency) of revenues over expenditures	819,580	1,059,410	369,981	(8,616)	1,244,508
Other financing sources (uses):					
Transfers in			307,510		89,297
Transfers out	(653,500)		(1,167,940)		(1,242,300)
Total other financing sources (uses)	(653,500)		(860,430)		(1,153,003)
Net change in fund balances	166,080	1,059,410	(490,449)	(8,616)	91,505
FUND BALANCES:					
Beginning of fiscal year	3,762,317	293,302	1,232,139	(12,788)	8,146
Prior period adjustments		(425,812)			
Beginning of fiscal year, restated	3,762,317	(132,510)	1,232,139	(12,788)	8,146
End of fiscal year	\$ 3,928,397	\$ 926,900	\$ 741,690	\$ (21,404)	\$ 99,651

Special Revenue Funds		Debt Service	Capital Projects	Total
Public Access Television	Total Special Revenue Funds	Public Financing Authority	Community Development	Non-major Governmental Funds
\$	\$ 10,143,299	\$	\$	\$ 10,143,299
	500,316			500,316
4,509	817,816		1,849	819,665
	4,907,141		888,216	5,795,357
213,482	2,843,260			2,843,260
225	75,516		1,050	76,566
218,216	19,287,348		891,115	20,178,463
210,028	647,028		642,992	1,290,020
	130,050			130,050
	2,421,044			2,421,044
	2,551,809			2,551,809
	3,019,728			3,019,728
3,324	13,059,079			13,059,079
	20,652	81,918		102,570
213,352	21,849,390	81,918	642,992	22,574,300
4,864	(2,562,042)	(81,918)	248,123	(2,395,837)
	2,765,547	33,110		2,798,657
(10,930)	(3,906,601)		(244,007)	(4,150,608)
(10,930)	(1,141,054)	33,110	(244,007)	(1,351,951)
(6,066)	(3,703,096)	(48,808)	4,116	(3,747,788)
166,223	16,339,358	426,371	328,447	17,094,176
	(425,812)			(425,812)
166,223	15,913,546	426,371	328,447	16,668,364
\$ 160,157	\$ 12,210,450	\$ 377,563	\$ 332,563	\$ 12,920,576

(concluded)

City of Santa Maria

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Non-major Governmental Funds

For the Fiscal Year Ended June 30, 2009

	Special Revenues Funds				
	Library	Traffic Safety	Drainage Districts	Land Acquisition Tax	Growth Mitigation
REVENUES:					
Taxes	\$	\$	\$	\$	\$
Permits, fines and forfeitures		500,316			
Revenues from use of money	24,554		9,044	50,081	398,577
Aid from governmental agencies	1,044,647				
Charges for current services	408,328			175,848	1,950,827
Other	9,011	11,599			
Total revenues	1,486,540	511,915	9,044	225,929	2,349,404
EXPENDITURES:					
Current:					
Community development					
Public safety		96,222			
Recreation and parks					
Public works					
Library	3,019,728				
Capital outlay				521,276	6,737,532
Debt service:					
Interest and fiscal charges					17,603
Total expenditures	3,019,728	96,222		521,276	6,755,135
Excess (deficiency) of revenues over expenditures	(1,533,188)	415,693	9,044	(295,347)	(4,405,731)
Other financing sources (uses):					
Transfers in	1,787,000				
Transfers out		(424,466)			
Total other financing sources (uses)	1,787,000	(424,466)			
Net change in fund balances	253,812	(8,773)	9,044	(295,347)	(4,405,731)
FUND BALANCES:					
Beginning of fiscal year	360,524	43,658	261,255	1,627,900	5,040,602
Prior period adjustments					
Beginning of fiscal year, restated	360,524	43,658	261,255	1,627,900	5,040,602
End of fiscal year	\$ 614,336	\$ 34,885	\$ 270,299	\$ 1,332,553	\$ 634,871

Special Revenues Funds					
Residential Development Tax	Landscape Maintenance	Stowell Parking and Lighting	Business Attraction Loan	Supplemental Law Enforcement Service Grant	Federal and State Asset Forfeiture
\$ 171,368	\$ 2,522,730	\$ 48,041	\$	\$	\$
1,141	78,297	362	49,357	10,967	9,900
	44,904	155		226,043	107,203
	912		53,769		
<u>172,509</u>	<u>2,646,843</u>	<u>48,558</u>	<u>103,126</u>	<u>237,010</u>	<u>117,103</u>
			437,000		33,828
	2,275,775				
	795,501	22,236			
		3,049			
	<u>3,071,276</u>	<u>25,285</u>	<u>437,000</u>		<u>33,828</u>
<u>172,509</u>	<u>(424,433)</u>	<u>23,273</u>	<u>(333,874)</u>	<u>237,010</u>	<u>83,275</u>
	581,740				
	(166,733)	(350)		(240,382)	
	415,007	(350)		(240,382)	
<u>172,509</u>	<u>(9,426)</u>	<u>22,923</u>	<u>(333,874)</u>	<u>(3,372)</u>	<u>83,275</u>
(85,207)	2,439,232	(38,038)	973,206	5,478	261,409
<u>(85,207)</u>	<u>2,439,232</u>	<u>(38,038)</u>	<u>973,206</u>	<u>5,478</u>	<u>261,409</u>
<u>\$ 87,302</u>	<u>\$ 2,429,806</u>	<u>\$ (15,115)</u>	<u>\$ 639,332</u>	<u>\$ 2,106</u>	<u>\$ 344,684</u>

(continued)

City of Santa Maria

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Non-major Governmental Funds (continued)

For the Fiscal Year Ended June 30, 2009

	Special Revenue Funds				
	Gas Tax	Street Grant	Local Streets	Workforce Investment Act Grant	Redevelopment Agency
REVENUES:					
Taxes	\$ 2,134,088	\$	\$ 4,062,420	\$	\$ 1,204,652
Permits, fines and forfeitures					
Revenues from use of money	114,161		27,010		39,856
Aid from governmental agencies		3,392,440		136,653	
Charges for current services			49,871		
Other					
Total revenues	2,248,249	3,392,440	4,139,301	136,653	1,244,508
EXPENDITURES:					
Current:					
Community development					
Public safety					
Recreation and parks				145,269	
Public works			2,529,573		
Library					
Capital outlay	1,428,669	2,333,030	1,239,747		
Debt service:					
Interest and fiscal charges					
Total expenditures	1,428,669	2,333,030	3,769,320	145,269	
Excess (deficiency) of revenues over expenditures	819,580	1,059,410	369,981	(8,616)	1,244,508
Other financing sources (uses):					
Transfers in			307,510		89,297
Transfers out	(653,500)		(1,167,940)		(1,242,300)
Total other financing sources (uses)	(653,500)		(860,430)		(1,153,003)
Net change in fund balances	166,080	1,059,410	(490,449)	(8,616)	91,505
FUND BALANCES:					
Beginning of fiscal year	3,762,317	293,302	1,232,139	(12,788)	8,146
Prior period adjustments		(425,812)			
Beginning of fiscal year, restated	3,762,317	(132,510)	1,232,139	(12,788)	8,146
End of fiscal year	\$ 3,928,397	\$ 926,900	\$ 741,690	\$ (21,404)	\$ 99,651

Special Revenue Funds		Debt Service	Capital Projects	Total Non-major Governmental Funds
Public Access Television	Total Special Revenue Funds	Public Financing Authority	Community Development	
\$	\$ 10,143,299	\$	\$	\$ 10,143,299
	500,316			500,316
4,509	817,816		1,849	819,665
	4,907,141		888,216	5,795,357
213,482	2,843,260			2,843,260
225	75,516		1,050	76,566
218,216	19,287,348		891,115	20,178,463
210,028	647,028		642,992	1,290,020
	130,050			130,050
	2,421,044			2,421,044
	2,551,809			2,551,809
	3,019,728			3,019,728
3,324	13,059,079			13,059,079
	20,652	81,918		102,570
213,352	21,849,390	81,918	642,992	22,574,300
4,864	(2,562,042)	(81,918)	248,123	(2,395,837)
(10,930)	2,765,547	33,110	(244,007)	2,798,657
	(3,906,601)			(4,150,608)
(10,930)	(1,141,054)	33,110	(244,007)	(1,351,951)
(6,066)	(3,703,096)	(48,808)	4,116	(3,747,788)
166,223	16,339,358	426,371	328,447	17,094,176
	(425,812)			(425,812)
166,223	15,913,546	426,371	328,447	16,668,364
\$ 160,157	\$ 12,210,450	\$ 377,563	\$ 332,563	\$ 12,920,576

(concluded)

