



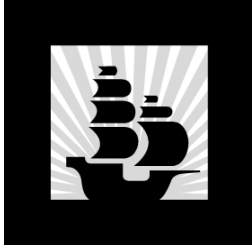
City of Santa Maria

Comprehensive Annual Financial Report

For Fiscal Year Ended
June 30, 2011

SANTA MARIA, CALIFORNIA

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**City of Santa Maria
California**

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011

*Prepared by the Department of Administrative Services
Rene Visé, Director of Administrative Services*

www.ci.santa-maria.ca.us/40361.shtml



City of Santa Maria
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

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INTRODUCTORY SECTION

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City of Santa Maria

Department of Administrative Services

December 2, 2011

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, staff is pleased to submit the City of Santa Maria's (City) Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011.

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, 2011, 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, 2011 are fairly presented in conformity with USGAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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.

City of Santa Maria
Letter of Transmittal
For the Fiscal Year Ended June 30, 2011

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 complement 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 100,062. 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 has the power, by State statute, to extend its corporate limits by annexation, which is done 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. Councilmembers are elected to four-year staggered terms with two councilmembers 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 and 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 appointing the heads of the City's departments.

The City provides a full range of municipal services including: police and fire protection; street maintenance; public transportation; recreation; parks; water; wastewater; refuse services; planning; building; 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 an economic recession.

The Nation and California have recovered modestly from the worst recession since the Great Depression. National economic output grew as did personal income in both the State and the Nation, and job growth resumed. But these gains and many others like them paled in comparison to the losses incurred during the recession. The recession lasted 18 months and officially ended in June 2009.

Both the Nation and California are mired in an anemic recovery brought about by the nature of recession that preceded it. The economy grew at an annual rate of 1.3 percent from April through June. The economy increased to an annual rate of 2.5 percent for the third quarter from July through September. The financial balance sheets of many households are still reeling from the financial upheaval and the decline in home values. It is estimated that the financial crisis cost households and non-profit organizations \$11 trillion in assets - nearly a year's worth of economic output. The loss of these assets led to financial retrenchment as consumers became

City of Santa Maria
Letter of Transmittal
For the Fiscal Year Ended June 30, 2011

thriftier, and households began saving more. While this will have positive effects in the long run, it means less consumer spending now. In turn, this lower level of consumer spending makes businesses cautious. Thus, despite surging profits, corporations have refrained from hiring and have instead opted to increase their cash reserves. Unfortunately, weak employment growth restrains consumption spending. This creates a “Catch-22” - without more spending, hiring will remain weak.

Household debt levels remain elevated compared with disposable income, although the household debt-service ratio - an estimate of the ratio of debt payments to disposable personal income - had dropped to a 13 year low of 11.75 percent in the first quarter of 2011. Around one-quarter of home owners are also trying to work their way out of negative equity. House prices were down by 31.6 percent from their 2006 peak in March. Future prospects are not promising, given the amount of supply available. Around 3.9 million houses were on the market in July, equivalent to 9.2 months of demand, down from a peak of 12.5 months a year ago, but still much higher than what would be expected in a normal housing market. Moreover, lenders have come under scrutiny for their foreclosure processes in recent months, resulting in a delay in default notices. Foreclosure filings will rise as the backlog of paperwork is overcome, adding to housing supply. But although a rebound in housing prices looks unlikely, many economists believe that the bulk of the correction is now over. The housing market should stabilize in 2012, but homeowners will likely still be paying down their debt resulting in a prolonged period of spending restraint, limiting GDP growth to around 2.6 percent a year in 2012-15.

On June 30, 2011, California adopted an \$85.9 billion budget for fiscal year 2012. The budget relies on an improving revenue outlook. The May Revision reflected the State’s continuing recovery from the recession with \$6.6 billion in higher tax receipts compared to the January budget. With the improved revenue receipts, the budget projects an additional \$4 billion in estimated 2011-12 revenues. If these revenues fall short by more than \$1 billion, an additional \$600 million in cuts to higher education, health and human services, and public safety would be implemented beginning in the fiscal year. If the revenues fall short by more than \$2 billion, an additional \$1.9 billion in education reductions would be implemented - shortening the school year by seven days, eliminating the home-to-school transportation program, and reducing community college apportionments. Through September, revenue is 3.6 percent or \$705.5 million less than budget.

A budget balancing measure adopted by the State included the “Voluntary Alternative Redevelopment Program”, which would result in savings of \$1.7 billion. ABx1 27 allows redevelopment agencies (RDA) to continue in operation provided their establishing cities or counties agree to make \$1.7 billion in payments to K-12 schools. This will reduce the State’s Proposition 98 General Fund costs in 2011-12 by a commensurate amount. RDAs whose establishing cities or counties do not agree to make these payments will shut down pursuant to ABx1 26. If an RDA is shut down, any property tax remaining after its debt service payments and allowable administrative costs will be distributed to cities, counties, special districts, and K-14 schools. On July 18th, the League of California Cities and the California Redevelopment Association filed a lawsuit in the California Supreme Court claiming that the two bills are

City of Santa Maria
Letter of Transmittal
For the Fiscal Year Ended June 30, 2011

unconstitutional. On August 15th, the Court issued a partial stay on the legislation. It is anticipated that a ruling on the suit should occur by January 15, 2012.

For 2011-12, it is estimated that the potential loss for the City's RDA is \$329 thousand in tax increment revenues and \$80 thousand annually thereafter. Since the entire tax increment revenue of \$1.2 million is used for debt service, the loss of this revenue will result in the use of General Fund reserves to make the debt service payments.

Santa Barbara County struggled to balance a \$72 million shortfall for 2011-12. The County actually laid off 40 employees. The layoffs were part of a big-picture reduction in the County work force that saw the elimination of 205 full-time equivalent positions for a cost savings of \$25 million. The move reduced staff positions to 3,682 – a level not seen since 1989-90. The reductions, in part, allowed the Santa Barbara County Board of Supervisors to adopt an \$844 million bare-bones budget on June 17th. In addition to reducing full-time equivalent positions, moves by the County over the last 12 months toward efficiency and cutting costs included a “soft” hiring freeze, no salary increases except for negotiated raises, elimination of the cost-of-living adjustment for management, executives and confidential employees, and consolidating departments.

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. Plunging revenues are alarming. In 2011-12, sales and property tax revenues are projected to decline by \$2.4 million and \$1.2 million, respectively from their peak in 2008. Sales and property tax provide approximately 54 percent of General Fund revenues. Construction permit revenue is forecasted to decline by \$1.6 million from 2007. On the expenditure side, staff will continue to hold off and not fill future General Fund vacancies, unless the vacancies are mission critical or essential to City operations.

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 Santa Barbara 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 \$18.1 million in 2008. In the past three 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. In 2011, sales tax was \$15.7 million, less than what the City received in fiscal year 2006. Unemployment in the community soared during calendar year 2009, fluctuating between 12 and 13.6 percent.

The local residential real estate market continues to reel under the shock of the financial market crisis and abrupt influx of foreclosures and short-sales. In California, the real estate market experienced a 37.5 percent decline in 2008 and an additional 22 percent decline in 2009. In 2010, the median home price increased eight percent. However, while the median home price has slightly increased, overall, the median home price has fallen from a high of \$444 thousand in 2006 to its current level of \$228,500, and it is anyone's guess as to what is in store for the already soft housing market.

City of Santa Maria
Letter of Transmittal
For the Fiscal Year Ended June 30, 2011

A positive development is on the commercial side of real estate. The Windset Farms project is a massive 5.7 million square foot green house facility and a 174,000 square foot processing center. There are currently two 32 acre greenhouses that began operations on September 1st and grow a variety of tomatoes, peppers, cucumbers, eggplants and endives. The two greenhouses give the facility 128 acres – 5.7 million square feet – of perfectly maintained hydroponic growing space. Two more identical greenhouses are planned for development in the near future. 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 12.5 percent.

The significant decreases in economy-based revenues have caused the City to cut General Fund operating appropriations, defer cost allocations, postpone equipment purchases, and use reserves to bridge the \$9.5 million 2011-12 Budget deficit. The City is deferring cost allocations to the Worker’s Compensation, Fleet and Business Equipment Funds, thereby, resulting in cost savings of \$2.3 million. This is the fourth year that such cost allocation deferrals have been implemented to reduce General Fund costs. The City eliminated several vacant positions and, prior to hiring, will be evaluating on a case-by-case basis, all future vacant General Fund positions. In all cases, positions are being held vacant to achieve salary savings. Baseline budget reductions in the General Fund operating departments totaled \$2.4 million. However, because of certain operational costs (primarily associated with increased pension-related expenses), the total “net” reduction to General Fund appropriations is closer to \$1 million. These savings along with reserves of \$2.7 million from the Local Economic Augmentation Fund, the City’s “rainy day” fund, was enough to balance the 2011-12 Budget. Included in the expense reductions is the continuation of salary and benefit concessions, as well as 13 mandatory furlough days, all of which annually save a projected \$1.2 million. However, these types of cost containment measures can not be sustained without significant impacts to service and reserve levels.

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 are under construction. The northwest station, located at Preisker Park, began construction first and will replace the existing fire station located at College and Donovan. The northeast fire station, under construction at Suey and Donovan Roads, will increase the number of stations within the City limits to five. The northwest station’s construction contract cost is \$2.9 million and the northeast station’s construction contract cost is for \$3 million. As part of the American Reinvestment and Recovery Act (ARRA) of 2009, the City was awarded \$4.3 million in Federal Stimulus funding to construct new northwest and northeast fire stations. According to the Federal guidelines, construction of the two fire stations needs to be completed and all monies disbursed by September 2012.

Although the City has secured funding for the construction of both fire stations, funding the cost to staff and operate the northeast fire station, approximately \$1.6 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 2012-14 Budget.

City of Santa Maria
Letter of Transmittal
For the Fiscal Year Ended June 30, 2011

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 headquarters. 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 seismic retrofitting to communications infrastructure to security enhancements before it becomes the Police Department's new headquarters.

Intermodal Transit Center

In 2008, the City purchased the land for an Intermodal Transit Center. The cost of the land was \$3.5 million. 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 \$1 million and \$1.5 million from State Proposition 1B funding. The grand opening of the transit center was on April 27, 2011 and operations began on June 19, 2011. The construction budget was \$4.7 million and the final cost was \$4.1 million.

Santa Maria Green Waste Recycling

On April 5, 2011, the City approved a residential curbside green waste recycling program that included a \$3.17 per month increase to utility bills beginning July 1, 2011. However, as a result of the customer's recycling efforts, residents would have an opportunity to downsize from a 90-gallon to a 60-gallon refuse container and, residents would not incur any additional costs to participate in the Yard Materials Recycling Program.

The green waste recycling program will aid in meeting legislation such as Senate Bill 1016 and Assembly Bill 939 which require the implementation of certain recycling programs and meet diversion percentage requirements at the City's landfill. The existing landfill is nearing capacity. The projected closure date was 2012. However, through a series of operational improvements as well as implementation of additional waste diversion programs, the life of the landfill has been extended to approximately 2015.

Financial Policies

During the year, the City of Santa Maria implemented GASB 54 Fund Balance Reporting and Governmental Fund Type Definitions which changes the classifications utilized by governmental entities within their fund balance on the Fund Financial Statements. GASB 54 requires that some of the classifications of fund balance be based upon the actions of the governing authority, i.e. committed and assigned fund balance. As per the adopted financial policy, a portion of fund balance committed to a prudent General Fund reserve was established at \$19.8 million. The fund balance classification can be amended by formal action of the city council.

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, 2010. This was the 21st consecutive fiscal year that the City has received this

City of Santa Maria
Letter of Transmittal
For the Fiscal Year Ended June 30, 2011

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



Rene M. Visé
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, 2010

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.



President

Executive Director

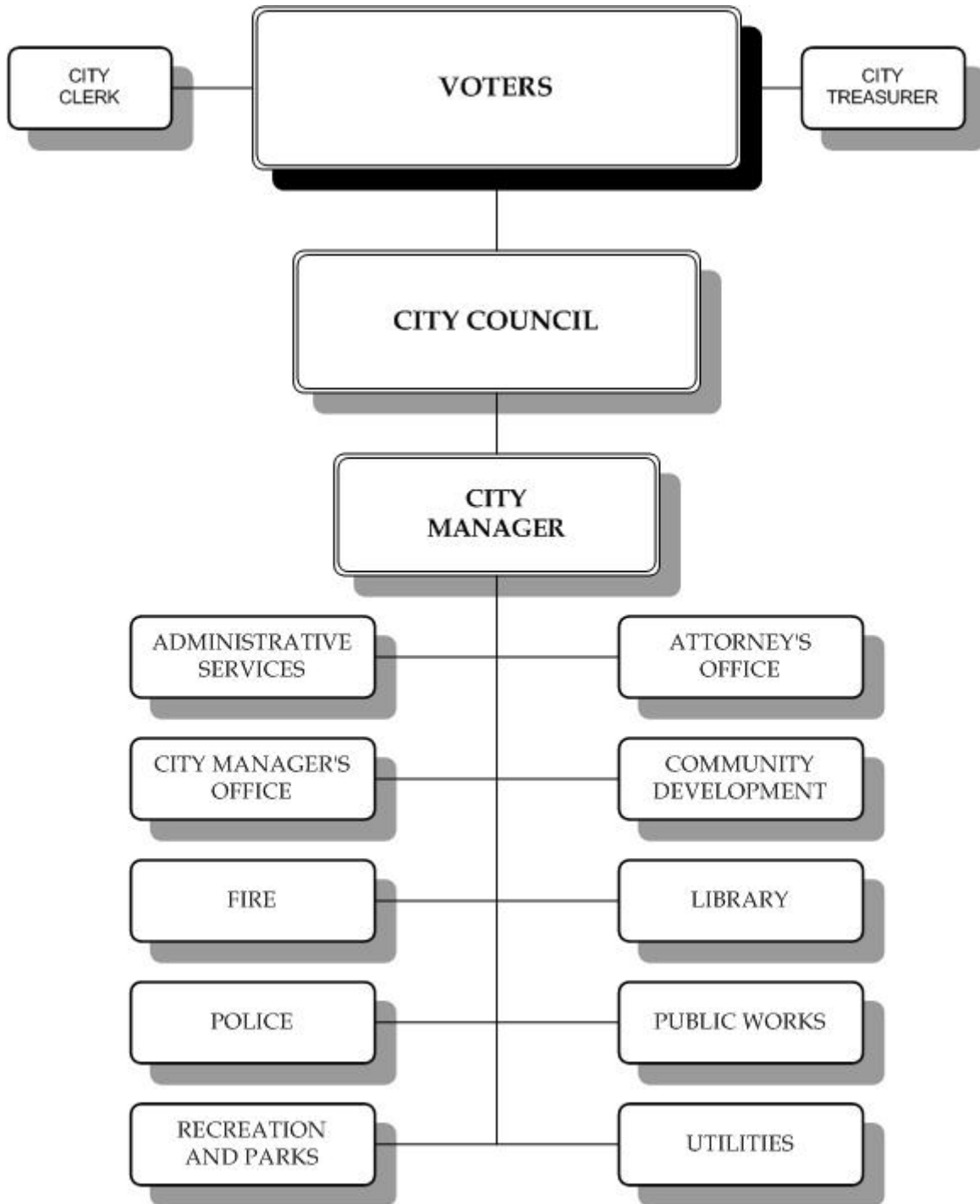
The City received a Certificate of Achievement of Excellence in Financial Reporting for the June 30, 2009 Comprehensive Annual Financial Report (CAFR) from the Government Finance Officers Association. This award is the highest form of recognition in governmental accounting and financial reporting.