City of Santa Maria

BUDGETARY COMPARISON SCHEDULES

Special Revenue Funds

For the Fiscal Year Ended June 30, 2009

	Library		Variance Over (Under)
	Budget	Actual	
REVENUES:			
Taxes	\$	\$	\$
Permits, fines and forfeitures			
Revenues from use of money and property	8,290	24,554	16,264
Aid from governmental agencies	986,670	1,044,647	57,977
Charges for current services	405,982	408,328	2,346
Other revenues	9,935	9,011	(924)
Total revenues	1,410,877	1,486,540	75,663
EXPENDITURES:			
Current:			
Community development			
Public safety			
Recreation and parks			
Public works			
Library	3,329,402	3,019,728	(309,674)
Capital outlay			
Debt service:			
Interest and fiscal charges			
Total expenditures	3,329,402	3,019,728	(309,674)
Excess (deficiency) of revenues over expenditures	(1,918,525)	(1,533,188)	385,337
Other financing sources (uses):			
Transfers in	1,787,000	1,787,000	
Transfers out			
Total other financing sources (uses):	1,787,000	1,787,000	
Net change in fund balances	\$ (131,525)	253,812	\$ 385,337
FUND BALANCES:			
Beginning of fiscal year		360,524	
Prior period adjustments			
Beginning of fiscal year, restated		360,524	
End of fiscal year		\$ 614,336	

Traffic Safety			Drainage Districts		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
\$ 335,000	\$ 500,316	\$ 165,316	\$ 5,150	\$ 9,044	\$ 3,894
	11,599	11,599			
<u>335,000</u>	<u>511,915</u>	<u>176,915</u>	<u>5,150</u>	<u>9,044</u>	<u>3,894</u>
25,000	96,222	71,222			
<u>25,000</u>	<u>96,222</u>	<u>71,222</u>			
<u>310,000</u>	<u>415,693</u>	<u>105,693</u>	<u>5,150</u>	<u>9,044</u>	<u>3,894</u>
<u>(310,000)</u>	<u>(424,466)</u>	<u>114,466</u>			
<u>(310,000)</u>	<u>(424,466)</u>	<u>114,466</u>			
<u>\$</u>	<u>(8,773)</u>	<u>\$ (8,773)</u>	<u>\$ 5,150</u>	<u>9,044</u>	<u>\$ 3,894</u>
	43,658			261,255	
	<u>43,658</u>			<u>261,255</u>	
	<u>\$ 34,885</u>			<u>\$ 270,299</u>	

(continued)

City of Santa Maria

BUDGETARY COMPARISON SCHEDULES

Special Revenue Funds, Continued

For the Fiscal Year Ended June 30, 2009

	Land Acquisition Tax		Variance Over (Under)
	Budget	Actual	
REVENUES:			
Taxes	\$	\$	\$
Permits, fines and forfeitures			
Revenues from use of money and property	28,000	50,081	22,081
Aid from governmental agencies			
Charges for current services	420,700	175,848	(244,852)
Other revenues			
Total revenues	448,700	225,929	(222,771)
EXPENDITURES:			
Current:			
Community development			
Public safety			
Recreation and parks			
Public works			
Library			
Capital outlay	1,007,779	521,276	(486,503)
Debt service:			
Interest and fiscal charges			
Total expenditures	1,007,779	521,276	(486,503)
Excess (deficiency) of revenues over expenditures	(559,079)	(295,347)	263,732
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Net change in fund balances	\$ (559,079)	(295,347)	\$ 263,732
FUND BALANCES:			
Beginning of fiscal year		1,627,900	
Prior period adjustments			
Beginning of fiscal year, restated		1,627,900	
End of fiscal Year		\$ 1,332,553	

Growth Mitigation			Residential Development Tax		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
\$	\$	\$	\$ 445,000	\$ 171,368	\$ (273,632)
187,000	398,577	211,577		1,141	
2,497,593	1,950,827	(546,766)			
<u>2,684,593</u>	<u>2,349,404</u>	<u>(335,189)</u>	<u>445,000</u>	<u>172,509</u>	<u>(272,491)</u>
12,703,540	6,737,532	(5,966,008)			
	17,603	17,603			
<u>12,703,540</u>	<u>6,755,135</u>	<u>(5,948,405)</u>			
<u>(10,018,947)</u>	<u>(4,405,731)</u>	<u>5,613,216</u>	<u>445,000</u>	<u>172,509</u>	<u>(272,491)</u>
<u>\$ (10,018,947)</u>	<u>(4,405,731)</u>	<u>\$ 5,613,216</u>	<u>\$ 445,000</u>	<u>172,509</u>	<u>\$ (272,491)</u>
	5,040,602			(85,207)	
	<u>5,040,602</u>			<u>(85,207)</u>	
	<u>\$ 634,871</u>			<u>\$ 87,302</u>	

(continued)

City of Santa Maria

BUDGETARY COMPARISON SCHEDULES

Special Revenue Funds, Continued

For the Fiscal Year Ended June 30, 2009

	Landscape Maintenance		Variance Over (Under)
	Budget	Actual	
REVENUES:			
Taxes	\$ 2,893,835	\$ 2,522,730	\$ (371,105)
Permits, fines and forfeitures			
Revenues from use of money and property	14,000	78,297	64,297
Aid from governmental agencies			
Charges for current services		44,904	44,904
Other revenues		912	912
Total revenues	<u>2,907,835</u>	<u>2,646,843</u>	<u>(260,992)</u>
EXPENDITURES:			
Current:			
Community development			
Public safety			
Recreation and parks	4,015,774	2,275,775	(1,739,999)
Public works			
Library			
Capital outlay	954,792	795,501	(159,291)
Debt service:			
Interest and fiscal charges			
Total expenditures	<u>4,970,566</u>	<u>3,071,276</u>	<u>(1,899,290)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,062,731)</u>	<u>(424,433)</u>	<u>1,638,298</u>
Other financing sources (uses):			
Transfers in	625,109	581,740	(43,369)
Transfers out	<u>(210,102)</u>	<u>(166,733)</u>	<u>(43,369)</u>
Total other financing sources (uses):	<u>415,007</u>	<u>415,007</u>	
Net change in fund balances	<u>\$ (1,647,724)</u>	<u>(9,426)</u>	<u>\$ 1,638,298</u>
FUND BALANCES:			
Beginning of fiscal year		2,439,232	
Prior period adjustments			
Beginning of fiscal year, restated		<u>2,439,232</u>	
End of fiscal year		<u>\$ 2,429,806</u>	

Stowell Parking and Lighting			Business Attraction Loan		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
\$ 46,821	\$ 48,041	\$ 1,220	\$	\$	\$
400	362	(38)	21,800	49,357	27,557
150	155	5			
			47,720	53,769	6,049
<u>47,371</u>	<u>48,558</u>	<u>1,187</u>	<u>69,520</u>	<u>103,126</u>	<u>33,606</u>
			437,000	437,000	
19,826	22,236	2,410			
3,050	3,049	(1)			
<u>22,876</u>	<u>25,285</u>	<u>2,409</u>	<u>437,000</u>	<u>437,000</u>	
24,495	23,273	(1,222)	(367,480)	(333,874)	33,606
(350)	(350)				
(350)	(350)				
<u>\$ 24,145</u>	<u>22,923</u>	<u>\$ (1,222)</u>	<u>\$ (367,480)</u>	<u>(333,874)</u>	<u>\$ 33,606</u>
	(38,038)			973,206	
	<u>(38,038)</u>			<u>973,206</u>	
	<u>\$ (15,115)</u>			<u>\$ 639,332</u>	

(continued)

City of Santa Maria

BUDGETARY COMPARISON SCHEDULES

Special Revenue Funds, Continued

For the Fiscal Year Ended June 30, 2009

	Supplemental Law Enforcement Service Grant		
	Budget	Actual	Variance Over (Under)
REVENUES:			
Taxes	\$	\$	\$
Permits, fines and forfeitures			
Revenues from use of money and property	5,000	10,967	5,967
Aid from governmental agencies	128,000	226,043	98,043
Charges for current services			
Other revenues			
	<u>133,000</u>	<u>237,010</u>	<u>104,010</u>
EXPENDITURES:			
Current:			
Community development			
Public safety			
Recreation and parks			
Public works			
Library			
Capital outlay			
Debt service:			
Interest and fiscal charges			
	<u> </u>	<u> </u>	<u> </u>
Total expenditures			
	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues over expenditures	<u>133,000</u>	<u>237,010</u>	<u>104,010</u>
Other financing sources (uses):			
Transfers in			
Transfers out	(128,000)	(240,382)	112,382
	<u>(128,000)</u>	<u>(240,382)</u>	<u>112,382</u>
Total other financing sources (uses):	<u>(128,000)</u>	<u>(240,382)</u>	<u>112,382</u>
Net change in fund balances	<u>\$ 5,000</u>	<u>(3,372)</u>	<u>\$ (8,372)</u>
FUND BALANCES:			
Beginning of fiscal year		5,478	
Prior period adjustments		<u> </u>	
Beginning of fiscal year, restated		<u>5,478</u>	
End of fiscal year		<u>\$ 2,106</u>	

Federal and State Asset Forfeiture			Gas Tax		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
\$	\$	\$	\$ 2,490,540	\$ 2,134,088	\$ (356,452)
5,000	9,900 107,203	4,900 107,203	67,000	114,161	47,161
5,000	117,103	112,103	2,557,540	2,248,249	(309,291)
1,099	33,828	32,729			
			3,543,049	1,428,669	(2,114,380)
1,099	33,828	32,729	3,543,049	1,428,669	(2,114,380)
3,901	83,275	79,374	(985,509)	819,580	1,805,089
			(646,000)	(653,500)	7,500
			(646,000)	(653,500)	7,500
\$ 3,901	83,275	\$ 79,374	\$ (1,631,509)	166,080	\$ 1,797,589
	261,409			3,762,317	
	261,409			3,762,317	
	\$ 344,684			\$ 3,928,397	

(continued)

City of Santa Maria

BUDGETARY COMPARISON SCHEDULES

Special Revenue Funds, Continued

For the Fiscal Year Ended June 30, 2009

	Street Grant		Variance Over (Under)
	Budget	Actual	
REVENUES:			
Taxes	\$	\$	\$
Permits, fines and forfeitures			
Revenues from use of money and property			
Aid from governmental agencies	4,417,000	3,392,440	(1,024,560)
Charges for current services			
Other revenues			
Total revenues	4,417,000	3,392,440	(1,024,560)
EXPENDITURES:			
Current:			
Community development			
Public safety			
Recreation and parks			
Public works			
Library			
Capital outlay	12,336,875	2,333,030	(10,003,845)
Debt service:			
Interest and fiscal charges			
Total expenditures	12,336,875	2,333,030	(10,003,845)
Excess (deficiency) of revenues over expenditures	(7,919,875)	1,059,410	8,979,285
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Net change in fund balances	\$ (7,919,875)	1,059,410	\$ 8,979,285
FUND BALANCES:			
Beginning of fiscal year		293,302	
Prior period adjustments		(425,812)	
Beginning of fiscal year, restated		(132,510)	
End of fiscal year		\$ 926,900	

Local Streets			Workforce Investment Act Grant		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
\$ 5,036,300	\$ 4,062,420	\$ (973,880)	\$	\$	\$
10,000	27,010	17,010	140,000	136,653	(3,347)
11,850	49,871	38,021			
<u>5,058,150</u>	<u>4,139,301</u>	<u>(918,849)</u>	<u>140,000</u>	<u>136,653</u>	<u>(3,347)</u>
2,845,600	2,529,573	(316,027)	205,923	145,269	(60,654)
840,000	1,239,747	399,747			
<u>3,685,600</u>	<u>3,769,320</u>	<u>83,720</u>	<u>205,923</u>	<u>145,269</u>	<u>(60,654)</u>
<u>1,372,550</u>	<u>369,981</u>	<u>(1,002,569)</u>	<u>(65,923)</u>	<u>(8,616)</u>	<u>57,307</u>
210,000	307,510	97,510			
<u>(1,167,940)</u>	<u>(1,167,940)</u>				
<u>(957,940)</u>	<u>(860,430)</u>	<u>97,510</u>			
<u>\$ 414,610</u>	<u>(490,449)</u>	<u>\$ (905,059)</u>	<u>\$ (65,923)</u>	<u>(8,616)</u>	<u>\$ 57,307</u>
	1,232,139			(12,788)	
	<u>1,232,139</u>			<u>(12,788)</u>	
	<u>\$ 741,690</u>			<u>\$ (21,404)</u>	

(continued)

City of Santa Maria

BUDGETARY COMPARISON SCHEDULES

Special Revenue Funds, Continued

For Fiscal Year Ended June 30, 2009

	Redevelopment Agency		Variance Over (Under)
	Budget	Actual	
REVENUES:			
Taxes	\$ 1,161,500	\$ 1,204,652	\$ 43,152
Permits, fines and forfeitures			
Revenues from use of money and property	34,800	39,856	5,056
Aid from governmental agencies			
Charges for current services			
Other revenues			
Total revenues	1,196,300	1,244,508	48,208
EXPENDITURES:			
Current:			
Community development			
Public safety			
Recreation and parks			
Public works			
Library			
Capital outlay			
Debt service:			
Interest and fiscal charges			
Total expenditures			
Excess (deficiency) of revenues over expenditures	1,196,300	1,244,508	48,208
Other financing sources (uses):			
Transfers in		89,297	89,297
Transfers out	(1,196,300)	(1,242,300)	(46,000)
Total other financing sources (uses):	(1,196,300)	(1,153,003)	43,297
Net change in fund balances	\$	91,505	\$ 91,505
FUND BALANCES:			
Beginning of fiscal year		8,146	
Prior period adjustments			
Beginning of fiscal year, restated		8,146	
End of fiscal year		\$ 99,651	

Public Access Television		
Budget	Actual	Variance Over (Under)
\$	\$	\$
2,500	4,509	2,009
218,530	213,482	(5,048)
	225	225
<u>221,030</u>	<u>218,216</u>	<u>(2,814)</u>
215,910	210,028	(5,882)
4,300	3,324	(976)
<u>220,210</u>	<u>213,352</u>	<u>(6,858)</u>
<u>820</u>	<u>4,864</u>	<u>4,044</u>
<u>(10,930)</u>	<u>(10,930)</u>	
<u>(10,930)</u>	<u>(10,930)</u>	
<u>\$ (10,110)</u>	<u>(6,066)</u>	<u>\$ 4,044</u>
	166,223	
	<u>166,223</u>	
	<u>\$ 160,157</u>	

(concluded)



INTERNAL SERVICE FUNDS

Fleet Service Fund - The Fleet Service Fund is used to fund the operation, maintenance, and timely replacement of the City's fleet of vehicles and related equipment.

Business Equipment Fund - The Business Equipment Fund is used to finance and account for the maintenance and replacement of business equipment used by City departments.

Insurance Fund - The Insurance Fund provides and charges other City funds for liability, property, and workers' compensation insurance.



City of Santa Maria

COMBINING STATEMENT OF NET ASSETS

Internal Service Funds

June 30, 2009

ASSETS	Fleet Service	Business Equipment	Insurance	Total
Current:				
Cash and investments	\$ 6,455,427	\$ 3,866,949	\$ 21,880,300	\$ 32,202,676
Accounts receivable, net	17,971		1,236	19,207
Deposits			180,000	180,000
Prepaid expenses		104,965		104,965
Inventory	30,068			30,068
Due from other funds			3,392,991	3,392,991
Total current assets	<u>6,503,466</u>	<u>3,971,914</u>	<u>25,454,527</u>	<u>35,929,907</u>
Noncurrent assets:				
Restricted cash and investments				
Total noncurrent assets				
Capital assets:				
Construction in progress	115,821			115,821
Facilities	763,975			763,975
Equipment	19,217,811	7,509,162		26,726,973
Less: accumulated depreciation	(10,572,197)	(4,251,328)		(14,823,525)
Net capital assets	<u>9,525,410</u>	<u>3,257,834</u>		<u>12,783,244</u>
Total assets	<u>16,028,876</u>	<u>7,229,748</u>	<u>25,454,527</u>	<u>48,713,151</u>
LIABILITIES				
Current liabilities:				
Accounts payable	208,278	108,759	129,769	446,806
Wages payable	15,791		5,206	20,997
Debt due within one year			3,379,868	3,379,868
Total current liabilities	<u>224,069</u>	<u>108,759</u>	<u>3,514,843</u>	<u>3,847,671</u>
Noncurrent:				
Accrued compensated absences	36,889		27,761	64,650
OPEB liability	10,294		3,430	13,724
Claims payable			7,053,754	7,053,754
Total noncurrent liabilities	<u>47,183</u>		<u>7,084,945</u>	<u>7,132,128</u>
Total liabilities	<u>271,252</u>	<u>108,759</u>	<u>10,599,788</u>	<u>10,979,799</u>
NET ASSETS				
Invested in capital assets, net of related debt	9,525,410	3,257,834		12,783,244
Unrestricted	<u>6,232,214</u>	<u>3,863,155</u>	<u>14,854,739</u>	<u>24,950,108</u>
Total net assets	<u>\$ 15,757,624</u>	<u>\$ 7,120,989</u>	<u>\$ 14,854,739</u>	<u>\$ 37,733,352</u>