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 21st consecutive year that the City has received this award.**

City of Santa Maria

Organizational Chart

For the Fiscal Year Ended June 30, 2011



City of Santa Maria

List of Principal Officers

For the Fiscal Year Ended June 30, 2011

MAYOR

LARRY LAVAGNINO

MAYOR PRO TEM

ALICE PATINO

COUNCILMEMBERS

JACK BOYSEN

MIKE CORDERO

BOB ORACH

CITY MANAGER

TIM S. NESS

CITY TREASURER

TERESSA HALL

CITY CLERK

PATTI RODRIGUEZ

CITY DEPARTMENTS AND DEPARTMENT HEADS

Administrative Services	Rene M. Visé
Attorney's Office	Gil Trujillo
City Manager's Office.....	Rick Haydon
Community Development	Larry Appel
Fire.....	Jeff Jones
Library	John Corbett
Police.....	Danny Macagni
Public Works/Engineering.....	David Whitehead
Recreation and Parks	Alex Posada
Utilities	Rick Sweet



FINANCIAL SECTION

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A. LEVY, CPA
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SANTA MARIA, CA 93454
TEL: 805.925.2579
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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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Maria, California, as of June 30, 2011, 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.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages F-5 through F-14, the budgetary information on page F-85, the CALPERS schedule of funding progress on page F-87, and the schedule of funding progress for post employment benefits other than pensions on page F-88, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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MEMBER AMERICAN INSTITUTE OF CPAs CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules, financial, and statistical information listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Santa Maria. The accompanying combining and individual fund financial statements and schedules, financial, and statistical information listed in the table of contents are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

MOSS, LEVY & HARTZHEIM LLP

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

November 27, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Santa Maria

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

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, 2011. 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, 2011, the City's net assets (excess of assets over liabilities) were \$442.3 million. Of this amount, \$155.8 million is available to meet the City's ongoing operations.
- During the fiscal year ended June 30, 2011, the City's net assets increased by \$3.5 million to \$442.3 million. This increase reflects a decrease in governmental activities of 2.6 percent, whereas business-type activities showed an increase of 6.7 percent. The majority of the increase in the business-type activities was the result of increased Water and Wastewater fixed assets due to the transfer of a portion of the Treatment Plant expansion of \$8.2 million from the Growth Mitigation Fund (a non-major fund), and Transit capital grants and contributions of \$3.1 million. These increases are partially offset by increasing operating expenses in Water and Wastewater. Transit operating costs increased by \$950 thousand primarily due to taking over the Clean Air Express program.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$64.8 million, an increase of \$4.3 million from the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14 million, or 29 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,

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Public Works, Community Development, Recreation and Parks, and Library. The City's Business-type Activities include: Water and Wastewater utilities, Solid Waste, and Transit.

The Government-wide Financial Statements include not only the City, but 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

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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 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, Solid Waste and Transit Funds 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-85. The combining statements referred to earlier in connection with non-major governmental funds and Internal Service Funds are presented immediately following the required supplementary information. The inclusion of the Statistical Section provides useful historical trend data on the City.

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C. GOVERNMENT-WIDE FINANCIAL STATEMENTS ANALYSIS

Statement of Net Assets

Net assets may serve, overtime, as a useful indicator of a City's financial position. During this fiscal year, net assets of the City were \$442.3 million, which is an increase of \$3.5 million from the prior fiscal year. The increase resulted from revenues exceeding expenses of \$3.4 million and the increase of \$158 thousand due to prior period adjustments recorded this fiscal year. The adjustment increased net assets by \$158 thousand and was processed to correct prior year cost allocation transfers and internal franchise fee charges.

The following is the condensed Statements of Net Assets as of June 30, 2011 and 2010, expressed in millions.

	Governmental		Business		Total	
	2010	2011	2010	2011	2010	2011
Current and other assets	\$ 95.9	\$ 97.2	\$ 116.6	\$ 116.2	\$ 212.5	\$ 213.4
Restricted and other assets	2.7	2.7	9.6	9.7	12.3	12.4
Capital assets, net	213.3	201.1	126.1	136.1	339.4	337.2
Total assets	<u>311.9</u>	<u>301.0</u>	<u>252.3</u>	<u>262.0</u>	<u>564.2</u>	<u>563.0</u>
Current Liabilities	18.0	15.5	11.7	12.1	29.7	27.6
Long-term liabilities	16.4	15.3	79.3	77.8	95.7	93.1
Total liabilities	<u>34.4</u>	<u>30.8</u>	<u>91.0</u>	<u>89.9</u>	<u>125.4</u>	<u>120.7</u>
Net Assets:						
Invested in capital assets, net of related debt	201.2	191.1	59.2	71.6	260.4	262.7
Restricted	21.4	14.2	9.6	9.6	31.0	23.8
Unrestricted	54.9	64.9	92.5	90.9	147.4	155.8
Total Net Assets	<u>\$ 277.5</u>	<u>\$ 270.2</u>	<u>\$ 161.3</u>	<u>\$ 172.1</u>	<u>\$ 438.8</u>	<u>\$ 442.3</u>

As of June 30, 2011, of the \$442.3 million of net assets, the largest portion is \$262.7 million that (59 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 (five percent) of \$23.8 million represents resources that are subject to external restrictions on how the net assets may be used. The remaining balance of unrestricted net assets (\$155.8 million) may be used to meet the City's ongoing

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obligations to citizens and creditors. Of this amount, \$90.9 million is held by the business-type activities and \$64.9 million is by the governmental activities.

The RDA, a blended component unit of the City, represents \$14 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 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 \$3.5 million.

	Governmental		Business		Total	
	2010	2011	2010	2011	2010	2011
Revenues						
Program revenues:						
Charges for services	\$ 13.1	\$ 13.3	\$ 49.5	\$ 52.7	\$ 62.6	\$ 66.0
Operating grants and contributions	3.0	2.2	3.8	4.5	6.8	6.7
Capital grants and contributions	11.3	7.7	4.7	5.6	16.0	13.3
General Revenues:						
Taxes	41.3	44.2			41.3	44.2
Use of money and property	4.5	2.5	3.5	1.3	8.0	3.8
Intergovernmental revenues	0.5	0.5			0.5	0.5
Other	0.7	0.4			0.7	0.4
Total revenues	<u>74.4</u>	<u>70.8</u>	<u>61.5</u>	<u>64.1</u>	<u>135.9</u>	<u>134.9</u>
Expenses						
General government	9.0	8.2			9.0	8.2
Public safety	29.6	29.3			29.6	29.3
Public works	19.8	13.5			19.8	13.5
Library	3.8	3.5			3.8	3.5
Community development	4.9	4.7			4.9	4.7
Parks & recreation	11.5	11.9			11.5	11.9
Interest & fiscal charges	0.7	0.6			0.7	0.6
Water & wastewater			32.8	34.9	32.8	34.9
Solid waste			18.3	18.1	18.3	18.1
Public transit			5.3	6.8	5.3	6.8
Total expenses	<u>79.3</u>	<u>71.7</u>	<u>56.4</u>	<u>59.8</u>	<u>135.7</u>	<u>131.5</u>
Increase in net assets before transfers	(4.9)	(0.9)	5.1	4.3	0.2	3.4
Transfers	1.6	(7.1)	(1.6)	7.1		
Increase in net assets	<u>(3.3)</u>	<u>(8.0)</u>	<u>3.5</u>	<u>11.4</u>	<u>0.2</u>	<u>3.4</u>
Net assets - beginning of fiscal year	280.9	277.5	157.8	161.3	438.7	438.8
Prior period adjustments	(0.1)	0.7		(0.6)	(0.1)	0.1
Net assets - end of fiscal year	<u>\$ 277.5</u>	<u>\$ 270.2</u>	<u>\$ 161.3</u>	<u>\$ 172.1</u>	<u>\$ 438.8</u>	<u>\$ 442.3</u>

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Governmental Activities. Governmental activities decreased the City's net assets by \$8 million.

Business-type Activities. Business-type activities increased the City's net assets by \$11.4 million.

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, 2011, the City's governmental funds reported combined ending fund balances of \$64.8 million, an increase of \$4.3 million in comparison to the prior fiscal year.

Approximately 49 percent of this amount (\$31.9 million) constitutes an unrestricted fund balance, which is available for spending at the City's discretion. The governmental funds also have \$18.7 million in non-spendable form which are primarily advances and loans receivable. The remainder of fund balance is restricted to indicate that it is not available for new spending because it is legally restricted by outside parties for a specific purpose.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$40.8 million, of which \$19.8 million was committed for economic stabilization and \$6.9 million assigned for future liabilities associated with post employment benefits. Total fund balance increased by \$149 thousand over the prior fiscal year. This includes the prior period adjustment which increased fund balance by \$774 thousand and was due to correction in the calculation of internal franchise fees as well as the correction of internal cost allocations. Non-spendable fund balance was \$14.1 million consisting primarily of advances receivable from the RDA.

The General Fund reported a net increase to fund balance of \$149 thousand, effectively breaking even. By breaking even, the General Fund did not require a budgeted transfer in from the Local Economic Augmentation Fund (LEAF) of \$3 million. General Fund operations resulted in a fund decrease of \$1,054 thousand. Transfers in were greater than transfers out by \$428 thousand. Total tax revenues increased by \$2.1 million from the prior year, primarily from increases in sales taxes of \$1.6 million, increase in franchise taxes of \$212 thousand and an increase in transient occupancy taxes of \$247 thousand. These increases are the result of greater economic activity, but the City still has a long way to go to reach the tax revenue generated before the recession.

Property tax revenue only increased by \$135 thousand over last fiscal year, a one percent increase. Combined, sales tax and property tax make up approximately 55 percent of General Fund revenues. 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. Charges for services are \$244 thousand less than the prior year. This is primarily due to the reduction in sales of non-hazardous impacted soil (NHIS) by \$519 thousand which is

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partially offset by greater revenue from median maintenance charges and engineering reimbursements. NHIS is a temporary revenue source that can end at any time. NHIS is received from oil companies for a fee and is available for use in road beds throughout the City. Any NHIS not utilized for road beds is provided to the Solid Waste Division for use as landfill cover.

General Fund expenses decreased by \$1.1 million 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. Each department reduced their expenditures from the prior year. Continuation of the furlough program resulted in salary and benefit savings of five percent. Salary and benefits account for approximately 75 percent of General Fund expenditures.

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, while 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 \$814 thousand in revenue from use of money and property. The current year's projects included \$95 thousand for park and pool improvements; \$236 thousand for information technology projects such as the intrusion detection system, geographical information system projects and other information technology projects; \$118 thousand in the Police CAD/RMS upgrade, and \$57 thousand in several other minor projects.

The Debt Service Fund made interest and principal payments of \$2.7 million and received transfers of \$1.4 million from the General Fund. The fund balance decreased by \$100 thousand at fiscal year-end.

D. GENERAL FUND BUDGETARY HIGHLIGHTS

Original and Final Budget Comparison

Differences between the original budget and the final amended budget (\$1.7 million increase) resulted primarily from the following:

- The City Attorney's Office amended their budget by \$177 thousand for litigation costs primarily associated with the Santa Maria Police Officer's Association and land use.
- Public Works amended their budget to maintain the Ruffoni building for \$66 thousand.
- The Police Department received grants from the State totaling over \$388 thousand to conduct DUI, seat belt and unlicensed driver check points. Also, \$168 thousand was carried over for ongoing livescan activities.

City of Santa Maria

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

- The Fire Department carried over a \$48 thousand Orfaela Grant for conducting an Aware and Prepare Program for disasters, a \$122 thousand FEMA Grant for equipment, \$155 thousand of appropriations for completion of the new Emergency Operations Center and equipment purchases generated from Mutual Aid, Allan Hancock Training Support and Aircraft Rescue and Fire Fighting contracts.
- Administrative Services amended their budget by \$360 thousand for property tax administration fees charged by the County and \$78 thousand for NHIS expenses.

Final Budget and Actual Comparison

Total revenues were \$216 thousand (0.4 percent) less than the final budget primarily due to the following:

- Sales tax revenue was greater than forecasted by \$959 thousand due to an improving local economy. However, sales tax is still less by \$2.3 million from fiscal year 2008, when sales tax peaked.
- Transient Occupancy Tax receipts were higher by \$342 thousand. Total receipts were \$2,363 thousand versus budget of \$2,020 thousand.
- The City's NHIS revenue has been declining primarily due to a slow down of the Guadalupe Restoration Project. Revenues received are \$2,330 thousand versus a budget of \$3,750 thousand. The peak of this revenue source occurred in 2008-09 and has been declining since then and is not considered a long-term revenue source.
- Construction permit revenue was under budget by \$454 thousand due to declining home construction.
- Cost allocation transfers increased by \$369,000. The City updated its cost allocation plan which resulted in increased cost reimbursements to the General Fund.

Total expenditures and transfers out were \$3.2 million less than the final budget which is primarily due to the following:

- Administrative Services was under budget by \$243 thousand primarily due to a decrease in NHIS Program related expenses and salary and benefit savings, as a result of staff vacancies, in the Finance Division.
- Recreation and Parks is under budget by six percent or \$477 thousand due primarily to salary and benefit savings associated with not immediately filling vacancies coupled with a reduction in contractual service expense accounts.
- Community Development is under budget by \$240 thousand primarily due the delay and reduction in expenditures for the Land Use and Circulation Element, Sphere Area 9.

City of Santa Maria
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

- Public Safety is under budget by \$1,764 thousand primarily due to salary and benefit savings attributed to vacancies as well as less overtime costs incurred.