City of Santa Maria

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

Internal Service Funds

For the Fiscal Year Ended June 30, 2009

	Fleet Service	Business Equipment	Insurance	Total
OPERATING REVENUES:				
Charges for current services	\$ 4,804,934	\$ 487,957	\$ 2,158,044	\$ 7,450,935
Other revenue	4,630		10,441	15,071
Total operating revenues	4,809,564	487,957	2,168,485	7,466,006
OPERATING EXPENSES:				
Salaries, wages and benefits	570,899		173,999	744,898
Materials and supplies	1,417,597	110,555	1,043,936	2,572,088
Equipment maintenance and operation	763,435	233,924	1,358	998,717
Depreciation	2,102,702	758,708		2,861,410
Contracts and services	342,806		4,719,134	5,061,940
Capital outlay	143,909			143,909
Total operating expenses	5,341,348	1,103,187	5,938,427	12,382,962
OPERATING INCOME (LOSS)	(531,784)	(615,230)	(3,769,942)	(4,916,956)
NONOPERATING REVENUES (EXPENSES):				
Interest income			794,803	794,803
Gain (loss) on sale of equipment	207,289	(7,230)		200,059
Interest expense	(14,436)			(14,436)
Total nonoperating revenues (expenses)	192,853	(7,230)	794,803	980,426
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS				
	(338,931)	(622,460)	(2,975,139)	(3,936,530)
Capital contributions	808,732	670,149		1,478,881
Transfers in			724,113	724,113
Transfers out			(2,184,000)	(2,184,000)
Change in net assets	469,801	47,689	(4,435,026)	(3,917,536)
NET ASSETS:				
Beginning of fiscal year	15,287,823	7,073,300	19,289,765	41,650,888
End of fiscal year	<u>\$ 15,757,624</u>	<u>\$ 7,120,989</u>	<u>\$ 14,854,739</u>	<u>\$ 37,733,352</u>



City of Santa Maria

COMBINING STATEMENT OF CASH FLOWS

Internal Service Funds

For the Fiscal Year Ended June 30, 2009

	Fleet Service	Business Equipment	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts for current services	\$ 4,919,291	\$ 487,957	\$ 4,936,533	\$ 10,343,781
Payments for goods and services	(3,355,663)	(245,431)	(2,303,165)	(5,904,259)
Payments to employees	(600,025)		(168,495)	(768,520)
Net cash provided by (used for) operating activities	963,603	242,526	2,464,873	3,671,002
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out other funds			(1,459,887)	(1,459,887)
Net cash provided by (used for) noncapital financing activities			(1,459,887)	(1,459,887)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(327,870)	(438,931)		(766,801)
Capital lease payments	(434,878)			(434,878)
Proceeds from sale of assets	81,228			81,228
Capital lease interest payments	(14,436)			(14,436)
Net cash provided by (used for) capital and related financing activities	(695,956)	(438,931)		(1,134,887)
CASH FLOW FROM INVESTING ACTIVITIES:				
Interest on investments			794,803	794,803
Net cash provided by (used for) investing activities			794,803	794,803
Net increase (decrease) in cash and cash equivalents	267,647	(196,405)	1,799,789	1,871,031
CASH AND CASH EQUIVALENTS:				
Beginning of fiscal year	6,187,780	4,063,354	20,080,511	30,331,645
End of fiscal year	<u>\$ 6,455,427</u>	<u>\$ 3,866,949</u>	<u>\$ 21,880,300</u>	<u>\$ 32,202,676</u>

(continued)

City of Santa Maria

COMBINING STATEMENT OF CASH FLOWS

Internal Service Funds, continued

For the Fiscal Year Ended June 30, 2009

	Fleet Service	Business Equipment	Insurance	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (531,784)	\$ (615,230)	\$ (3,769,942)	\$ (4,916,956)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,102,702	758,708		2,861,410
Changes in assets and liabilities:				
Accounts receivable	109,727		32,003	141,730
Inventory	(69,644)			(69,644)
Prepaid expenses		12,045		12,045
Accounts payable	(183,394)	87,003	51,647	(44,744)
Accrued payroll	(461)		701	240
Due to other funds			2,736,045	2,736,045
Claims payable			3,412,712	3,412,712
Lease payable	(434,878)			(434,878)
OPEB liability	4,694		1,707	6,401
Compensated absences payable	(33,359)			(33,359)
Total adjustments	1,495,387	857,756	6,234,815	8,587,958
Net cash provided by (used for) operating activities	\$ 963,603	\$ 242,526	\$ 2,464,873	\$ 3,671,002
NON CASH ACTIVITY:				
Contributed capital assets	\$ 808,732	\$ 670,149	\$	\$ 1,478,881

(concluded)

FIDUCIARY FUNDS

Agency Funds:

Treasurer's Trust - The Treasurer's Trust fund accounts for the receipt and disposition of deposits held for others.

Maintenance Annuity Fund - The Maintenance Annuity Fund accounts for developer deposits earning interest income for the purpose of subsidizing property tax revenue on annexed property.

Twitchell Management Authority - The Twitchell Management Authority Fund accounts for the financial transactions of a court-mandated committee that monitors and manages the groundwater basin.



City of Santa Maria
STATEMENT OF NET ASSETS
Agency Funds
June 30, 2009

Assets	<u>Treasurer's Trust</u>	<u>Maintenance Annuity Fund</u>	<u>Twitchell Mgmt Authority</u>	<u>Total Agency Funds</u>
Cash and investments	\$ 5,648,273	\$ 191,160	\$ 382,689	\$ 6,222,122
PH Development Trust	115,531			115,531
Accounts receivable	13,717		132,739	146,456
Total Assets	<u>\$ 5,777,521</u>	<u>\$ 191,160</u>	<u>\$ 515,428</u>	<u>\$ 6,484,109</u>
Liabilities				
Other trust deposits	<u>\$ 5,777,521</u>	<u>\$ 191,160</u>	<u>\$ 515,428</u>	<u>\$ 6,484,109</u>
Total Liabilities	<u>\$ 5,777,521</u>	<u>\$ 191,160</u>	<u>\$ 515,428</u>	<u>\$ 6,484,109</u>

City of Santa Maria

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Agency Funds

For the Fiscal Year Ended June 30, 2009

<u>Treasurer's Trust</u>	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009
Assets:				
Cash and investments	\$ 5,885,286	\$ 776,620	\$ 1,013,633	\$ 5,648,273
PH Development Trust	114,606	925		115,531
Accounts receivable	19,696	13,806	19,785	13,717
Total assets	<u>\$ 6,019,588</u>	<u>\$ 791,351</u>	<u>\$ 1,033,418</u>	<u>\$ 5,777,521</u>
Liabilities - trust deposits:				
Other trust deposits	\$ 6,019,588	\$ 791,351	\$ 1,033,418	\$ 5,777,521
Total liabilities - trust deposits	<u>\$ 6,019,588</u>	<u>\$ 791,351</u>	<u>\$ 1,033,418</u>	<u>\$ 5,777,521</u>
<u>Maintenance Annuity Fund</u>	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009
Assets:				
Cash and investments	\$ 191,160	\$	\$	\$ 191,160
PH Development Trust				
Accounts receivable				
Total assets	<u>\$ 191,160</u>	<u>\$</u>	<u>\$</u>	<u>\$ 191,160</u>
Liabilities - trust deposits:				
Other trust deposits	\$ 191,160	\$	\$	\$ 191,160
Total liabilities - trust deposits	<u>\$ 191,160</u>	<u>\$</u>	<u>\$</u>	<u>\$ 191,160</u>

<u>Twitchell Management Authority</u>	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Assets:				
Cash and investments	\$	\$ 523,109	\$ 140,420	\$ 382,689
Accounts receivable		132,739		132,739
Total assets	<u>\$</u>	<u>\$ 655,848</u>	<u>\$ 140,420</u>	<u>\$ 515,428</u>
Liabilities - trust deposits:				
Other trust deposits	\$	\$ 655,848	\$ 140,420	\$ 515,428
Total liabilities - trust deposits	<u>\$</u>	<u>\$ 655,848</u>	<u>\$ 140,420</u>	<u>\$ 515,428</u>
<u>Total Agency Funds</u>	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Assets:				
Cash and investments	\$ 6,076,446	\$ 1,299,729	\$ 1,154,053	\$ 6,222,122
PH Development Trust	114,606	925		115,531
Accounts receivable	19,696	146,545	19,785	146,456
Total assets	<u>\$ 6,210,748</u>	<u>\$ 1,447,199</u>	<u>\$ 1,173,838</u>	<u>\$ 6,484,109</u>
Liabilities - trust deposits:				
Other trust deposits	\$ 6,210,748	\$ 1,447,199	\$ 1,173,838	\$ 6,484,109
Total liabilities - trust deposits	<u>\$ 6,210,748</u>	<u>\$ 1,447,199</u>	<u>\$ 1,173,838</u>	<u>\$ 6,484,109</u>





STATISTICAL SECTION





City of Santa Maria

STATISTICAL NARRATIVE

For the Fiscal Year Ended June 30, 2009

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	S-2
Revenue Capacity	
These schedules contain information to help assess the government's most significant local revenue sources.	S-14
Debt Capacity	
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S-22
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	S-30
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S-36

SOURCES:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant fiscal year.

City of Santa Maria
NET ASSETS BY COMPONENT
Last Seven Fiscal Years

	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	\$ 159,817,031	\$ 166,104,150	\$ 148,170,994	\$ 164,037,582
Restricted	21,015,648	33,989,896	54,128,546	57,270,454
Unrestricted	38,771,216	45,960,199	31,794,190	28,177,053
Total governmental activities net assets	<u>219,603,895</u>	<u>246,054,245</u>	<u>234,093,730</u>	<u>249,485,089</u>
Business-type activities:				
Invested in capital assets, net of related debt	26,750,132	35,265,605	34,172,030	36,417,715
Restricted				10,293,386
Unrestricted	73,202,992	74,616,875	81,399,676	90,024,778
Total business-type activities net assets	<u>99,953,124</u>	<u>109,882,480</u>	<u>115,571,706</u>	<u>136,735,879</u>
Primary government:				
Invested in capital assets, net of related debt	186,567,163	201,369,755	182,343,024	200,455,297
Restricted	21,015,648	33,989,896	54,128,546	67,563,840
Unrestricted	111,974,208	120,577,074	113,193,866	118,201,831
Total primary government net assets	<u>\$ 319,557,019</u>	<u>\$ 355,936,725</u>	<u>\$ 349,665,436</u>	<u>\$ 386,220,968</u>

The *City of Santa Maria* implemented GASB Statement Number 34 for the fiscal year. Information prior to the implementation of GASB Statement Number 34 is not available.

2007	2008	2009	2010	2011	2012
\$ 175,266,893	\$ 182,189,614	\$ 196,570,092	\$	\$	\$
59,165,908	63,741,146	53,394,252			
31,742,343	34,013,605	30,983,737			
<u>266,175,144</u>	<u>279,944,365</u>	<u>280,948,081</u>			
39,926,984	38,946,983	79,293,638			
10,366,777	10,425,720	10,156,406			
94,072,663	104,613,628	68,311,239			
<u>144,366,424</u>	<u>153,986,331</u>	<u>157,761,283</u>			
215,193,877	221,136,597	270,709,947			
69,532,685	74,166,866	63,550,658			
125,815,006	138,627,233	104,448,759			
<u>\$ 410,541,568</u>	<u>\$ 433,930,696</u>	<u>\$ 438,709,364</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

City of Santa Maria

CHANGES IN NET ASSETS

Last Seven Fiscal Years

	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 4,350,656	\$ 6,381,187	\$ 7,167,095	\$ 10,838,467
Public safety	15,997,541	17,128,740	23,820,953	26,861,561
Public works	19,780,197	15,022,719	17,847,164	23,247,129
Library	1,444,338	1,356,390	2,823,034	(2,540,803)
Community development	3,419,160	2,230,758	2,773,784	5,354,419
Recreation and parks	5,830,343	10,229,711	8,915,152	7,732,441
Interest & fiscal charges	1,087,565	2,251,095	1,155,240	1,012,761
Total governmental activities expenses	51,909,800	54,600,600	64,502,422	72,505,975
Business-type activities:				
Water and wastewater	26,622,954	24,424,189	25,846,300	25,396,688
Solid Waste	9,748,850	14,108,035	17,632,587	14,719,075
Public transit	2,653,005	2,909,670	3,036,658	4,010,199
Total business-type activities expenses	39,024,809	41,441,894	46,515,545	44,125,962
Total primary government net assets	90,934,609	96,042,494	111,017,967	116,631,937
Program Revenues				
Governmental activities:				
Charges for services:				
General government	3,647,735	7,354,336	8,623,290	7,373,878
Public safety	1,476,660	2,485,278	1,993,990	2,360,254
Public works	3,838,690	5,049,735	4,591,386	5,912,584
Library	108,447	1,433,635	1,898,624	484,672
Community development	7,729,959	6,069,546	1,138,034	598,555
Recreation and parks	839,500	3,419,914	1,589,646	1,559,721
Operating grants and contributions	10,977,678	3,624,524	9,779,756	13,583,260
Capital grants and contributions	13,773,902	5,280,680	6,162,270	10,656,453
Total governmental activities revenues	42,392,571	34,717,648	35,776,996	42,529,377
Business-type activities:				
Charges for services:				
Water and wastewater	23,816,759	25,614,811	27,088,908	29,136,959
Solid waste	15,120,695	15,179,091	17,344,393	16,610,624
Public transit	279,951	220,635	400,279	1,513,204
Operating grants and contributions	1,729,020	1,468,127	530,849	
Capital grants and contributions	4,435,083	5,220,037	4,648,308	2,785,136
Total business-type activities program revenues	45,381,508	47,702,701	50,012,737	50,045,923
Total primary government program revenues	87,774,079	82,420,349	85,789,733	92,575,300

	2007	2008	2009	2010	2011	2012
\$	7,766,992	\$ 9,114,122	\$ 11,161,958	\$	\$	\$
	27,153,605	29,959,234	31,138,825			
	23,509,786	19,871,330	12,464,751			
	3,148,153	1,179,798	4,255,495			
	4,178,098	5,580,313	3,934,760			
	8,748,523	11,814,315	13,764,775			
	1,172,202	592,818	778,946			
	<u>75,677,359</u>	<u>78,111,930</u>	<u>77,499,510</u>			
	30,606,551	31,394,738	34,782,630			
	14,851,056	15,828,140	18,013,667			
	4,439,395	4,952,170	5,331,516			
	<u>49,897,002</u>	<u>52,175,048</u>	<u>58,127,813</u>			
	<u>125,574,361</u>	<u>130,286,978</u>	<u>135,627,323</u>			
	7,961,580	8,548,672	7,863,933			
	2,812,013	2,726,261	2,896,162			
	4,260,310	3,588,859	3,014,599			
	363,131	648,651	491,201			
	775,939	533,133	302,321			
	1,275,582	1,395,784	1,009,008			
	16,600,659	18,423,969	12,602,578			
	8,506,395	4,965,521	2,650,002			
	<u>42,555,609</u>	<u>40,830,850</u>	<u>30,829,804</u>			
	31,709,915	31,664,089	33,139,664			
	16,882,214	17,018,873	16,796,317			
	777,109	5,519,825	1,658,181			
	<u>3,235,816</u>	<u>3,926,821</u>	<u>8,061,279</u>			
	<u>52,605,054</u>	<u>58,129,608</u>	<u>59,655,441</u>			
	<u>95,160,663</u>	<u>98,960,458</u>	<u>90,485,245</u>			

Continued

City of Santa Maria

CHANGES IN NET ASSETS, Continued

Last Seven Fiscal Years

	2003	2004	2005	2006
Net (expense)/revenue				
Governmental activities	(9,517,229)	(19,882,952)	(28,725,426)	(29,976,598)
Business-type activities	6,356,699	6,260,807	3,497,192	5,919,961
Total primary government net expense	(3,160,530)	(13,622,145)	(25,228,234)	(24,056,637)
General revenues and other changes in net assets				
Governmental Activities:				
Taxes				
Property taxes	5,771,665	5,945,044	5,939,368	7,307,768
Sales taxes	17,212,263	19,468,534	17,025,452	16,439,093
Franchise taxes	1,379,024	3,118,187	3,241,690	3,341,810
Other taxes	1,011,711	5,401,346	5,254,380	5,448,241
Motor vehicle in-lieu tax	4,637,721	3,759,879	6,495,388	6,574,470
Use of money and property	3,108,159	1,790,385	3,260,601	3,240,223
Other revenues	1,376,845	3,942,501	406,890	233,078
Loss on sale of assets	(53,128)			
Intergovernmental revenues - unrestricted	154,001	421,016	329,709	503,668
Extraordinary items		3,189,390		
Contributions	538,542			
Transfers	(936,688)	(702,980)	729,160	2,294,130
Total governmental activities	34,200,115	46,333,302	42,682,638	45,382,481
Business-type activities:				
Use of money and property	2,612,547	1,783,060	2,679,472	2,251,316
Other revenues	1,011,044	119,378		
Loss on sale of assets	(113,595)			
Extraordinary items		1,063,131		
Contributions	383,294			
Transfers	936,688	702,980	(729,160)	(2,294,130)
Total business-type activities	4,829,978	3,668,549	1,950,312	(42,814)
Total primary activities	39,030,093	50,001,851	44,632,950	45,339,667
Change in net assets				
Governmental activities	24,682,886	26,450,350	13,957,212	15,405,883
Business-type activities	11,186,677	9,929,356	5,447,504	5,877,147
Total primary government	\$ 35,869,563	\$ 36,379,706	\$ 19,404,716	\$ 21,283,030

The *City of Santa Maria* implemented GASB Statement Number 34 for the fiscal year ended June 30, 2003.

Information prior to the implementation of GASB Statement Number 34 is not available.