E. CAPITAL ASSETS

The City's investments in capital assets for governmental and business-type activities as of June 30, 2011 amount to \$337.2 million. This net investment in capital assets includes land, buildings, equipment, infrastructure and construction in progress. The total decrease in the City's investment in capital assets for the fiscal year ending June 30, 2011 was 0.65 percent (a 5.7 percent decrease for governmental activities and 7.9 percent increase for business type activities). Phase II of the Wastewater Treatment Plant expansion was completed near the beginning of the fiscal year and accounts for the majority of the increase in business-type fixed assets.

The chart below and Note 4 Capital Assets (page F-64) provide additional detailed information on capital assets. The amounts shown below are expressed in millions.

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Land	\$ 20.2	\$ 20.2	\$ 12.2	\$ 12.2	\$ 32.4	\$ 32.4
Buildings	88.6	86.4	85.3	99.2	173.9	185.6
Equipment	8.4	8.0	13.6	19.7	22.0	27.7
Infrastructure	87.0	84.8			87.0	84.8
Construction in progress	9.1	1.7	15.0	5.0	24.1	6.7
Total net capital assets	<u>\$ 213.3</u>	<u>\$ 201.1</u>	<u>\$ 126.1</u>	<u>\$ 136.1</u>	<u>\$ 339.4</u>	<u>\$ 337.2</u>

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

- Net capital assets used in Governmental activities declined by \$12.2 million. Depreciation expense was \$10.5 million and asset additions were \$8.1 million. Construction in progress decreased by \$8.3 million primarily due to completion of Union Valley Parkway road construction project. This was offset by infrastructure deletions in pavement assets of \$2.7 million. Fleet asset deletions were \$453 thousand as well as \$303 thousand in office equipment. The decrease in business-type activities construction in progress resulted primarily from Phase II construction of the Wastewater Treatment Plant expansion, which was completed early in the year. The Solid Waste Fund recorded capital expenditures for the Los Flores Ranch development of \$2.7 million and Greenwaste Recycling program for \$1.1 million. The Water Fund recorded capital expenditures of \$1.8 million for the Fixed Base Metering project.
- The Transit Fund incurred capital expenditures of \$5.0 million, primarily for construction of the Intermodal Transit Center for \$2.8 million. The project received Federal grant funding

City of Santa Maria
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For the Fiscal Year Ended June 30, 2011

and State Proposition 1B monies. The project was completed in early 2011 and opened in April at a total cost of \$4.1 million. Other capital expenditures were for bus purchases and purchase of a surveillance/security system.

F. LONG-TERM DEBT

At fiscal year-end, the City had \$103.9 million in bonds and other long-term debt outstanding. The detail of this \$103.9 million is shown below.

The City's total debt decreased by \$3.1 million due to principal payments of \$4.4 million on bonds and Certificates of Participation (COP's). These decreases were partially offset by \$.5 million increase accrued landfill closure costs and claims payable and a \$.4 million increase in other post employment benefits.

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-69.

Activities	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Bonds/COP's	\$ 11.6	\$ 9.5	\$ 66.9	\$ 64.6	\$ 78.5	\$ 74.1
Accrued closure costs			12.4	12.9	12.4	12.9
Claims payable	6.3	6.7	2.1	2.2	8.4	8.9
Compensated absences	5.1	5.1	0.8	0.8	5.9	5.9
OPEB Liability	1.0	1.3	0.2	0.3	1.2	1.6
Land Purchase Obligation	0.6	0.5			0.6	0.5
Total	<u>\$ 24.6</u>	<u>\$ 23.1</u>	<u>\$ 82.4</u>	<u>\$ 80.8</u>	<u>\$ 107.0</u>	<u>\$ 103.9</u>

G. 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, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 86,137,342	\$ 89,977,553	\$ 176,114,895
Restricted cash and investments with fiscal agents	2,721,969	5,368,041	8,090,010
Accounts receivable	3,211,866	7,740,386	10,952,252
Other receivables		1,263,667	1,263,667
Accrued revenue receivable	3,888,334		3,888,334
Loans receivable	4,664,964		4,664,964
Deposit with CCWA		4,288,071	4,288,071
Deposits	188,052	45,000	233,052
Prepaid items	65,259	15,961,240	16,026,499
Inventory	46,796	46,797	93,593
Deferred cost of issuance	207,176		207,176
Internal balances	(1,242,500)	1,242,500	
Total current assets	<u>99,889,258</u>	<u>125,933,255</u>	<u>225,822,513</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable	34,265,282	17,230,009	51,495,291
Depreciable, net	166,853,186	118,878,782	285,731,968
Total noncurrent assets	<u>201,118,468</u>	<u>136,108,791</u>	<u>337,227,259</u>
Total Assets	<u>301,007,726</u>	<u>262,042,046</u>	<u>563,049,772</u>
LIABILITIES			
Current liabilities:			
Accounts payable	4,075,795	2,536,970	6,612,765
Interest payable	13,652		13,652
Accrued payroll	148,540	325,002	473,542
Unearned revenue	3,394,226	6,294,504	9,688,730
Debt due within one year	7,840,929	2,922,046	10,762,975
Total current liabilities	<u>15,473,142</u>	<u>12,078,522</u>	<u>27,551,664</u>
Noncurrent liabilities:			
Due in more than one year	15,291,385	77,848,272	93,139,657
Total noncurrent liabilities	<u>15,291,385</u>	<u>77,848,272</u>	<u>93,139,657</u>
Total Liabilities	<u>30,764,527</u>	<u>89,926,794</u>	<u>120,691,321</u>
NET ASSETS			
Invested in capital assets	191,139,585	71,545,818	262,685,403
Restricted for:			
CCWA water purchase and debt refunding		9,656,112	9,656,112
Road maintenance	5,056,373		5,056,373
Landscape maintenance	3,011,171		3,011,171
Debt Service	2,718,322		2,718,322
Other projects and programs	3,456,953		3,456,953
Total restricted	<u>14,242,819</u>	<u>9,656,112</u>	<u>23,898,931</u>
Unrestricted	64,860,795	90,913,322	155,774,117
Total Net Assets	<u>\$ 270,243,199</u>	<u>\$ 172,115,252</u>	<u>\$ 442,358,451</u>

See Accompanying Notes to Basic Financial Statements.

City of Santa Maria

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2011

Functions/Programs:	Expenses	Charges for Services	Program Revenue	
			Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 8,230,946	\$ 2,691,168		
Public safety	29,278,112	1,372,576	\$ 713,172	\$ 755,295
Public works	13,518,414	4,052,970	51,382	6,887,996
Library	3,497,409	215,408	1,019,441	2,839
Community development	4,703,671	1,148,105		6,993
Recreation and parks	11,932,463	3,864,146	463,368	1,017
Interest and fiscal charges	521,500			
Total governmental activities	71,682,515	13,344,373	2,247,363	7,654,140
Business-type activities:				
Water and wastewater	34,916,887	33,999,060	831,480	162,316
Solid waste	18,093,584	16,751,192	60,269	
Public transit	6,833,916	1,916,361	3,583,053	5,547,984
Total business-type activities	59,844,387	52,666,613	4,474,802	5,710,300
Total primary government	\$ 131,526,902	\$ 66,010,986	\$ 6,722,165	\$ 13,364,440
General Revenues				
Taxes :				
Property taxes				
Sales taxes				
Franchise taxes				
Transient occupancy taxes				
Other taxes				
Motor vehicle in-lieu tax				
Use of money and property				
Other revenues				
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
\$ 2,691,168	\$ (5,539,778)		\$ (5,539,778)
2,841,043	(26,437,069)		(26,437,069)
10,992,348	(2,526,066)		(2,526,066)
1,237,688	(2,259,721)		(2,259,721)
1,155,098	(3,548,573)		(3,548,573)
4,328,531	(7,603,932)		(7,603,932)
	(521,500)		(521,500)
23,245,876	(48,436,639)		(48,436,639)
34,992,856		\$ 75,969	75,969
16,811,461		(1,282,123)	(1,282,123)
11,047,398		4,213,482	4,213,482
62,851,715		3,007,328	3,007,328
\$ 86,097,591	(48,436,639)	3,007,328	(45,429,311)
	15,357,803		15,357,803
	21,711,665		21,711,665
	3,578,754		3,578,754
	2,363,467		2,363,467
	733,034		733,034
	431,934		431,934
	2,439,648	1,340,213	3,779,861
	405,292		405,292
	511,728		511,728
	(7,046,991)	7,046,991	
	40,486,334	8,387,204	48,873,538
	(7,950,305)	11,394,532	3,444,227
	277,453,048	161,303,332	438,756,380
	740,456	(582,612)	157,844
	278,193,504	160,720,720	438,914,224
\$	270,243,199	\$ 172,115,252	\$ 442,358,451



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, 2011

	Major Funds		
	General	General Capital Projects	RDA Debt Service
ASSETS			
Cash and investments	\$ 40,777,290	\$ 13,543,538	
Cash with fiscal agent			\$ 2,430,118
Accounts receivable	1,226,431		
Accrued revenue receivable	3,657,602	40,245	
Advance receivable	14,047,945		
Loans receivable			
Due from other funds	1,000		
Prepaid expenditures	1,008		
Deposits	53,052		
Total assets	\$ 59,764,328	\$ 13,583,783	\$ 2,430,118
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,669,430	\$ 84,679	
Matured interest payable			
Due to other funds			
Accrued payroll			
Deferred revenue	2,290,702	846,228	
Advance payable			\$ 14,047,945
Total liabilities	4,960,132	930,907	14,047,945
Fund Balances:			
Nonspendable:			
Prepaid expenditures	1,008		
Advance to RDA	14,047,945		
Loans receivable			
Restricted for:			
Road maintenance			
Community development			
Library			
Education			
Public safety			
Drainage			
Landscape maintenance			
Park acquisition			
Park development			
Debt service reserve			2,430,118
Committed to:			
Economic stabilization	19,800,000		
Assigned to:			
Post employment benefits	6,909,711		
Capital projects		12,652,876	
Unassigned:	14,045,532		(14,047,945)
Total fund balances	54,804,196	12,652,876	(11,617,827)
Total liabilities and fund balances	\$ 59,764,328	\$ 13,583,783	\$ 2,430,118

See Accompanying Notes to Basic Financial Statements.

Non-major Governmental Funds	Total Governmental Funds
\$ 12,964,701	\$ 67,285,529
291,851	2,721,969
1,962,401	3,188,832
190,487	3,888,334
	14,047,945
4,664,964	4,664,964
	1,000
	1,008
	53,052
\$ 20,074,403	\$ 95,852,632
\$ 1,044,434	\$ 3,798,543
13,652	13,652
4,971,000	4,971,000
133,950	133,950
4,922,260	8,059,190
	14,047,945
11,085,296	31,024,280
	1,008
	14,047,945
4,664,964	4,664,964
5,056,373	5,056,373
320,500	320,500
473,340	473,340
169,311	169,311
585,298	585,298
288,732	288,732
3,011,171	3,011,171
1,205,146	1,205,146
414,626	414,626
288,204	2,718,322
	19,800,000
	6,909,711
	12,652,876
(7,488,557)	(7,490,971)
8,989,107	64,828,352
\$ 20,074,403	\$ 95,852,632



City of Santa Maria

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

June 30, 2011

Fund balances of governmental funds \$ 64,828,352

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 \$6,825,864 (\$18,747,272 less depreciation of \$11,921,408) allocated from internal service funds are included in the internal service fund adjustment below.

Capital assets	\$ 146,684,593	
Infrastructure	180,169,431	
Internal service assets	18,747,272	
Accumulated depreciation	<u>(144,482,828)</u>	201,118,468

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. 15,782,050

Long-term liabilities are not due and payable in the current fiscal period and, therefore, not reported in the funds. Long-term liabilities of \$6,774,503 allocated from internal service funds are included in the above internal service fund adjustments.

Long-term debt	\$ (9,978,883)	
Compensated absences	(5,057,888)	
Other post employment benefits	<u>(1,321,040)</u>	(16,357,811)

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 unamortization cost of issuance. 207,176

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. 4,664,964

Net assets of governmental activities \$ 270,243,199

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, 2011

	Major Funds		
	General	General Capital Projects	RDA Debt Service
REVENUES:			
Taxes	\$ 36,189,485		
Permits, fines and forfeitures	973,062		
Revenues from use of money and property	1,223,878	\$ 813,684	\$ 93,166
Aid from governmental agencies	1,772,649		
Charges for current services	6,394,253		
Other revenues	128,874	48,257	
Total revenues	46,682,201	861,941	93,166
EXPENDITURES:			
Current:			
General government	7,182,507		
Community development	2,628,446		
Public safety	27,752,125		
Recreation and parks	7,453,377		
Public works	2,516,854		
Library			
Capital outlay	203,330	505,663	
Debt service:			
Principal			2,110,000
Interest and fiscal charges			571,825
Total expenditures	47,736,639	505,663	2,681,825
REVENUES OVER (UNDER) EXPENDITURES	(1,054,438)	356,278	(2,588,659)
OTHER FINANCING SOURCES (USES):			
Transfers in	4,344,281		2,476,980
Transfers out	(3,915,957)	(6,130)	
Total other financing sources (uses)	428,324	(6,130)	2,476,980
NET CHANGE IN FUND BALANCES	(626,114)	350,148	(111,679)
FUND BALANCES:			
Beginning of fiscal year	54,655,719	12,302,728	(11,506,148)
Prior period adjustments	774,591		
Beginning fund balances, restated	55,430,310	12,302,728	(11,506,148)
End of fiscal year	\$ 54,804,196	\$ 12,652,876	\$ (11,617,827)

See Accompanying Notes to Basic Financial Statements.

Non-major Governmental Funds	Total Governmental Funds
\$ 7,555,238	\$ 43,744,723
395,152	1,368,214
399,860	2,530,588
7,917,773	9,690,422
5,780,951	12,175,204
157,245	334,376
22,206,219	69,843,527
	7,182,507
2,021,711	4,650,157
96,266	27,848,391
2,304,525	9,757,902
2,484,812	5,001,666
2,698,807	2,698,807
7,197,090	7,906,083
	2,110,000
17,985	589,810
16,821,196	67,745,323
5,385,023	2,098,204
2,561,826	9,383,087
(4,096,160)	(8,018,247)
(1,534,334)	1,364,840
3,850,689	3,463,044
5,022,644	60,474,943
115,774	890,365
5,138,418	61,365,308
\$ 8,989,107	\$ 64,828,352



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, 2011

Net changes in fund balances - total governmental funds	\$ 3,463,044
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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 in the current fiscal period and the loss on disposal of capital assets during the current fiscal period.

Capital outlay	\$ 8,172,879	
Depreciation	(10,453,774)	
Transfers	(8,267,108)	
Loss on disposal of capital assets	<u>(1,656,346)</u>	(12,204,349)

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. (1,516,890)

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. 1,868,385

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. 469,101

Change in net assets of governmental activities	<u>\$ (7,950,305)</u>
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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.

Transit Fund - The 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, 2011

	ASSETS	Enterprise Funds	
		Water and Wastewater	Solid Waste
Current Assets:			
Cash and investments		\$ 18,462,240	\$ 60,159,414
Accounts receivable, net		3,657,390	308,311
Other receivables		189,023	1,011,148
Due from other funds			
Inventory			
Deposits			
Prepaid items		15,961,240	
Total current assets		<u>38,269,893</u>	<u>61,478,873</u>
Noncurrent Assets:			
Restricted Assets:			
Deposit with CCWA		4,288,071	
Restricted cash and investments		5,368,041	
Total restricted assets		<u>9,656,112</u>	
Capital Assets:			
Non-depreciable assets		9,421,063	3,298,391
Depreciable assets, net		84,629,379	18,000,709
Total capital assets, net		<u>94,050,442</u>	<u>21,299,100</u>
Total noncurrent assets		<u>103,706,554</u>	<u>21,299,100</u>
Total assets		<u>141,976,447</u>	<u>82,777,973</u>
	LIABILITIES		
Current Liabilities:			
Accounts payable		594,067	584,032
Accrued payroll		159,092	143,211
Deferred revenue		93,013	
Debt due within one year		1,968,143	305,152
Total current liabilities		<u>2,814,315</u>	<u>1,032,395</u>
Noncurrent Liabilities:			
Compensated absences payable		57,468	49,676
OPEB liability		138,739	111,734
Claims payable			
Accrued closure and postclosure care costs			12,889,286
Long-term debt - due in more than one year		62,947,851	
Total noncurrent liabilities		<u>63,144,058</u>	<u>13,050,696</u>
Total liabilities		<u>65,958,373</u>	<u>14,083,091</u>
	NET ASSETS		
Net assets:			
Invested in capital assets, net of related debt		29,487,470	21,299,100
Restricted cash for CCWA water purchase and debt refunding		9,656,112	
Unrestricted		36,874,492	47,395,782
Total net assets		<u>\$ 76,018,074</u>	<u>\$ 68,694,882</u>

Adjustment to reflect the consolidation of Internal Service Fund activities to related Enterprise Funds

Net assets of business-type activities

See Accompanying Notes to Basic Financial Statements.

Transit	Total Enterprise Funds	Internal Service Funds
\$ 3,809,185	\$ 82,430,839	\$ 26,398,527
3,751,649	7,717,350	46,072
63,496	1,263,667	
		4,970,000
		93,594
		180,000
	15,961,240	64,251
7,624,330	107,373,096	31,752,444
	4,288,071	
	5,368,041	
	9,656,112	
4,392,977	17,112,431	311,708
12,102,448	114,732,536	10,777,983
16,495,425	131,844,967	11,089,691
16,495,425	141,501,079	11,089,691
24,119,755	248,874,175	42,842,135
1,217,694	2,395,793	418,431
11,125	313,428	26,164
6,201,491	6,294,504	
4,653	2,277,948	2,514,429
7,434,963	11,281,673	2,959,024
757	107,901	16,710
8,385	258,858	25,326
		6,506,513
	12,889,286	
	62,947,851	
9,142	76,203,896	6,548,549
7,444,105	87,485,569	9,507,573
16,495,425	67,281,995	11,089,691
	9,656,112	
180,225	84,450,499	22,244,871
\$ 16,675,650	161,388,606	\$ 33,334,562
	10,726,646	
	\$ 172,115,252	

City of Santa Maria

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

Proprietary Funds

For the Fiscal Year Ended June 30, 2011

	Enterprise Funds		
	Water and Wastewater	Solid Waste	Transit
OPERATING REVENUES:			
Operating revenues:			
Charges for current services	\$ 32,900,373	\$ 16,660,007	\$ 1,761,721
Other	896,603	91,185	154,640
Total operating revenues	33,796,976	16,751,192	1,916,361
OPERATING EXPENSES:			
Salaries, wages and benefits	4,250,129	3,897,590	259,585
Materials and supplies	1,420,524	221,969	5,108,899
Equipment maintenance and operation	1,673,285	4,098,319	609,075
Depreciation	2,816,222	1,882,035	709,208
Contracts and services	2,872,072	7,514,683	107,361
Subtotal operating expenses	13,032,232	17,614,596	6,794,128
State water payments:			
State water payments DWR	14,227,105		
State water payments CCWA	3,240,888		
Subtotal state water payments	17,467,993		
Total operating expenses	30,500,225	17,614,596	6,794,128
OPERATING INCOME (LOSS)	3,296,751	(863,404)	(4,877,767)
NON-OPERATING REVENUES (EXPENSES):			
Local, state and federal grants	831,480	60,269	3,583,054
Interest income	461,513	859,271	34,868
Interest expense	(4,219,806)		
Gain (loss) on sale of equipment	(1,492)		
Other	202,084		
Total nonoperating revenues (expenses)	(2,726,221)	919,540	3,617,922
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	570,530	56,136	(1,259,845)
Capital contributions	8,294,432		5,547,984
Transfers out	(530,030)	(497,670)	(109,030)
Change in net assets	8,334,932	(441,534)	4,179,109
NET ASSETS:			
Beginning of fiscal year	67,749,646	69,588,528	12,496,541
Prior period adjustments	(66,504)	(452,112)	
Beginning of fiscal year, restated	67,683,142	69,136,416	12,496,541
End of fiscal year	\$ 76,018,074	\$ 68,694,882	\$ 16,675,650

Adjustment to reflect the consolidation of Internal Service Fund activities to related Enterprise Funds

Change in net assets of business-type activities

See Accompanying Notes to Basic Financial Statements.

Total		
Enterprise	Internal	
Funds	Service Funds	
\$ 51,322,101	\$ 7,831,531	
1,142,428	15,618	
<u>52,464,529</u>	<u>7,847,149</u>	
8,407,304	807,552	
6,751,392	1,636,440	
6,380,679	1,679,536	
5,407,465	2,697,440	
10,494,116	3,701,799	
<u>37,440,956</u>	<u>10,522,767</u>	
14,227,105		
3,240,888		
<u>17,467,993</u>		
54,908,949	10,522,767	
<u>(2,444,420)</u>	<u>(2,675,618)</u>	
4,474,803		
1,355,652	(61,759)	
(4,219,806)		
(1,492)	84,188	
202,084		
<u>1,811,241</u>	<u>22,429</u>	
(633,179)	(2,653,189)	
13,842,416	563,694	
(1,136,730)	(228,110)	
<u>12,072,507</u>	<u>(2,317,605)</u>	
	35,866,070	
	(213,903)	
	<u>35,652,167</u>	
	<u>\$ 33,334,562</u>	
<u>(677,976)</u>		
<u>\$ 11,394,531</u>		

City of Santa Maria

STATEMENT OF CASH FLOWS

Proprietary Funds

For the Fiscal Year Ended June 30, 2011

	Enterprise Funds		
	Water and Wastewater	Solid Waste	Transit
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts for current services	\$ 33,097,765	\$ 16,958,246	\$ (476,073)
Payments for goods and services	(23,047,435)	(11,166,725)	(5,742,781)
Payments to employees	(4,201,869)	(3,842,580)	(253,367)
Net cash provided by (used for) operating activities	5,848,461	1,948,941	(6,472,221)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Federal and state transportation grants	831,480	60,269	3,583,054
Transfers out to other funds	(530,030)	(497,670)	(109,030)
Net cash provided by (used for) noncapital activities	301,450	(437,401)	3,474,024
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(353,020)	(2,219,881)	(4,471,260)
Capital contributions			5,075,291
Certificate principal payments	(3,870,000)		
Proceeds from sale of assets			
Interest expense payments	(2,658,782)		
Net cash provided by (used for) capital and related financing activities	(6,881,802)	(2,219,881)	604,031
CASH FLOW FROM INVESTING ACTIVITIES:			
Interest on investments	639,276	859,271	35,175
Net cash provided by investing activities	639,276	859,271	35,175
Net increase (decrease) in cash and cash equivalents	(92,615)	150,930	(2,358,991)
CASH AND CASH EQUIVALENTS:			
Beginning of fiscal year	28,277,471	60,008,484	6,168,176
Adjustment to beginning cash	(66,504)		
Beginning cash restated	28,210,967	60,008,484	6,168,176
End of fiscal year	\$ 28,118,352	\$ 60,159,414	\$ 3,809,185
Reconciliation of cash and investments per the statement of net assets:			
Total cash and investments per the statement of net assets	\$ 18,462,240	\$ 60,159,414	\$ 3,809,185
Total restricted cash and investments per the statement of net assets	9,656,112		
Cash and cash equivalents, June 30, 2011	\$ 28,118,352	\$ 60,159,414	\$ 3,809,185

See Accompanying Notes to Basic Financial Statements.

Total		Internal	
Enterprise		Service Funds	
Funds			
\$ 49,579,938	\$ 13,187,396		
(39,956,941)	(6,476,552)		
(8,297,816)	(752,195)		
<u>1,325,181</u>	<u>5,958,649</u>		
4,474,803			
(1,136,730)	(228,110)		
<u>3,338,073</u>	<u>(228,110)</u>		
(7,044,161)	(1,837,422)		
5,075,291			
(3,870,000)			
	98,190		
<u>(2,658,782)</u>	<u></u>		
<u>(8,497,652)</u>	<u>(1,739,232)</u>		
1,533,722	(61,759)		
<u>1,533,722</u>	<u>(61,759)</u>		
<u>(2,300,676)</u>	<u>3,929,548</u>		
94,454,131	22,724,954		
(66,504)	(255,975)		
<u>94,387,627</u>	<u>22,468,979</u>		
<u>\$ 92,086,951</u>	<u>\$ 26,398,527</u>		
\$ 82,430,839	\$ 26,398,527		
9,656,112			
<u>\$ 92,086,951</u>	<u>\$ 26,398,527</u>		

City of Santa Maria

STATEMENT OF CASH FLOWS

Proprietary Funds, continued

For the Fiscal Year Ended June 30, 2011

	Enterprise Funds		
	Water and Wastewater	Solid Waste	Transit
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 3,296,751	\$ (863,404)	\$ (4,877,767)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	2,816,222	1,882,035	709,208
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	(699,210)	207,053	(2,626,666)
Decrease (increase) in inventory			
Decrease (increase) in prepaid items	440,211		(153)
Increase (decrease) in accounts payable	(53,773)	179,082	82,707
Increase (decrease) due to other funds			
Increase (decrease) in accrued payroll	15,827	19,529	2,683
Increase (decrease) in claims payable			
Increase (decrease) in postclosure costs		489,165	
Increase (decrease) deferred revenue			234,231
Increase (decrease) in compensated absences payable	(2,281)	19,278	1,605
Increase (decrease) in OPEB liability	34,714	16,203	1,931
Total adjustments	2,551,710	2,812,345	(1,594,454)
Net cash provided by (used for) operating activities	\$ 5,848,461	\$ 1,948,941	\$ (6,472,221)
NON CASH ACTIVITY:			
Contributed capital assets	\$ 8,294,432		\$ 472,693
Amortization of deferral on refunding and bond discount	10,265		
Accretion discount	1,184,713		

See Accompanying Notes to Basic Financial Statements.

Total Enterprise Funds	Internal Service Funds
\$ (2,444,420)	\$ (2,675,618)

5,407,465	2,697,440
(3,118,823)	(19,753)
	47,393
440,058	(121,042)
208,016	125,384
	5,360,000
38,039	1,815
	489,488
489,165	
234,231	
18,602	47,370
52,848	6,172
<u>3,769,601</u>	<u>8,634,267</u>
<u>\$ 1,325,181</u>	<u>\$ 5,958,649</u>

\$ 8,767,125	\$ 563,694
10,265	
1,184,713	



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, 2011

Assets	<u>Total Agency Funds</u>
Cash and investments	\$ 6,462,835
Accounts receivable	<u>150,239</u>
Total Assets	<u>\$ 6,613,074</u>
Liabilities	
Trust deposits	<u>\$ 6,613,074</u>
Total Liabilities	<u>\$ 6,613,074</u>

See Accompanying Notes to Basic Financial Statements.



City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Santa Maria (City) have 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.

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

City of Santa Maria

Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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.

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,

City of Santa Maria

Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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.

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 the revenues 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 revenues are collected within 60 days of the end of the current fiscal year. Expenditures are generally 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

City of Santa Maria

Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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 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.

City of Santa Maria

Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

Transit Fund: The Transit Fund accounts for resources to provide transit services to the City and surrounding areas.

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.

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.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 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

City of Santa Maria

Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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

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
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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.

City of Santa Maria

Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

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 police - 680 hours, fire - 608 hours, and 360 hours - 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 8-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, 103 retirees meet the eligibility requirements. The City is required by CALPERS to contribute \$108 per month, the balance of premiums, which average \$706 per month, are paid by retirees. This fiscal year expenditure of \$126,153 was 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.

City of Santa Maria

Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

L. *Net Assets*

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

Invested in Capital Assets, net of Related Debt – This 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 Equity*

The fund balance classifications are reported primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The fund balances are classified as non-spendable, restricted, committed, assigned and unassigned.

Non-spendable fund balance represents amounts that are not in a spendable form such as inventories, prepaid items and loans receivable. In the fund financial statements, governmental funds report restrictions on fund balances for amounts that are legally restricted by outside parties for a specific purpose. Committed fund balance represents funds formally set aside by the City Council for a particular purpose. The use of committed funds would be approved by City Council through Council action.

The Council has adopted, by resolution, a Prudent Reserve Fund for economic emergencies in which the City Council may, at its discretion, set aside all or any part of a surplus generated in the General Fund resulting from the excess of revenues over expenditures. An appropriation from the Prudent Reserve Fund would require an approved resolution by a two-thirds vote of the City Council and are limited to emergency situations. Examples of such emergencies include, but are not limited to: to cover expense arising from a natural disaster, to replace revenue taken over by another entity, or to a drop in actual/projected revenue of more than five percent of the General Fund adopted revenue budget.

Assigned Fund Balance comprises amounts intended to be used by the City for specific purposes. Intent can be expressed by the City Council or by an official or body to which the governing body delegates the authority.

Unassigned Fund Balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

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	July 1
50% - February 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.