2007	2008	2009	2010	2011	2012
(33,121,750)	(37,281,080)	(46,669,706)			
2,708,052	5,954,560	1,527,628			
(30,413,698)	(31,326,520)	(45,142,078)			
9,067,171	9,749,641	9,336,050			
17,672,381	18,060,497	15,906,435			
3,443,105	3,600,993	3,427,069			
5,473,587	5,865,742	5,483,960			
6,937,373	7,291,040	7,136,333			
5,805,704	4,927,456	4,602,199			
429,121	234,577	340,869			
512,842	447,845	531,217			
872,510	872,510	1,237,482			
50,213,794	51,050,301	48,001,614			
5,481,556	4,428,857	3,484,806			
(872,510)	(872,510)	(1,237,482)			
4,609,046	3,556,347	2,247,324			
54,822,840	54,606,648	50,248,938			
17,092,044	13,769,221	1,331,908			
7,317,098	9,510,907	3,774,952			
\$ 24,409,142	\$ 23,280,128	\$ 5,106,860	\$	\$	\$

Concluded

City of Santa Maria

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years

FY Ended June 30	+Property Tax	+#Sales Tax	Franchise Tax	Other Tax	Motor Vehicle In-lieu Tax
2000	\$ 4,402,804	\$ 12,206,508	\$ 881,564	\$ 2,717,212	\$ 3,475,657
2001	4,545,863	13,285,009	1,004,491	3,175,975	3,918,472
2002	4,886,327	14,006,921	1,115,754	3,775,404	4,664,097
2003	5,318,818	15,411,370	1,099,966	4,346,406	4,637,721
2004	5,920,003	15,866,944	3,118,187	5,202,336	3,759,879
2005	5,919,017	16,445,600	3,241,690	5,254,381	6,492,276
2006	7,307,769	17,018,945	3,341,810	5,448,241	6,573,116
2007	9,067,171	17,916,141	3,443,105	5,473,832	6,937,373
2008	9,749,641	18,060,497	3,600,994	5,865,742	7,291,040
2009	9,336,050	15,906,434	3,427,070	5,483,960	7,136,351

The *City of Santa Maria* implemented GASB Statement Number 34 for the fiscal year ended June 30, 2003.

NOTE:

Includes all governmental fund types.

SOURCE:

+Santa Barbara County

#State Board of Equalization

Total

\$ 23,683,745
25,929,810
28,448,504
30,814,281
33,867,349
37,352,964
39,689,881
42,837,622
44,567,914
41,289,865

City of Santa Maria

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Seven Fiscal Years

	2003	2004	2005	2006
General fund				
Reserved	\$ 13,300,916	\$ 13,327,903	\$ 13,871,989	\$ 14,095,037
Unreserved	12,205,337	20,823,802	23,137,842	29,436,230
Total general fund	<u>25,506,253</u>	<u>34,151,705</u>	<u>37,009,831</u>	<u>43,531,267</u>
All other governmental funds				
Reserved	5,873,738	5,869,697	10,813,767	8,063,857
Unreserved, reported in:				
Special revenue funds	15,373,416	20,312,760	14,001,624	15,035,784
Capital projects funds	16,408,968	13,432,832	17,400,697	14,525,718
Debt service funds	(12,694,240)	(13,176,966)	(13,298,820)	(13,427,071)
Total all other governmental funds	<u>\$ 24,961,882</u>	<u>\$ 26,438,323</u>	<u>\$ 28,917,268</u>	<u>\$ 24,198,288</u>

The *City of Santa Maria* implemented GASB Statement Number 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB Statement Number 34 is not available.

2007	2008	2009	2010	2011	2012
\$ 13,881,493	\$ 13,994,214	\$ 14,171,769	\$	\$	\$
36,145,698	36,840,884	39,389,382			
<u>50,027,191</u>	<u>50,835,098</u>	<u>53,561,151</u>			
13,542,452	6,970,228	4,082,015			
5,337,762	13,079,640	11,036,074			
17,065,112	20,320,812	12,541,368			
(13,560,955)	(13,692,783)	(13,815,810)			
<u>\$ 22,384,371</u>	<u>\$ 26,677,897</u>	<u>\$ 13,843,647</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

City of Santa Maria

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Seven Fiscal Years

	2003	2004	2005	2006
Revenues				
Taxes	\$ 32,873,375	\$ 36,458,445	\$ 37,889,066	\$ 41,061,576
Permits, fines, and forfeitures	2,380,415	2,652,735	2,048,222	2,864,723
Revenues from use of money and property	3,076,115	1,682,269	3,017,322	3,129,821
Aid from governmental agencies	9,788,716	9,408,840	11,186,274	14,032,852
Charges for current services	11,511,606	17,996,838	16,845,337	12,852,201
Other revenues	4,308,382	5,603,114	1,433,403	3,372,544
Total revenues	63,938,609	73,802,241	72,419,624	77,313,717
Expenditures				
General government	4,833,573	5,160,333	5,780,061	6,653,079
Community development	2,645,503	3,031,443	2,728,003	4,459,988
Public safety	18,035,711	20,585,834	23,129,448	25,598,091
Recreation and parks	6,902,829	7,582,288	7,935,893	8,395,466
Public works	4,264,783	4,539,747	4,131,676	4,957,342
Library	1,562,479	1,616,811	1,795,536	1,925,776
Capital outlay	11,769,136	15,006,580	16,471,985	22,672,713
Debt service:				
Principal	500,605	1,891,479	5,697,256	2,051,788
Payment to bond escrow agent	2,899,805			
Cost of issuance	443,944			
Interest and fiscal charges	880,916	1,453,901	1,126,023	1,043,148
Total expenditures	54,739,284	60,868,416	68,795,881	77,757,391
Excess of revenues over (under) expenditures	9,199,325	12,933,825	3,623,743	(443,674)
Other financing sources (uses)				
Transfers in	7,235,695	12,859,509	24,949,992	11,397,212
Transfers out	(10,982,446)	(15,671,429)	(24,595,832)	(9,103,082)
Bond issuance	23,460,000			
Premium on bonds	1,733,275			
Payment to refunded bond escrow agent	(24,669,715)			
Other	154,001			
Total other financing sources (uses)	(3,069,190)	(2,811,920)	354,160	2,294,130
Net change in fund balances	\$ 6,130,135	\$ 10,121,905	\$ 3,977,903	\$ 1,850,456
Debt service as a percentage of non-capital expenditures	13.2%	6.8%	11.7%	5.4%

The *City of Santa Maria* implemented GASB Statement Number 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB Statement Number 34 is not available.

	2007	2008	2009	2010	2011	2012
\$	44,102,953	\$ 44,836,981	\$ 40,286,816	\$	\$	\$
	3,020,855	2,258,146	1,964,835			
	5,704,531	4,692,725	3,623,715			
	17,307,547	20,719,295	15,426,843			
	13,441,085	14,003,746	12,929,787			
	1,470,302	1,106,376	871,480			
	<u>85,047,273</u>	<u>87,617,269</u>	<u>75,103,476</u>			
	7,199,453	7,766,778	8,262,292			
	4,158,854	4,756,217	3,911,112			
	26,697,389	29,388,999	29,289,806			
	8,727,125	9,731,596	10,269,522			
	4,755,772	4,980,324	5,056,695			
	2,062,596	2,217,526	3,019,728			
	24,282,030	21,801,353	24,615,828			
	1,755,000	1,830,000	1,920,000			
	1,356,691	915,550	870,895			
	<u>80,994,910</u>	<u>83,388,343</u>	<u>87,215,878</u>			
	4,052,363	4,228,926	(12,112,402)			
	12,660,010	14,946,392	11,491,823			
	(11,787,500)	(14,073,882)	(9,159,426)			
	872,510	872,510	2,332,397			
\$	<u>4,924,873</u>	<u>\$ 5,101,436</u>	<u>\$ (9,780,005)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
	4.8%	3.9%	4.3%			

City of Santa Maria

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

FY Ended June 30	Land	Improvements	Personal Property	Gross Value
2000	\$ 1,142,202,223	\$ 1,942,255,517	\$ 276,696,202	\$ 3,361,153,942
2001	1,239,489,086	2,122,687,632	286,654,305	3,648,831,023
2002	1,344,382,383	2,320,370,993	296,639,339	3,961,392,715
2003	1,505,499,138	2,568,979,473	288,456,341	4,362,934,952
2004	1,742,052,139	2,919,197,802	310,338,288	4,971,588,229
2005	2,134,358,374	3,331,952,571	348,701,433	5,815,012,378
2006	2,532,797,174	3,736,636,782	349,941,019	6,619,374,975
2007	2,779,359,925	3,929,898,972	359,102,179	7,068,361,076
2008	2,688,233,211	3,897,913,199	374,342,508	6,960,488,918
2009	2,525,129,754	3,749,048,530	403,055,878	6,677,234,162

NOTE:

Valuations are established by the County Assessor of Santa Barbara County, except for property owned by private utility companies, which is valued by the State of California.

For comparison purposes, gross assessed valuations include homeowners and other exemptions. Although these exemptions reduce property tax collections, the revenue loss is reimbursed by the State of California. As such, gross assessed valuation is the revenue base used in establishing property-tax related revenues.