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 \$12.9 million reported as landfill closure and postclosure care liability at June 30, 2011, represents the cumulative amount reported to date based on the use of 82.3 percent of the estimated capacity of the landfill. The City will recognize remaining estimated costs of \$6.8 million in closure and postclosure care as the remaining estimated capacity is filled. The total costs of \$19.7 million are based on what it would cost to perform all closure and postclosure

City of Santa Maria

Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

care in fiscal year 2010-11. The City expects to close the landfill by the year 2017. Inflation and changes in technology and/or regulations may result in higher costs.

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 the budgeted funds among departments or functions within the same fund without seeking approval by the City Council. The level at which expenditures may not legally exceed appropriations is therefore established at the fund level.

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. 54

For the fiscal year ended June 30, 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund-type definitions." This statement establishes a hierarchy based largely on the extent to which a government is bound to observe spending constraints that govern how it can use amounts reported in the governmental funds balance sheet. The effects of GASB Statement 54 are noted in footnote 1.N.

Governmental Accounting Standards Board Statement No. 59

For the fiscal year ended June 30, 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 59, "Financial Instruments Omnibus." The Statement is

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2011

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

2. CASH AND INVESTMENTS

A. Cash and investments as of June 30, 2011, are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments	\$ 176,114,895
Cash and investments held by bond trustee	8,090,010
Fiduciary funds:	
Cash and investments	<u>6,462,835</u>
Total cash and investments	<u><u>\$ 190,667,740</u></u>

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	\$ 16,890
Deposits with financial institutions	2,507,000
Investments	<u>188,143,850</u>
Total cash and investments	<u><u>\$ 190,667,740</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, 2011

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 following table identifies 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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:

Investment Type	Value	or Less	Months	Months	60 Months
Federal Agency Issues	\$ 79,268,351		\$ 5,784,493	\$ 73,483,858	
Medium-Term Corporate Notes (MTN)	30,613,980	\$ 7,120,555	7,116,935	16,376,490	
Local Agency Investment Fund (LAIF)	70,171,509	70,171,509			
Held by bond trustee:					
Money market funds	3,929,208	3,929,208			
Commercial Paper	2,385,555	2,385,555			
Investment contracts	1,775,247				\$ 1,775,247
Total	<u>\$ 188,143,850</u>	<u>\$ 83,606,827</u>	<u>\$12,901,428</u>	<u>\$ 89,860,348</u>	<u>\$ 1,775,247</u>

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2011

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 on the following page 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	\$ 79,268,351	N/A	\$ 79,268,351				
Medium-Term Corporate Notes	30,613,980	A	2,501,450	\$10,533,270	\$ 15,649,540	\$ 1,929,720	
Local Agency Investment Fund	70,171,509	N/A					\$ 70,171,509
Held by bond trustee:							
Money market funds	3,929,208	A	3,929,208				
Commercial Paper	2,385,555	A			2,385,555		
Investment contracts	1,775,247	N/A					1,775,247
Total	\$ 188,143,850		\$ 85,699,009	\$10,533,270	\$ 18,035,095	\$ 1,929,720	\$ 71,946,756

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 five percent or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
FHLB	Federal Agency Issues	\$ 12,497,933
FHLMC	Federal Agency Issues	13,116,060
FNMA	Federal Agency Issues	45,124,953

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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:

<u>Investment Type</u>	<u>Reported Amount</u>
Federal Agency Issues	\$ 79,268,351
Corporate medium term notes	30,613,980

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, 2011, 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, 2011, 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.

I. Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (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.

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 on the following page:

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Government accounts receivables:

<u>Governmental</u>	<u>Accounts Receivable</u>	<u>Accrued Revenues</u>	<u>Loans Receivable</u>	<u>Totals</u>
General Fund	\$ 1,226,431	\$ 3,657,602		\$ 4,884,033
General Capital Projects		40,245		40,245
Nonmajor Funds	1,962,401	190,487	4,664,964	6,817,852
Internal Service	23,034			23,034
Totals	<u>\$ 3,211,866</u>	<u>\$ 3,888,334</u>	<u>\$ 4,664,964</u>	<u>\$11,765,164</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	\$ 3,744,855	\$ 189,023	\$ 3,933,878	\$ (87,466)	\$ 3,846,412
Solid Waste	342,476	1,011,148	1,353,624	(34,166)	1,319,458
Transit	3,751,649	63,496	3,815,145		3,815,145
Internal Service	23,038		23,038		23,038
Totals	<u>\$ 7,862,018</u>	<u>\$ 1,263,667</u>	<u>\$ 9,125,685</u>	<u>\$ (121,632)</u>	<u>\$ 9,004,053</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, 2011, is on the following page:

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Governmental Activities:	Balances at July 1, 2010	Increases	Decreases	Transfers	Balances at June 30, 2011
Non-depreciable capital assets:					
Land	\$ 20,234,646				\$ 20,234,646
Construction in progress	9,065,196	\$ 1,692,291	\$ (798,088)	\$ (8,267,108)	1,692,291
Right of Way Infrastructure	12,338,345				12,338,345
Total non-depreciable capital assets	41,638,187	1,692,291	(798,088)	(8,267,108)	34,265,282
Depreciable capital assets:					
Buildings and Improvements	121,996,581	618,050			122,614,631
Equipment	20,199,799	1,467,976	(777,478)		20,890,297
Infrastructure	166,173,005	4,394,562	(2,736,481)		167,831,086
Total depreciable capital assets	308,369,385	6,480,588	(3,513,959)		311,336,014
Less accumulated depreciation:					
Buildings and improvements	(33,384,744)	(2,808,748)			(36,193,492)
Equipment	(11,776,014)	(1,877,797)	758,655		(12,895,156)
Infrastructure	(91,523,997)	(5,767,229)	1,897,046		(95,394,180)
Total accumulated depreciation	(136,684,755)	(10,453,774)	2,655,701		(144,482,828)
Total depreciable capital assets, net	171,684,630	(3,973,186)	(858,258)		166,853,186
Governmental activities capital assets, net	\$ 213,322,817	\$ (2,280,895)	\$ (1,656,346)	\$ (8,267,108)	\$ 201,118,468

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, 2011, is as follows:

Net Capital Assets By Type:	Balances at July 1, 2010	Increases	Decreases	Transfers	Balances at June 30, 2011
Capital Assets	\$ 119,386,858	\$ (800,183)	\$ (802,214)	\$ (8,267,108)	\$ 109,517,353
Internal Service Fund Assets	6,948,606	(108,045)	(14,697)		6,825,864
Infrastructure Assets	86,987,353	(1,372,667)	(839,435)		84,775,251
Net Capital Assets by Type	\$ 213,322,817	\$ (2,280,895)	\$ (1,656,346)	\$ (8,267,108)	\$ 201,118,468

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, 2011

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, 2011, is as follows:

<u>Business-type Activities:</u>	Balances at July 1, 2010	Increases	Decreases	Transfers	Balances at June 30, 2011
Non-depreciable capital assets:					
Land	\$ 12,226,027				\$ 12,226,027
Construction in progress	14,953,863	\$ 5,003,981	\$ (14,953,862)		5,003,982
Total non-depreciable capital assets	27,179,890	5,003,981	(14,953,862)		17,230,009
Depreciable capital assets:					
Buildings and improvement	130,759,505	9,646,001		\$ 8,267,108	148,672,614
Equipment and vehicles	27,944,274	8,413,913	(520,113)		35,838,074
Total depreciable capital assets	158,703,779	18,059,914	(520,113)	8,267,108	184,510,688
Less accumulated depreciation for:					
Building and improvements	(45,453,270)	(3,984,534)			(49,437,804)
Equipment and vehicles	(14,343,076)	(2,362,644)	511,617		(16,194,103)
Total accumulated depreciation	(59,796,346)	(6,347,178)	511,617		(65,631,907)
Total depreciable capital assets, net	98,907,433	11,712,737	(8,496)	8,267,108	118,878,782
Business-type activities capital assets, net	\$ 126,087,323	\$ 16,716,718	\$ (14,962,358)	\$ 8,267,108	\$ 136,108,791

A summary of changes in capital assets activity, by type, for the City's business-type activities for the fiscal year ended June 30, 2011, is as follows:

<u>Net Capital Assets By Type:</u>	Balances at July 1, 2010	Increases	Decreases	Transfers	Balances at June 30, 2011
Water and Wastewater	\$ 88,164,817	\$ 10,056,791	\$ (12,438,274)	\$ 8,267,108	\$ 94,050,442
Solid Waste	21,399,785	2,416,399	(2,517,084)		21,299,100
Transit	12,260,681	4,234,744			16,495,425
Internal Service Fund Assets	4,262,040	8,785	(7,000)		4,263,825
Net Capital Assets by Type	\$ 126,087,323	\$ 16,716,718	\$ (14,962,358)	\$ 8,267,108	\$ 136,108,791

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

D. Depreciation Expense

Depreciation expense of \$16,800,952 was charged to the following functions:

	Governmental Activities	Business-type Activities	Total
General Government	\$ 114,076		\$ 114,076
Public Safety	426,289		426,289
Public Works	5,795,920		5,795,920
Community Development	828,828		828,828
Library	642,088		642,088
Recreation and Parks	888,846		888,846
Internal Service Funds	1,757,727	\$ 939,713	2,697,440
Water and Wastewater		2,816,222	2,816,222
Solid Waste		1,882,035	1,882,035
Public Transit		709,208	709,208
	<u>\$ 10,453,774</u>	<u>\$ 6,347,178</u>	<u>\$ 16,800,952</u>

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Due To and From Other Funds

The Due To and From Other Funds are as follows:

Fund	Due From Other Funds	Due to Other Funds
General Fund	\$ 1,000	
Non-major Governmental Funds		\$ 4,971,000
Internal Service Funds	<u>4,970,000</u>	
Total	<u>\$ 4,971,000</u>	<u>\$ 4,971,000</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, 2011

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	\$ 4,344,281	\$ 3,915,957
Capital Projects Fund		6,130
RDA Debt Service Fund	2,476,980	
Non-major Governmental Funds	2,561,826	4,096,160
Water and Wastewater Fund		530,030
Solid Waste Fund		497,670
Transit Fund		109,030
Internal Service Funds		228,110
Total	<u>\$ 9,383,087</u>	<u>\$ 9,383,087</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

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 14,047,945	
RDA Debt Service Fund		\$ 14,047,945
Total	<u>\$ 14,047,945</u>	<u>\$ 14,047,945</u>

The advances to and from other funds are as follows:

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 \$2,251 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, 2011 is \$14,047,945.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

6. 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, 2011:

A. Governmental Activities

Following is a summary of the changes in the governmental funds long-term debt for the fiscal year ended June 30, 2011:

Liabilities	Balance 7/1/2010	Additions	Deletions	Balance 6/30/2011	Due within one year
Bonds payable	\$ 11,325,000		\$ (2,110,000)	\$ 9,215,000	\$ 2,215,000
Add:					
Premium	799,975		(133,329)	666,646	
Less: deferred amounts on refunding	(514,395)		85,732	(428,663)	
Total bonds payable	11,610,580		(2,157,597)	9,452,983	2,215,000
Compensated absences	5,104,151	\$ 2,774,202	(2,748,950)	5,129,403	3,795,758
OPEB liability	1,019,041	421,682	(105,414)	1,335,309	
Property purchase obligation	546,615		(20,715)	525,900	21,337
Claims payable	6,321,603	977,673	(610,557)	6,688,719	1,808,834
Total	\$ 24,601,990	\$ 4,173,557	\$ (5,643,233)	\$ 23,132,314	\$ 7,840,929

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 \$2,748,950 outstanding compensated absences during fiscal year 2010-11. The \$5,129,403 of outstanding compensated absences at June 30, 2011, 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 \$421,682 during 2010-11. Over the long term, the \$1,335,309 of outstanding OPEB at June 30, 2011, is also primarily the responsibility of the General Fund.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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, 2011, 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.

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, 2011, 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
2012	\$ 2,215,000	\$ 466,325
2013	2,325,000	355,575
2014	2,445,000	239,325
2015	1,085,000	117,075
2016	1,145,000	60,113
Total payments	<u>\$ 9,215,000</u>	<u>\$ 1,238,413</u>

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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, 2011:

Long-term Liabilities	Balance 6/30/2010	Additions	Deletions	Balance 6/30/2011	Due within one year
Certificate of participation payable 1993	\$ 14,200,000		\$ (790,000)	\$ 13,410,000	\$ 830,000
Certificate of participation payable 1997 A & B	34,585,007		(1,246,076)	33,338,931	1,161,438
Add: Accretion	22,864,403	\$ 1,184,713	(1,833,924)	22,215,192	
Less:					
Deferred by refunding	(4,702,278)		366,051	(4,336,227)	(366,051)
Bond discount	(75,189)		10,265	(64,924)	(10,265)
Total COP's	66,871,943	1,184,713	(3,493,684)	64,562,972	1,615,122
Compensated absences	780,716	698,848	(660,992)	818,572	703,979
OBEB liability	200,490	90,165	(20,740)	269,916	
Claims payable	2,107,201	325,891	(203,519)	2,229,573	602,945
Accrued closure costs	12,400,121	489,165		12,889,286	
Total	\$ 82,360,471	\$ 2,788,782	\$ (4,378,935)	\$ 80,770,318	\$ 2,922,046

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, 2011, excluding amounts for claims payable, and compensated absences, including interest payments are shown on the following page:

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2011

Fiscal Year Ending June 30,	Certificate of Participation (1993)		Certificate of Participation (1997)	
	Principal *	Interest *	Principal *	Interest *
2012	\$ 830,000	\$ 708,425	\$ 1,161,438	\$ 3,932,390
2013	880,000	661,400	1,216,156	3,877,672
2014	930,000	611,625	1,307,736	3,771,092
2015	975,000	559,238	1,228,586	3,850,243
2016	1,030,000	504,100	1,153,156	3,925,672
2017-2021	6,080,000	1,579,176	10,620,381	14,804,127
2022-2026	2,685,000	166,188	10,289,763	15,150,594
2027-2028			6,361,715	3,353,612
Total debt service payments	<u>\$ 13,410,000</u>	<u>\$ 4,790,152</u>	<u>\$ 33,338,931</u>	<u>\$ 52,665,402</u>

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

7. 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>
Federal and State Asset Forfeiture	\$ 49,898
Redevelopment Agency	117,602
Public Access Television	291

B. Deficit Fund Equity

The non-major special revenue funds with a deficit fund balance at June 30, 2011, are shown as follows:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Growth Mitigation	\$ (3,644,076)
Supplemental Law Enforcement	(38,713)
Workforce Investment Act Grant	(11,267)
Grant (Non-recurring)	(22,532)

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

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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:

Fiscal Ending June 30,	Amount
2012	\$ 16,850,966
2013	17,799,085
2014	19,476,531
2015	19,887,287
2016	20,042,742

8. 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. On April 19, 2011, the City adopted a two-tier retirement system for all employees hired after July 1, 2011. Safety employees hired after that date are required to contribute the employee’s nine percent and miscellaneous employee’s are required to contribute their eight percent. The City is required to contribute at an actuarially determined rate for fiscal year 2010-11, the City contribution rate is 23.571 percent for police, 30.833 percent for fire, and 12.607 percent for miscellaneous. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Fire Safety Employee Plan Change: Effective July 1, 2003, the City’s Fire Safety Employee Plan became a member of CalPERS Safety 3 percent at 50 Risk Pool, a cost-sharing multiple-employer defined benefit pension plan. CalPERS regulations require that public agency plans with less than a 100 active members participate in a risk pool. After joining a risk

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

pool, a plan cannot, at a future date, request to leave the risk pool structure and become a stand-alone plan. Therefore, even if the City were to exceed 100 members active members in the future, the Fire Safety Employee Plan will remain in the risk pool. As members of the risk pool, the City will only receive information on the entire pool, not City specific data.

Annual Pension Cost: For fiscal year 2011, the City's annual pension cost of \$9.1 million for CalPERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2008 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 three 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. 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.

<u>Year</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
Safety Police Plan			
6/30/2009	\$ 3,145	100%	\$ 0
6/30/2010	3,100	100%	0
6/30/2011	3,332	100%	0
Safety Fire Plan			
6/30/2009	\$ 1,562	100%	\$ 0
6/30/2010	1,766	100%	0
6/30/2011	2,137	100%	0
Miscellaneous Plan			
6/30/2009	\$ 3,364	100%	\$ 0
6/30/2010	3,696	100%	0
6/30/2011	3,670	100%	0

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2011

Funding Status and Progress: The funded status of the Police Safety Plan and the Miscellaneous Plan (in thousands) as of June 30, 2010, the plans most recent actuarial valuation date, was as follows:

	<u>Police Safety Employee Plan</u>	<u>Miscellaneous Employee Plan</u>
Actuarial accrued liability (AAL)	\$ 83,662	\$ 146,896
Actuarial value of plan assets	71,771	122,302
Unfunded actuarial accrued liability (UAAL)	\$ 11,891	\$ 24,594
Funded ratio (actuarial value of plan assets/AAL)	85.8%	83.3%
Covered payroll (active plan members)	\$ 9,265	\$ 21,707
UAAL as a percentage of covered payroll	128.3%	113.3%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

B. Defined Contribution Pension Plan

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 \$69,136 were made during the fiscal year ending June 30, 2011. The total amount of covered compensation was \$921,813. All eligible employees 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.

The account summary, below, reports the additions and distributions during fiscal year 2010-11:

Beginning Balance		\$ 281,101
Plus:		
Contributions	\$ 69,136	
Year-to-Date Earnings	4,056	
Subtotal	<u>73,192</u>	73,192
Less:		
Year-to-date expenses	6,730	
Distributions	54,573	
Subtotal	<u>61,303</u>	<u>61,303</u>
Ending Balance		<u>\$ 292,990</u>

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

9. 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, cost sharing multiple-employer defined benefit 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 \$108 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 \$706 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 2010-11, expenditures of \$126,153 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 1.50 percent of annual covered payroll.

Annual OPEB Cost: For fiscal year ended June 30, 2011, the City contributed \$126,153 for pay-as-you-go premiums to the Plan. As a result, the City has calculated and recorded the Net OPEB Obligation, representing the difference the ARC, amortization and contributions, as presented below:

	Net OPEB Obligation Calculation
Annual Required Contribution (ARC)	\$ 530,280
Amortization of Net OPEB Liability	(79,328)
Interest on Net OPEB Liability	60,895
Annual OPEB Cost	<u>511,847</u>
Contributions made:	
City share of current year premiums paid	<u>126,153</u>
Contributions less than the ARC	385,694
Net OPEB Obligation at June 30, 2010	<u>1,219,531</u>
Net OPEB Obligation at June 30, 2011	<u><u>\$ 1,605,225</u></u>

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

expenses) and an annual healthcare cost trend rate of seven percent initially, reduced by decrements to an ultimate rate of five percent after five years. The medical inflation rate used is four percent. The post-retirement benefit increases are zero. The actuarial value of plan assets was not calculated in this, the first actuarial valuation, as there are no assets to value. The plan unfunded actuarial accrued liability is being amortized over a 30-year amortization period.

The City did not pre-fund retiree healthcare costs nor did the City establish an irrevocable trust for retiree healthcare costs. The City did establish a separate cash account and assignment of fund balance, in the amount of \$6,909,711, which is the present value of future benefits for current active and retired employees. This is the amount actuarially determined to be required to fund healthcare benefits for these employees and retirees in the future. However, because the assets are not in an irrevocable trust, the \$6,909,711 cannot be used to offset 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.

10. 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, 2011, the estimated outstanding liability was \$7,275,477 for workers' compensation and \$1,642,815 for general liability. Such amounts have been accrued in the accompanying combined financial statements' Internal Service Insurance Fund. At June 30, 2011, the estimated liability for claims payable is \$8,918,292. 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.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Insurance Claims Payable

	<u>2009-10</u>	<u>2010-11</u>
Claims payable at July 1	\$ 10,433,622	\$ 8,428,804
Claims incurred during the fiscal year	797,936	1,303,564
Payments on claims during the fiscal year	<u>(2,802,754)</u>	<u>(814,076)</u>
Claims and judgments payable at June 30	<u>\$ 8,428,804</u>	<u>\$ 8,918,292</u>

11. 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 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 \$4,819,550.

12. STABILIZATION RESERVE

The General Fund established an Economic Stabilization (Prudent Reserve) account for use in economic emergencies. The City Council adopted a resolution committing \$19,800,000 for this purpose. Appropriations from these reserves can only be made by formal City Council action in emergency situations. Examples of such emergencies include, but are not limited to:

- An unplanned, major event such as a catastrophic disaster requiring expenditures over five percent of the General Fund adopted budget.
- Budgeted revenue taken over by another entity.
- Drop in projected/actual revenue of more than five percent of the General Fund adopted revenue budget.

13. PRIOR PERIOD ADJUSTMENTS

Two prior period adjustments to the General fund were incurred. The first adjustment was for a correction of Worker's Compensation Fund (Internal Service Fund) cost allocation transfers of \$255,975. The second was a correction of internal franchise fee calculation from the Water & Wastewater and Solid Waste major enterprise funds for \$518,616. The General Fund beginning fund balance was credited for \$774,591. The impact of the prior period adjustments on the Statement of Activities is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning net assets	<u>\$ 277,453,048</u>	<u>\$ 161,303,332</u>	<u>\$ 438,756,380</u>
Total prior period adjustments	<u>740,456</u>	<u>(582,612)</u>	<u>157,844</u>
Beginning net assets, restated	<u>\$ 278,193,504</u>	<u>\$ 160,720,720</u>	<u>\$ 438,914,224</u>

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

	<u>General Fund</u>	
Beginning fund balance	<u>\$ 54,655,719</u>	
Correction of franchise fee transfers at 6/30/10	518,616	
Correction of workers compensation transfers at 6/30/10	<u>255,975</u>	
Beginning net assets, restated	<u><u>\$ 55,430,310</u></u>	
	<u>Water and Wastewater Fund</u>	<u>Solid Waste Fund</u>
Beginning fund balance	<u>\$ 67,749,646</u>	<u>\$ 69,588,528</u>
Correction of franchise fee transfers at 6/30/10	<u>(66,504)</u>	<u>(452,112)</u>
Beginning net assets, restated	<u><u>\$ 67,683,142</u></u>	<u><u>\$ 69,136,416</u></u>

14. 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 \$677,976 difference are shown as follows:

Internal receivable representing charges less than cost to business-type activities - current fiscal year.	<u>\$ (677,976)</u>
Net adjustment to decrease net assets - total enterprise funds to arrive at net assets - business-type activities.	<u><u>\$ (677,976)</u></u>

15. SUBSEQUENT EVENT

On June 29, 2011, the State of California passed its 2011-12 budget, which included two trailer bills - AB 1X 26 and AB 1X 27. AB 1X 26 calls for the dissolution of redevelopment agencies in the State as of October 1, 2011. However, AB 1X 27 exempts agencies from suspension and dissolution under AB 1X 26 if the City adopts an ordinance agreeing to comply with AB 1X 27 called the "Voluntary Alternative Redevelopment Program" ("VARP") under which participating communities "voluntarily" pay a portion of tax increment to the State. On July

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

19th, a Writ of Mandate was filed by the League of California Cities and the California Redevelopment Association directly to the California Supreme Court challenging the constitutionality of the legislation. On August 11, 2011, the Supreme Court issued a partial stay on the legislation. It is anticipated that the Supreme Court will render a decision by January 15, 2012. The potential loss in tax increment to the Redevelopment Agency (RDA) of the City is \$329,379 for fiscal year 2011-12, and approximately \$80,000 per year thereafter. Since the entire amount of tax increment is used to pay debt service on the 2003 RDA Refunding Bonds, General Fund reserves will be used to reimburse the RDA for the loss of \$329,379. The General Fund has adequate reserves for this reimbursement.



Required Supplementary Information



City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2011

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, 2011

	Budget Amounts		Actual	Variance Over (Under)
	Original	Final		
REVENUES:				
Taxes	\$ 34,685,090	\$ 34,955,090	\$ 36,189,485	\$ 1,234,395
Permits, fines and forfeitures	1,445,200	1,445,200	973,062	(472,138)
Revenues from use of money	1,196,230	1,262,630	1,223,878	(38,752)
Aid from governmental agencies	1,017,720	1,423,044	1,772,649	349,605
Charges for current services	7,589,650	7,731,812	6,394,253	(1,337,559)
Other revenue	79,850	80,450	128,874	48,424
Total revenues	46,013,740	46,898,226	46,682,201	(216,025)
EXPENDITURES:				
Current:				
General government	6,745,530	7,302,948	7,182,507	(120,441)
Community development	2,851,250	2,868,865	2,628,446	(240,419)
Public safety	28,987,050	29,515,620	27,752,125	(1,763,495)
Recreation and parks	7,916,160	7,930,853	7,453,377	(477,476)
Public works	2,450,960	2,569,482	2,516,854	(52,628)
Capital outlay		447,611	203,330	(244,281)
Debt service:				
Principal	862,950	869,000		(869,000)
Interest and fiscal charges	672,500	666,450		(666,450)
Total expenditures	50,486,400	52,170,829	47,736,639	(4,434,190)
REVENUES OVER (UNDER) EXPENDITURES	(4,472,660)	(5,272,603)	(1,054,438)	4,218,165
OTHER FINANCING SOURCES (USES):				
Transfers in	6,945,930	6,945,930	4,344,281	(2,601,649)
Transfers out	(2,473,270)	(2,665,183)	(3,915,957)	(1,250,774)
Total other financing sources (uses)	4,472,660	4,280,747	428,324	(3,852,423)
Net change in fund balance	\$	\$ (991,856)	(626,114)	\$ 365,742
FUND BALANCE:				
Beginning of fiscal year			54,655,719	
Prior period adjustment			774,591	
Beginning fund balance, restated			55,430,310	
End of fiscal year			\$ 54,804,196	

See Accompanying Note to Required Supplementary Information.

City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION, Continued For the Fiscal Year Ended June 30, 2011

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 the budgeted funds among departments or functions within the same fund without seeking approval by the City Council. 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, 2011

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
6/30/06						
Misc.	\$ 96,050	\$ 102,425	\$ 6,375	93.8%	\$ 15,540	41.0%
Police	54,286	61,811	7,525	87.8%	8,106	92.8%
*Fire						
Total	<u>\$ 150,336</u>	<u>\$ 164,236</u>	<u>\$ 13,900</u>	<u>91.5%</u>	<u>\$ 23,646</u>	<u>58.8%</u>
6/30/07						
Misc.	\$ 103,979	\$ 109,701	\$ 5,722	94.8%	\$ 17,321	33 %
Police	59,583	66,932	7,349	89.0%	7,825	94 %
*Fire						
Total	<u>\$ 163,562</u>	<u>\$ 176,633</u>	<u>\$ 13,071</u>	<u>92.6%</u>	<u>\$ 25,146</u>	<u>52 %</u>
6/30/08						
Misc.	\$ 110,944	\$ 118,221	\$ 7,277	93.8%	\$ 18,498	39 %
Police	64,225	73,631	9,406	87.2%	8,984	105 %
*Fire						
Total	<u>\$ 175,169</u>	<u>\$ 191,852</u>	<u>\$ 16,683</u>	<u>91.3%</u>	<u>\$ 27,482</u>	<u>61 %</u>
6/30/09						
Misc.	\$ 116,264	\$ 138,457	\$ 22,193	84.0%	\$ 21,681	102 %
Police	67,825	80,922	13,097	83.8%	9,685	135 %
*Fire						
Total	<u>\$ 184,089</u>	<u>\$ 219,379</u>	<u>\$ 35,290</u>	<u>83.9%</u>	<u>\$ 31,366</u>	<u>113 %</u>
6/30/10						
Misc.	\$ 122,302	\$ 146,896	\$ 24,594	83.3%	\$ 21,707	113 %
Police	71,771	83,662	11,891	85.8%	9,265	128 %
*Fire						
Total	<u>\$ 194,073</u>	<u>\$ 230,558</u>	<u>\$ 36,485</u>	<u>84.2%</u>	<u>\$ 30,972</u>	<u>118 %</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, 2011

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>
6/30/07	\$ 0	\$ 3,332,851	\$ 3,332,851	0.0%	\$ 30,596,487	10.9%
6/30/09	\$ 0	\$ 4,143,411	\$ 4,143,411	0.0%	\$ 34,380,964	12.1%
6/30/11	\$ 0	\$ 4,539,343	\$ 4,539,343	0.0%	\$ 33,072,086	13.7%

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

Street Grant Fund - The Street Grant Fund accounts for resources from grants received from Federal and State programs.

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.

Grant (Non-recurring) Fund - The Non-recurring Grant Fund accounts for one-time significant grants received such federal stimulus monies.