SOURCE:

Santa Barbara County Auditor - Controller

Exemptions	Net Taxable Value	Assessed to Property Value
\$ 201,651,466	\$ 3,159,502,476	100.0%
203,423,185	3,445,407,838	100.0%
230,254,691	3,731,138,024	100.0%
235,303,640	4,127,631,312	100.0%
266,011,261	4,705,576,968	100.0%
305,071,107	5,509,941,271	100.0%
304,933,916	6,314,441,059	100.0%
313,273,773	6,755,087,303	100.0%
305,957,101	6,654,531,817	100.0%
347,561,243	6,329,672,919	100.0%

City of Santa Maria

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

As of June 30, 2009

Fiscal Year	*City of Santa Maria	*Santa Barbara County	Schools	Other	Total
2000	0.00000%	1.00000%	0.00000%	0.01704%	1.01704%
2001	0.00000%	1.00000%	0.02362%	0.01702%	1.04064%
2002	0.00000%	1.00000%	0.02362%	0.01635%	1.03997%
2003	0.00000%	1.00000%	0.02362%	0.01635%	1.03997%
2004	0.00000%	1.00000%	0.02059%	0.01210%	1.03269%
2005	0.00000%	1.00000%	0.01923%	0.00000%	1.01923%
2006	0.00000%	1.00000%	0.01815%	0.00000%	1.01815%
2007	0.00000%	1.00000%	0.01548%	0.00000%	1.01548%
2008	0.00000%	1.00000%	0.18603%	0.00000%	1.18603%
2009	0.00000%	1.00000%	0.17497%	0.00000%	1.17497%

* Valuations are established by the County Assessor of Santa Barbara County, except for property owned by private utility companies, which is valued by the State of California. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100 percent of full value and subsequently increase at a maximum rate of 2 percent per year. Santa Barbara County collects property taxes and distributes the appropriate amount to each city. Each \$1.00 of property tax is distributed to local government agencies based upon fixed allocation factors.

SOURCE:

California Municipal Statistics, Inc.



City of Santa Maria

PRINCIPAL PROPERTY TAXPAYERS

Current Fiscal Year and the Prior Tenth Fiscal Year

				2009
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	
Okonite Company, Inc.	\$ 60,589,960	1	0.90%	
Merrill Gardens at Santa Maria, LLC	36,712,162	2	0.55%	
Santa Maria Partners, LLC	30,874,457	3	0.46%	
Lull Family Living Trust	30,249,998	4	0.45%	
Pioneer Santa Maria, LLC	29,999,598	5	0.45%	
Dario L. Pini	28,656,544	6	0.43%	
VBC Vizcaya LP	26,765,200	7	0.40%	
SP Village Green, LLC	26,589,893	8	0.40%	
Templeton Santa Barbara, LLC	26,520,000	9	0.39%	
CPH Harvest Glen Gardens, LP	22,022,337	10	0.33%	
Santa Maria Town Center				
Dayton Hudson Corporation				
Bradley Partnership				
United Foods				
Fook Kheong Chang and Teryy Kwanyu				
Den Mat Corporation				
Mideb Nominees, Incorporated				
Valley Community Hospital				
	\$ 318,980,149		4.74%	

SOURCE:

HdL, Coren & Cone

2000

Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
\$ 16,805,672	3	0.50%
18,700,438	2	0.56%
32,101,558	1	0.96%
16,733,296	4	0.50%
16,662,899	5	0.50%
16,067,585	6	0.48%
13,735,757	7	0.41%
13,694,590	8	0.41%
13,017,620	9	0.39%
12,810,123	10	0.38%
<hr/> \$ 170,329,538 <hr/>		<hr/> 5.07% <hr/>

City of Santa Maria

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

FY Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2000	\$ 3,027,031	\$ 3,027,031	100.0%	
2001	3,274,054	3,274,054	100.0%	
2002	3,571,518	3,571,518	100.0%	
2003	4,215,268	4,215,268	100.0%	
2004	5,715,906	5,715,906	100.0%	
2005	6,349,144	6,349,144	100.0%	
2006	6,485,547	6,485,547	100.0%	
2007	7,501,048	7,501,048	100.0%	
2008	8,170,585	8,170,585	100.0%	
2009	8,102,791	8,102,791	100.0%	

NOTE:

The City participates in the Santa Barbara County "Teeter Plan". The City is paid the full tax assessment while penalties and interest of any late payments are returned by the County.

SOURCE:

HdL, Coren and Cone

Total Collections to Date		
Amount	Percentage of Levy	
\$ 3,027,031	100.0%	
3,274,054	100.0%	
3,571,518	100.0%	
4,215,268	100.0%	
5,715,906	100.0%	
6,349,144	100.0%	
6,485,547	100.0%	
7,501,048	100.0%	
8,170,585	100.0%	
8,102,791	100.0%	

City of Santa Maria

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

FY Ended June 30	Governmental Activities			
	Refunding Revenue Bonds	Certificates of Participation	Capital Leases	Property Purchase Obligation
2000	\$	\$ 3,464,747.0	\$	\$
2001		3,464,747		
2002		3,464,747		
2003	23,460,000	3,464,747	3,225,790	
2004	22,140,000	3,464,747	3,747,075	658,825
2005	20,520,000		1,730,758	641,479
2006	18,840,000		1,122,523	623,612
2007	17,085,000		488,322	847,208
2008	15,255,000		249,485	586,252
2009	13,335,000			566,727

The *City of Santa Maria* implemented GASB Statement Number 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB Statement Number 34 is not available.

**Personal Income not released via Bureau of Economic Analysis

Business-Type Activities				
Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
\$	\$	\$		
53,410,195	2,421,355	85,982,087	15.19%	1,047
53,410,195	1,603,843	85,024,685	17.05%	996
53,410,195	2,124,524	78,426,956	19.56%	883
53,292,039	1,597,780	75,475,954	20.33%	837
52,728,238	618,167	71,766,935	26.50%	794
51,718,798	315,824	68,125,359	28.98%	754
50,640,095		64,541,822	**	697

City of Santa Maria

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Seven Fiscal Years

FY Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percent of Estimated Taxable Property Value	Per Capita
2003	\$ 23,460,000	\$ 2,757,656	\$ 20,702,344	0.50%	\$ 252
2004	22,140,000	2,786,175	19,353,825	0.41%	227
2005	20,520,000	2,789,000	17,731,000	0.32%	200
2006	18,840,000	2,766,658	16,073,342	0.25%	178
2007	17,085,000	2,383,266	14,701,734	0.22%	163
2008	15,255,000	2,403,435	12,851,565	0.19%	142
2009	13,335,000	2,424,574	10,910,426	0.17%	118

Source:

City of Santa Maria

City of Santa Maria

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2009

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Santa Barbara County General Fund Obligations	\$ 73,315,000	11.629%	\$ 8,525,801
Allan Hancock Joint Community College District COP	6,795,000	31.852%	2,164,343
Santa Maria Joint Union High School District COP	24,750,000	59.996%	14,849,010
Santa Maria-Bonita School District COP	22,605,000	94.658%	21,397,441
Santa Maria Cemetery District COP	1,245,000	66.214%	824,364
Subtotal, overlapping debt			47,760,959
City of Santa Maria, direct debt			13,335,000
Total direct and overlapping debt			\$ 61,095,959

Source:

California Municipal Statistics, Inc.

City of Santa Maria

LEGAL DEBT MARGIN INFORMATION

Last Seven Fiscal Years

	2003	2004	2005
Debt Limit	\$ 163,610,061	\$ 186,434,559	\$ 218,062,964
Total net debt applicable to limit	30,150,537	29,468,019	23,415,799
Legal Debt Margin	<u>\$ 133,459,524</u>	<u>\$ 156,966,540</u>	<u>\$ 194,647,165</u>
Total net debt applicable to the limit as a percentage of debt limit	18.43%	15.81%	10.74%

Legal Debt Margin Calculation for Fiscal Year 2009:

Assessed value

Debt limit (3.75 percent of assessed value)

Revenue bonds and other long-term debt

Legal debt margin

Section 43605 of the State Government Code provides a legal debt limit of 15 percent of gross assessed valuation. However, this provision was enacted when assessed valuation was established based on 25 percent of fair value. Effective with fiscal year 1981-82, taxable property is assessed at 100 percent of fair value. Although the State debt limit provision has not been amended since this change, the percentage has been proportionately modified to 3.75 percent for the purpose of this calculation for consistency with the original intent of the debt limit.

The *City of Santa Maria* implemented GASB Statement Number 34 for the fiscal year ended June 30, 2003 and did not collect this information prior to 2003.