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, 2011

	Special Revenue Funds				
	Library	Traffic Safety	Drainage Districts	Land Acquisition Tax	Growth Mitigation
ASSETS					
Cash and investments	\$ 547,341		\$ 287,596	\$ 1,215,620	\$ 371,349
Cash with fiscal agent					
Accounts receivable	12,544			4,853	
Accrued revenue receivable		\$ 40,220	1,149		
Loans receivable					
Total assets	\$ 559,885	\$ 40,220	\$ 288,745	\$ 1,220,473	\$ 371,349
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 22,312	\$ 7,606	\$ 13	\$ 15,327	\$ 15,425
Matured interest payable					
Due to other funds					4,000,000
Accrued payroll	63,033				
Deferred revenue	1,200				
Total liabilities	86,545	7,606	13	15,327	4,015,425
Fund balances:					
Nonspendable:					
Loans receivable					
Restricted:					
Road maintenance					
Community development					
Library	473,340				
Education					
Public safety		32,614			
Drainage			288,732		
Landscape maintenance					
Park acquisition				1,205,146	
Park development					
Debt service reserve					
Unassigned					(3,644,076)
Total fund balances	473,340	32,614	288,732	1,205,146	(3,644,076)
Total liabilities and fund balances	\$ 559,885	\$ 40,220	\$ 288,745	\$ 1,220,473	\$ 371,349

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
\$ 412,995	\$ 3,112,806	\$ 46,416	\$ 763,260	\$ 187,442	\$ 533,402
1,649	13,441	77	3,047	29,952	21,010
			445,773		
<u>\$ 414,644</u>	<u>\$ 3,126,247</u>	<u>\$ 46,493</u>	<u>\$ 1,212,080</u>	<u>\$ 217,394</u>	<u>\$ 554,412</u>
\$ 18	\$ 144,043	\$ 697	\$ 34	\$ 11	\$ 1,728
	16,829		445,773	256,096	
18	160,872	697	445,807	256,107	1,728
			445,773		
			320,500		
					552,684
414,626	2,965,375	45,796		(38,713)	
<u>414,626</u>	<u>2,965,375</u>	<u>45,796</u>	<u>766,273</u>	<u>(38,713)</u>	<u>552,684</u>
<u>\$ 414,644</u>	<u>\$ 3,126,247</u>	<u>\$ 46,493</u>	<u>\$ 1,212,080</u>	<u>\$ 217,394</u>	<u>\$ 554,412</u>

(continued)

City of Santa Maria
COMBINING BALANCE SHEET
Non-major Governmental Funds
June 30, 2011

	Special Revenue Funds				
	Gas Tax	Street Grant	Local Streets	Workforce Investment Act Grant	Redevelopment Agency
ASSETS					
Cash and investments	\$ 3,544,006	\$ 96,097	\$ 1,202,674	\$ 8,733	\$ 10,961
Cash with fiscal agent					
Accounts receivable	314,027	1,115,284	13,079		44
Accrued revenue receivable			25,128		
Loans receivable					
Total assets	<u>\$ 3,858,033</u>	<u>\$ 1,211,382</u>	<u>\$ 1,240,881</u>	<u>\$ 8,733</u>	<u>\$ 11,005</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 204,914	\$ 90,382	\$ 109,965		
Matured interest payable					
Due to other funds		800,000		20,000	\$ 1,000
Accrued payroll			48,660		
Deferred revenue					
Total liabilities	<u>204,914</u>	<u>890,382</u>	<u>158,626</u>	<u>20,000</u>	<u>1,000</u>
Fund balances:					
Nonspendable:					
Loans receivable					
Restricted for:					
Road maintenance	3,653,119	320,999	1,082,255		
Community development					
Library					
Education					
Public safety					
Drainage					
Landscape maintenance					
Park acquisition					
Park development					
Debt service reserve					10,005
Unassigned:				(11,267)	
Total fund balances	<u>3,653,119</u>	<u>320,999</u>	<u>1,082,255</u>	<u>(11,267)</u>	<u>10,005</u>
Total liabilities and fund balances	<u>\$ 3,858,033</u>	<u>\$ 1,211,382</u>	<u>\$ 1,240,881</u>	<u>\$ 8,733</u>	<u>\$ 11,005</u>

Special Revenue Funds			Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Public Access Television	Grant (Non-recurring)	Total Special Revenue Funds	Public Financing Authority	Community Development	
\$ 174,734	\$ 10,783	\$ 12,526,214		\$ 438,487	\$ 12,964,701
			\$ 291,851		291,851
697	468,796	1,962,401			1,962,401
		102,599		87,888	190,487
		445,773		4,219,191	4,664,964
<u>\$ 175,431</u>	<u>\$ 479,579</u>	<u>\$ 15,036,986</u>	<u>\$ 291,851</u>	<u>\$ 4,745,565</u>	<u>\$ 20,074,403</u>
\$ 693	\$ 352,111	\$ 965,279		\$ 79,154	\$ 1,044,433
			\$ 13,652		13,652
	150,000	4,971,000			4,971,000
5,428		133,950			133,950
		703,069		4,219,191	4,922,260
<u>6,121</u>	<u>502,111</u>	<u>6,773,298</u>	<u>13,652</u>	<u>4,298,345</u>	<u>11,085,295</u>
		445,773		4,219,191	4,664,964
		5,056,373			5,056,373
		320,500			320,500
		473,340			473,340
169,311		169,311			169,311
		585,298			585,298
		288,732			288,732
		3,011,171			3,011,171
		1,205,146			1,205,146
		414,626			414,626
		10,005	278,199		288,204
	(22,532)	(3,716,587)		(3,771,970)	(7,488,557)
<u>169,311</u>	<u>(22,532)</u>	<u>8,263,687</u>	<u>278,199</u>	<u>447,220</u>	<u>8,989,107</u>
<u>\$ 175,431</u>	<u>\$ 479,579</u>	<u>\$ 15,036,986</u>	<u>\$ 291,851</u>	<u>\$ 4,745,565</u>	<u>\$ 20,074,403</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, 2011

	Special Revenues Funds				
	Library	Traffic Safety	Drainage Districts	Land Acquisition Tax	Growth Mitigation
REVENUES:					
Taxes					
Permits, fines and forfeitures		\$ 395,152			
Revenues from use of money	\$ 26,851		\$ 4,389	\$ 16,297	\$ 146,333
Aid from governmental agencies	1,019,441				
Charges for current services	128,807			264,070	2,604,679
Other	9,671	12,349			
Total revenues	1,184,770	407,501	4,389	280,367	2,751,012
EXPENDITURES:					
Current:					
Community development					
Public safety		46,368			
Recreation and parks					
Public works					
Library	2,698,807				
Capital outlay				220,562	704,765
Debt service:					
Interest and fiscal charges					16,413
Total expenditures	2,698,807	46,368		220,562	721,178
Excess (deficiency) of revenues over expenditures	(1,514,037)	361,133	4,389	59,805	2,029,834
Other financing sources (uses):					
Transfers in	1,530,490				
Transfers out		(353,840)			
Total other financing sources (uses)	1,530,490	(353,840)			
Net change in fund balances	16,453	7,293	4,389	59,805	2,029,834
FUND BALANCES:					
Beginning of fiscal year	456,887	25,321	284,343	1,145,341	(5,673,910)
Prior period adjustments					
Beginning of fiscal year, restated	456,887	25,321	284,343	1,145,341	(5,673,910)
End of fiscal year	\$ 473,340	\$ 32,614	\$ 288,732	\$ 1,205,146	\$ (3,644,076)

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
\$ 272,583					
5,512	\$ 38,638	\$ 257	\$ 32,126	\$ 2,816	\$ 8,455
	2,440,756	152		8,831	269,283
	(4,761)	48,917	50,993		
278,095	2,474,633	49,326	83,119	11,647	277,738
			80,635		49,898
6,329	2,292,216	12,331			
	371,941				
		1,572			
6,329	2,664,157	13,903	80,635		49,898
271,766	(189,524)	35,423	2,484	11,647	227,840
	610,219				
	(213,000)	(740)		(45,747)	
	397,219	(740)		(45,747)	
271,766	207,695	34,683	2,484	(34,100)	227,840
142,860	2,757,680	11,113	763,789	(4,613)	324,844
142,860	2,757,680	11,113	763,789	(4,613)	324,844
\$ 414,626	\$ 2,965,375	\$ 45,796	\$ 766,273	\$ (38,713)	\$ 552,684

(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, 2011

	Special Revenue Funds				
	Gas Tax	Street Grant	Local Streets	Workforce Investment Act Grant	Redevelopment Agency
REVENUES:					
Taxes	\$ 2,380,780		\$ 3,627,795		\$ 1,274,080
Permits, fines and forfeitures					
Revenues from use of money	44,145	\$ 12,902	19,557		39,488
Aid from governmental agencies		3,807,384		\$ 6,993	
Charges for current services			70,568		
Other	693				
Total revenues	2,425,618	3,820,286	3,717,920	6,993	1,313,568
EXPENDITURES:					
Current:					
Community development					117,602
Public safety					
Recreation and parks				5,980	
Public works			1,854,433		
Library					
Capital outlay	1,450,561	3,736,380	370,175		
Debt service:					
Interest and fiscal charges					
Total expenditures	1,450,561	3,736,380	2,224,608	5,980	117,602
Excess (deficiency) of revenues over expenditures	975,057	83,906	1,493,312	1,013	1,195,966
Other financing sources (uses):					
Transfers in			331,990		89,127
Transfers out	(665,060)		(1,167,010)		(1,326,127)
Total other financing sources (uses)	(665,060)		(835,020)		(1,237,000)
Net change in fund balances	309,997	83,906	658,292	1,013	(41,034)
FUND BALANCES:					
Beginning of fiscal year	3,227,348	237,093	423,963	(12,280)	51,039
Prior period adjustments	115,774				
Beginning of fiscal year, restated	3,343,122	237,093	423,963	(12,280)	51,039
End of fiscal year	\$ 3,653,119	\$ 320,999	\$ 1,082,255	\$ (11,267)	\$ 10,005

Special Revenue Funds			Debt Service	Capital Projects	Total Non-major Governmental Funds
Public Access Television	Grant (Non-recurring)	Total Special Revenue Funds	Public Financing Authority	Community Development	
		\$ 7,555,238			\$ 7,555,238
		395,152			395,152
\$ 2,765		400,531		\$ (671)	399,860
	\$ 1,517,973	6,630,057		1,287,716	7,917,773
223,154		5,780,951			5,780,951
175		69,120		88,124	157,244
<u>226,094</u>	<u>1,517,973</u>	<u>20,831,049</u>		<u>1,375,170</u>	<u>22,206,219</u>
209,491	580,161	987,889		1,033,822	2,021,711
		96,266			96,266
		2,304,525			2,304,525
	618,048	2,484,812			2,484,812
		2,698,807			2,698,807
	342,706	7,197,090			7,197,090
		17,985			17,985
<u>209,491</u>	<u>1,540,915</u>	<u>15,787,374</u>		<u>1,033,822</u>	<u>16,821,196</u>
16,603	(22,942)	5,043,675		341,348	5,385,023
(11,140)		2,561,826			2,561,826
		(3,782,664)		(313,496)	(4,096,160)
<u>(11,140)</u>		<u>(1,220,838)</u>		<u>(313,496)</u>	<u>(1,534,334)</u>
5,463	(22,942)	3,822,837		27,852	3,850,689
163,848	410	4,325,076	\$ 278,199	419,369	5,022,644
		115,774			115,774
<u>163,848</u>	<u>410</u>	<u>4,440,850</u>	<u>278,199</u>	<u>419,369</u>	<u>5,138,418</u>
<u>\$ 169,311</u>	<u>\$ (22,532)</u>	<u>\$ 8,263,687</u>	<u>\$ 278,199</u>	<u>\$ 447,221</u>	<u>\$ 8,989,107</u>

(concluded)

City of Santa Maria

BUDGETARY COMPARISON SCHEDULES

Special Revenue Funds

For the Fiscal Year Ended June 30, 2011

	Library		Variance Over (Under)
	Budget	Actual	
REVENUES:			
Taxes			
Permits, fines and forfeitures			
Revenues from use of money and property	\$ 29,105	\$ 26,851	\$ (2,254)
Aid from governmental agencies	1,035,260	1,019,441	(15,819)
Charges for current services	118,670	128,807	10,137
Other revenues	11,275	9,671	(1,604)
Total revenues	1,194,310	1,184,770	(9,540)
EXPENDITURES:			
Current:			
Community development			
Public safety			
Recreation and parks			
Public works			
Library	2,960,961	2,698,807	(262,154)
Capital outlay			
Debt service:			
Interest and fiscal charges			
Total expenditures	2,960,961	2,698,807	(262,154)
Excess (deficiency) of revenues over expenditures	(1,766,651)	(1,514,037)	252,614
Other financing sources (uses):			
Transfers in	1,530,490	1,530,490	
Transfers out			
Total other financing sources (uses):	1,530,490	1,530,490	
Net change in fund balances	\$ (236,161)	16,453	\$ 252,614
FUND BALANCES:			
Beginning of fiscal year		456,887	
Prior period adjustments			
Beginning of fiscal year, restated		456,887	
End of fiscal year		\$ 473,340	

Traffic Safety			Drainage Districts		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
\$ 365,000	\$ 395,152	\$ 30,152	\$ 3,550	\$ 4,389	\$ 839
	12,349	12,349			
365,000	407,501	42,501	3,550	4,389	839
50,250	46,368	(3,882)			
50,250	46,368	(3,882)			
314,750	361,133	46,383	3,550	4,389	839
(313,500)	(353,840)	(40,340)			
(313,500)	(353,840)	(40,340)			
\$ 1,250	7,293	\$ 6,043	\$ 3,550	4,389	\$ 839
	25,321			284,343	
	25,321			284,343	
	\$ 32,614			\$ 288,732	

(continued)

City of Santa Maria

BUDGETARY COMPARISON SCHEDULES

Special Revenue Funds, Continued

For the Fiscal Year Ended June 30, 2011

	Land Acquisition Tax		Variance Over (Under)
	Budget	Actual	
REVENUES:			
Taxes			
Permits, fines and forfeitures			
Revenues from use of money and property	\$ 10,000	\$ 16,297	\$ 6,297
Aid from governmental agencies			
Charges for current services	17,470	264,070	246,600
Other revenues			
Total revenues	27,470	280,367	252,897
EXPENDITURES:			
Current:			
Community development			
Public safety			
Recreation and parks			
Public works			
Library			
Capital outlay	626,066	220,562	(405,504)
Debt service:			
Interest and fiscal charges			
Total expenditures	626,066	220,562	(405,504)
Excess (deficiency) of revenues over expenditures	(598,596)	59,805	658,401
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Net change in fund balances	\$ (598,596)	59,805	\$ 658,401
FUND BALANCES:			
Beginning of fiscal year		1,145,341	
Prior period adjustments			
Beginning of fiscal year, restated		1,145,341	
End of fiscal Year		\$ 1,205,146	

Growth Mitigation			Residential Development Tax		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
			\$ 17,050	\$ 272,583	\$ 255,533
\$ 150,000	\$ 146,333	\$ (3,667)	1,000	5,512	4,512
1,082,260	2,604,679	1,522,419			
<u>1,232,260</u>	<u>2,751,012</u>	<u>1,518,752</u>	<u>18,050</u>	<u>278,095</u>	<u>260,045</u>
			75,000	6,329	(68,671)
4,952,735	704,765	(4,247,970)			
	<u>16,413</u>	<u>16,413</u>			
<u>4,952,735</u>	<u>721,178</u>	<u>(4,231,557)</u>	<u>75,000</u>	<u>6,329</u>	<u>(68,671)</u>
<u>(3,720,475)</u>	<u>2,029,834</u>	<u>5,750,309</u>	<u>(56,950)</u>	<u>271,766</u>	<u>328,716</u>
<u>\$ (3,720,475)</u>	<u>2,029,834</u>	<u>\$ 5,750,309</u>	<u>\$ (56,950)</u>	<u>271,766</u>	<u>\$ 328,716</u>
	(5,673,910)			142,860	
	<u>(5,673,910)</u>			<u>142,860</u>	
	<u>\$ (3,644,076)</u>			<u>\$ 414,626</u>	

(continued)

City of Santa Maria

BUDGETARY COMPARISON SCHEDULES

Special Revenue Funds, Continued

For the Fiscal Year Ended June 30, 2011

	Landscape Maintenance		Variance Over (Under)
	Budget	Actual	
REVENUES:			
Taxes			
Permits, fines and forfeitures			
Revenues from use of money and property	\$ 17,750	\$ 38,638	\$ 20,888
Aid from governmental agencies			
Charges for current services	2,444,332	2,440,756	(3,576)
Other revenues		(4,761)	(4,761)
Total revenues	2,462,082	2,474,633	12,551
EXPENDITURES:			
Current:			
Community development			
Public safety			
Recreation and parks	4,013,508	2,292,216	(1,721,292)
Public works			
Library			
Capital outlay	556,585	371,941	(184,644)
Debt service:			
Interest and fiscal charges			
Total expenditures	4,570,093	2,664,157	(1,905,936)
Excess (deficiency) of revenues over expenditures	(2,108,011)	(189,524)	1,918,487
Other financing sources (uses):			
Transfers in	683,163	610,219	(72,944)
Transfers out	(242,112)	(213,000)	29,112
Total other financing sources (uses):	441,051	397,219	(43,832)
Net change in fund balances	\$ (1,666,960)	207,695	\$ 1,874,655
FUND BALANCES:			
Beginning of fiscal year		2,757,680	
Prior period adjustments			
Beginning of fiscal year, restated		2,757,680	
End of fiscal year		\$ 2,965,375	

Stowell Parking and Lighting			Business Attraction Loan		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
\$ 100	\$ 257	\$ 157	\$ 30,870	\$ 32,126	\$ 1,256
150	152	2			
46,781	48,917	2,136			
			74,940	50,993	(23,947)
47,031	49,326	2,295	105,810	83,119	(22,691)
			100,000	80,635	(19,365)
16,970	12,331	(4,639)			
1,600	1,572	(28)			
18,570	13,903	(4,667)	100,000	80,635	(19,365)
28,461	35,423	6,962	5,810	2,484	(3,326)
(360)	(740)	(380)			
(360)	(740)	(380)			
\$ 28,101	34,683	\$ 6,582	\$ 5,810	2,484	\$ (3,326)
	11,113			763,789	
	11,113			763,789	
	\$ 45,796			\$ 766,273	

(continued)

City of Santa Maria

BUDGETARY COMPARISON SCHEDULES

Special Revenue Funds, Continued

For the Fiscal Year Ended June 30, 2011

	Supplemental Law Enforcement Service Grant		
	Budget	Actual	Variance Over (Under)
REVENUES:			
Taxes			
Permits, fines and forfeitures			
Revenues from use of money and property	\$ 2,000	\$ 2,816	\$ 816
Aid from governmental agencies	100,000	8,831	(91,169)
Charges for current services			
Other revenues			
Total revenues	<u>102,000</u>	<u>11,647</u>	<u>(90,353)</u>
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	<u>102,000</u>	<u>11,647</u>	<u>(90,353)</u>
Other financing sources (uses):			
Transfers in			
Transfers out	(100,000)	(45,747)	54,253
Total other financing sources (uses):	<u>(100,000)</u>	<u>(45,747)</u>	<u>54,253</u>
Net change in fund balances	<u>\$ 2,000</u>	<u>(34,100)</u>	<u>\$ (36,100)</u>
FUND BALANCES:			
Beginning of fiscal year		(4,613)	
Prior period adjustments			
Beginning of fiscal year, restated		<u>(4,613)</u>	
End of fiscal year		<u>\$ (38,713)</u>	

Federal and State Asset Forfeiture			Gas Tax		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
			\$ 2,366,510	\$ 2,380,780	\$ 14,270
\$ 3,500	\$ 8,455 269,283	\$ 4,955 269,283	40,000	44,145	4,145
				693	693
3,500	277,738	274,238	2,406,510	2,425,618	19,108
	49,898	49,898			
			3,360,547	1,450,561	(1,909,986)
	49,898	49,898	3,360,547	1,450,561	(1,909,986)
3,500	227,840	224,340	(954,037)	975,057	1,929,094
			(646,000)	(665,060)	(19,060)
			(646,000)	(665,060)	(19,060)
\$ 3,500	227,840	\$ 224,340	\$ (1,600,037)	309,997	\$ 1,910,034
	324,844			3,227,348	
	324,844			115,774	
	\$ 552,684			3,343,122	
				\$ 3,653,119	

(continued)

City of Santa Maria

BUDGETARY COMPARISON SCHEDULES

Special Revenue Funds, Continued

For the Fiscal Year Ended June 30, 2011

	Street Grant		Variance Over (Under)
	Budget	Actual	
REVENUES:			
Taxes			
Permits, fines and forfeitures			
Revenues from use of money and property		\$ 12,902	\$ 12,902
Aid from governmental agencies	\$ 85,000	3,807,384	3,722,384
Charges for current services			
Other revenues			
Total revenues	85,000	3,820,286	3,735,286
EXPENDITURES:			
Current:			
Community development			
Public safety			
Recreation and parks			
Public works			
Library			
Capital outlay	6,157,282	3,736,380	(2,420,902)
Debt service:			
Interest and fiscal charges			
Total expenditures	6,157,282	3,736,380	(2,420,902)
Excess (deficiency) of revenues over expenditures	(6,072,282)	83,906	6,156,188
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Net change in fund balances	\$ (6,072,282)	83,906	\$ 6,156,188
FUND BALANCES:			
Beginning of fiscal year		237,093	
Prior period adjustments			
Beginning of fiscal year, restated		237,093	
End of fiscal year		\$ 320,999	

Local Streets			Workforce Investment Act Grant		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
\$ 3,954,670	\$ 3,627,795	\$ (326,875)			
2,500	19,557	17,057		\$ 6,993	\$ 6,993
	70,568	70,568			
<u>3,957,170</u>	<u>3,717,920</u>	<u>(239,250)</u>		<u>6,993</u>	<u>6,993</u>
			\$ 6,302	5,980	(322)
2,782,877	1,854,433	(928,444)			
697,623	370,175	(327,448)			
<u>3,480,500</u>	<u>2,224,608</u>	<u>(1,255,892)</u>	<u>6,302</u>	<u>5,980</u>	<u>(322)</u>
476,670	1,493,312	1,016,642	(6,302)	1,013	7,315
210,000	331,990	121,990			
(1,188,780)	(1,167,010)	21,770			
<u>(978,780)</u>	<u>(835,020)</u>	<u>143,760</u>			
<u>\$ (502,110)</u>	<u>658,292</u>	<u>\$ 1,160,402</u>	<u>\$ (6,302)</u>	<u>1,013</u>	<u>\$ 7,315</u>
	423,963			(12,280)	
	<u>423,963</u>			<u>(12,280)</u>	
	<u>\$ 1,082,255</u>			<u>\$ (11,267)</u>	

(continued)

City of Santa Maria

BUDGETARY COMPARISON SCHEDULES

Special Revenue Funds, Continued

For Fiscal Year Ended June 30, 2011

	Redevelopment Agency		Variance Over (Under)
	Budget	Actual	
REVENUES:			
Taxes	\$ 1,153,000	\$ 1,274,080	\$ 121,080
Permits, fines and forfeitures			
Revenues from use of money and property	33,300	39,488	6,188
Aid from governmental agencies			
Charges for current services			
Other revenues			
Total revenues	1,186,300	1,313,568	127,268
EXPENDITURES:			
Current:			
Community development		117,602	117,602
Public safety			
Recreation and parks			
Public works			
Library			
Capital outlay			
Debt service:			
Interest and fiscal charges			
Total expenditures		117,602	117,602
Excess (deficiency) of revenues over expenditures	1,186,300	1,195,966	9,666
Other financing sources (uses):			
Transfers in		89,127	89,127
Transfers out	(1,186,300)	(1,326,127)	(139,827)
Total other financing sources (uses):	(1,186,300)	(1,237,000)	(50,700)
Net change in fund balances	\$	(41,034)	\$ (41,034)
FUND BALANCES:			
Beginning of fiscal year		51,039	
Prior period adjustments			
Beginning of fiscal year, restated		51,039	
End of fiscal year		\$ 10,005	

Public Access Television			Grant (Non-recurring)		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
\$ 1,500	\$ 2,765	\$ 1,265	\$ 11,492	\$ 1,517,973	\$ 1,506,481
222,150	223,154	1,004			
100	175	75			
<u>223,750</u>	<u>226,094</u>	<u>2,344</u>	<u>11,492</u>	<u>1,517,973</u>	<u>1,506,481</u>
209,200	209,491	291	1,093,772	580,161	(513,611)
			802,148	618,048	(184,100)
			4,670,977	342,706	(4,328,271)
<u>209,200</u>	<u>209,491</u>	<u>291</u>	<u>6,566,897</u>	<u>1,540,915</u>	<u>(5,025,982)</u>
<u>14,550</u>	<u>16,603</u>	<u>2,053</u>	<u>(6,555,405)</u>	<u>(22,942)</u>	<u>6,532,463</u>
<u>(11,140)</u>	<u>(11,140)</u>				
<u>(11,140)</u>	<u>(11,140)</u>				
<u>\$ 3,410</u>	<u>5,463</u>	<u>\$ 2,053</u>	<u>\$ (6,555,405)</u>	<u>(22,942)</u>	<u>\$ 6,532,463</u>
	163,848			410	
	<u>163,848</u>			<u>\$ 410</u>	
	<u>\$ 169,311</u>			<u>\$ (22,532)</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, 2011

ASSETS	Fleet Services	Business Equipment	Insurance	Total
Current:				
Cash and investments	\$ 7,236,524	\$ 3,448,195	\$ 15,713,808	\$ 26,398,527
Accounts receivable, net	46,072			46,072
Deposits			180,000	180,000
Prepaid expenses		64,251		64,251
Inventory	93,594			93,594
Due from other funds			4,970,000	4,970,000
Total current assets	<u>7,376,190</u>	<u>3,512,446</u>	<u>20,863,808</u>	<u>31,752,444</u>
Capital assets:				
Construction in progress	235,156	76,552		311,708
Facilities	763,975			763,975
Equipment	20,512,451	7,914,928		28,427,379
Less: accumulated depreciation	<u>(12,983,931)</u>	<u>(5,429,440)</u>		<u>(18,413,371)</u>
Net capital assets	<u>8,527,651</u>	<u>2,562,040</u>		<u>11,089,691</u>
Total assets	<u>15,903,841</u>	<u>6,074,486</u>	<u>20,863,808</u>	<u>42,842,135</u>
LIABILITIES				
Current liabilities:				
Accounts payable	249,744	103,474	65,213	418,431
Wages payable	20,133		6,031	26,164
Debt due within one year	61,939		2,452,490	2,514,429
Total current liabilities	<u>331,816</u>	<u>103,474</u>	<u>2,523,734</u>	<u>2,959,024</u>
Noncurrent:				
Accrued compensated absences	10,083		6,627	16,710
OPEB liability	18,905		6,421	25,326
Claims payable			6,506,513	6,506,513
Total noncurrent liabilities	<u>28,988</u>		<u>6,519,561</u>	<u>6,548,549</u>
Total liabilities	<u>360,804</u>	<u>103,474</u>	<u>9,043,295</u>	<u>9,507,573</u>
NET ASSETS				
Invested in capital assets, net of related debt	8,527,651	2,562,040		11,089,691
Unrestricted	7,015,386	3,408,972	11,820,513	22,244,871
Total net assets	<u>\$ 15,543,037</u>	<u>\$ 5,971,012</u>	<u>\$ 11,820,513</u>	<u>\$ 33,334,562</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, 2011

	Fleet Services	Business Equipment	Insurance	Total
OPERATING REVENUES:				
Charges for current services	\$ 4,514,498	\$ 1,039,813	\$ 2,277,220	\$ 7,831,531
Other revenue	15,618			15,618
Total operating revenues	4,530,116	1,039,813	2,277,220	7,847,149
OPERATING EXPENSES:				
Salaries, wages and benefits	622,126		185,426	807,552
Materials and supplies	1,519,608	112,878	3,954	1,636,440
Equipment maintenance and operation	824,321	693,146	1,211	1,518,678
Depreciation	1,879,426	818,014		2,697,440
Contracts and services	288,944		3,412,855	3,701,799
Capital outlay	160,858			160,858
Total operating expenses	5,295,283	1,624,038	3,603,446	10,522,767
OPERATING INCOME (LOSS)	(765,167)	(584,225)	(1,326,226)	(2,675,618)
NONOPERATING REVENUES (EXPENSES):				
Interest income			(61,759)	(61,759)
Gain (loss) on sale of equipment	89,432	(5,244)		84,188
Total nonoperating revenues (expenses)	89,432	(5,244)	(61,759)	22,429
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS				
	(675,735)	(589,469)	(1,387,985)	(2,653,189)
Capital contributions	180,553	383,141		563,694
Transfers in				
Transfers out	(115,820)	(10,380)	(101,910)	(228,110)
Change in net assets	(611,002)	(216,708)	(1,489,895)	(2,317,605)
NET ASSETS:				
Beginning of fiscal year	16,154,039	6,145,647	13,566,383	35,866,069
Prior period adjustment		42,073	(255,975)	(213,902)
Beginning of fiscal year, restated	16,154,039	6,187,720	13,310,408	35,652,167
End of fiscal year	\$ 15,543,037	\$ 5,971,012	\$ 11,820,513	\$ 33,334,562

City of Santa Maria

COMBINING STATEMENT OF CASH FLOWS

Internal Service Funds

For the