2006	2007	2008	2009	2010	2011	2012
\$ 248,226,562	\$ 265,063,540	\$ 261,018,334	\$ 250,396,281	\$	\$	\$
21,062,100	18,848,900	16,471,510	14,234,903			
<u>\$ 227,164,462</u>	<u>\$ 246,214,640</u>	<u>\$ 244,546,824</u>	<u>\$ 236,161,378</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

8.49%

7.11%

6.31%

5.68%

\$ 6,677,234,162
250,396,281
14,234,903
\$ 236,161,378



City of Santa Maria

PLEGGED-REVENUE COVERAGE

Last Ten Fiscal Years

Water & Wastewater Certificates of Participation						
FY Ended June 30	Water & WW Charges for Service	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	\$ 18,650,784	\$ 19,660,270	\$ (1,009,486)	\$	\$	
2001	16,487,604	15,472,194	1,015,410			
2002	21,019,125	20,550,829	468,296			
2003	24,074,427	23,159,922	914,505			
2004	26,167,639	21,597,871	4,569,768			
2005	27,044,990	22,856,518	4,188,472		1,001,914	4.18
2006	27,484,137	21,168,697	6,315,440	118,156	2,085,672	2.87
2007	30,459,322	26,295,560	4,163,762	563,801	2,470,026	1.37
2008	31,001,901	27,620,120	3,381,781	900,187	2,873,641	0.90
2009	32,371,323	30,081,285	2,290,038	1,078,703	3,210,125	0.53

NOTE:

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

Operating expenses do not include interest, depreciation, or amortization expenses.

Debt service payments on the Certificates of Participation were not required until FY 2005-06.

City of Santa Maria

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

FY Ended June 30	#Population	+Personal Income	+Per Capita Personal Income	Median Age
2000	72,931	\$ 11,889,917	\$ 29,957	**
2001	80,046	12,910,998	32,297	**
2002	80,511	13,107,358	32,693	**
2003	82,148	13,059,171	32,496	30.0
2004	85,325	13,638,326	33,942	30.0
2005	88,793	14,493,150	38,313	30.0
2006	90,204	15,341,976	40,486	30.7
2007	90,333	19,020,000	47,302	32.0
2008	91,110	19,740,000	48,693	29.2
2009	92,542	**	**	28.9

SOURCE:

#Department of Finance

+Bureau of Economic Analysis

++Economic Development Department of California

*U.S. Census Bureau - Data Available through 2008

**Information no longer available or not released for year ending June 30, 2009

*School Enrollment	++Unemployment Rate
**	4.2%
**	3.9%
28,460	4.9%
34,963	4.9%
35,565	4.6%
36,385	4.1%
36,817	4.0%
30,299	4.2%
47,734	4.3%
24,917	9.8%

City of Santa Maria

PRINCIPAL EMPLOYERS

Current Fiscal Year and Ten Fiscal Years Ago

Employer	*2008-09		
	Employees	Rank	Percentage of Total City Employment
Santa Maria Bonita School District	1,724	1	4.45%
Marian Medical Center	1,450	2	3.74%
Allan Hancock College	890	3	2.30%
Santa Maria High School District	725	4	1.87%
City of Santa Maria	647	5	1.67%
Orcutt Union School District	586	6	1.51%
Betteravia Farms	533	7	1.37%
C & D Aerospace	491	8	1.27%
Den-Mat Corporation	361	9	0.93%
Vocational Training Center	340	10	0.88%
#Vandenberg Air Force Base			
Microage			
Pictsweet			
	7,747		19.99%

SOURCE:

* California Economic Forecast

** Northern Santa Barbara County Economic Outlook

Although outside the City limits, Northern Santa Barbara County Economic Outlook considered Vandenberg Air Force base as a principal employer; whereas the more current survey conducted by the California Economic Forecast excluded employers outside the City limits.

**1999-00

Employees	Rank	Percentage of Total City Employment
1,398	2	4.16%
1,220	3	3.63%
1,200	4	3.57%
729	5	2.17%
490	7	1.46%
393	9	1.17%
534	6	1.59%
4,530	1	13.46%
450	8	1.34%
390	9	1.16%
<hr/> 11,334 <hr/>		<hr/> 33.71% <hr/>

City of Santa Maria

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function/Program	2000	2001	2002	2003	2004
Public safety					
Police protection services	139.0	141.0	146.0	155.5	157.5
Fire and emergency services	53.5	46.5	46.5	52.5	55.5
Utilities					
Water distribution services	35.0	33.0	33.0	33.5	33.5
Solid waste collection/ disposal services	29.5	28.0	29.0	33.0	33.0
Public ways and facilities					
Streets services	20.5	21.5	21.5	21.5	21.5
Public transit services	1.0	1.0	1.0	1.0	1.0
Recreation and parks					
Recreation and parks services	76.0	100.5	99.5	101.5	101.5
Library					
Library services	32.0	34.5	37.0	38.0	38.0
Community development					
Planning and inspection services	20.0	21.5	21.5	22.5	22.5
Block grant/special project services	4.0	5.0	5.0	7.0	7.0
General government					
Legislative services	5.0	5.0	5.0	5.0	5.0
Legal services	7.5	8.5	10.0	11.0	11.0
Administration	8.5	9.0	10.0	11.0	11.0
Administrative services	17.5	18.0	18.0	19.0	19.0
Engineering and facilities maintenance	20.5	22.5	22.5	22.5	22.5
Special revenue					
Landscaping services	*	*	*	*	*
Public, education, government television	*	*	*	*	*
Internal service					
Fleet services	10.0	7.0	7.0	4.0	4.0
Risk Management	1.0	1.0	1.0	1.0	1.0
Total	480.5	503.5	513.5	539.5	544.5

NOTE:

*Employee by Function was not budgeted.

SOURCE:

City Budget

2005	2006	2007	2008	2009
162.0	162.0	170.0	172.0	172.0
58.5	58.5	59.0	59.0	63.0
34.5	34.5	41.5	39.5	40.5
39.0	39.0	47.0	47.0	48.0
25.5	25.5	24.5	24.5	24.5
2.5	2.5	2.5	2.5	2.5
121.0	121.0	129.0	136.5	136.5
38.5	38.5	38.5	49.0	49.0
23.0	23.0	30.0	26.0	30.5
4.5	4.5	2.0	2.0	2.0
5.0	5.0	5.0	5.0	5.0
11.5	11.5	12.0	12.0	12.0
12.0	12.0	12.0	13.5	12.0
18.5	18.5	22.0	25.5	25.5
24.5	24.5	22.5	22.5	24.5
8.0	8.0	4.5	4.5	4.5
4.0	4.0	2.0	2.0	2.0
4.5	4.5	5.5	7.5	7.5
1.0	1.0	1.0	1.0	1.0
598.0	598.0	630.5	651.5	662.5

City of Santa Maria

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function/Program	2000-02	2002-04	2004-06
Police			
Number of stations	1	1	1
Calls for service	151,514	235,807	248,307
Fire and emergency services			
Number of stations	3	3	3
Calls for service	10,371	11,526	14,160
Utilities			
Water production/per acre feet	25,615	27,145	28,000
Meters Read	433,400	416,357	509,000
Wastewater treated/mgd	7.25	8.02	8.55
Solid waste collection and disposal services			
Residential and commercial accounts serviced	38,000	38,250	43,900
Residential and commercial tons collected	104,690	115,400	118,950
Average tons received at landfill/day	300	349	360
Street Services			
Streetlight maintenance/hours	4,400	4,047	4,242
Traffic maintenance/hours	1,268	3,578	2,900
Transit			
Passengers	1,256,919	1,333,753	1,833,600
Miles	826,616	912,443	1,428,200
Recreation and Parks			
Program registrations	29,443	26,265	26,790
Facility attendance	1,359,433	1,359,433	1,428,533
Park acres maintained	200	248	300
Trees managed	23,000	25,600	27,200
Library			
Cardholders	71,370	70,782	85,000
Materials checked-out	1,193,187	1,299,166	1,580,500
Community development			
Plan checks	3,500	4,000	4,500
Building permits issued	3,742	4,668	4,901

NOTE:

Indicators are tracked on a two-year budget cycle.

SOURCE: City of Santa Maria

2006-08	2008-10
1	1
261,807	260,000
4	4
15,845	17,210
29,000	29,500
504,000	528,000
8.42	8.60
36,200	37,550
123,595	127,300
635	610
5,478	4,836
2,963	3,007
2,393,580	2,393,580
1,347,595	1,347,595
34,112	35,000
30,370	32,000
772	772
32,685	33,500
70,000	80,000
1,030,000	1,200,000
3,200	3,027
3,029	1,311

City of Santa Maria

CAPITAL ASSETS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007
Police								
Stations	1	1	1	1	1	1	1	1
Patrol units	22	24	24	29	33	41	42	43
Fire stations	3	3	3	3	3	4	4	4
Solid waste								
Refuse collection trucks	16	16	16	18	17	19	25	21
Highways and streets								
Street miles	183	183	188	188	196	206	203	219
Streetlights	5,000	5,200	5,449	5,654	6,100	6,500	6,654	6,600
Park acreage/Open Space	248	248	248	248	248	248	248	248
Water hydrants	2,400	2,479	2,511	2,700	2,800	2,909	3,000	3,108
Sewer miles	180	180	198	198	206	237	240	240

*Additional park acreage/open space purchased this fiscal year (Santa Maria River Trail and Los Flores Property).

SOURCE: 2008-10 City of Santa Maria Budget

2008	2009
1	1
41	41
4	4
24	23
220	222
6,900	6,900
* 772	772
4,500	4,500
330	529

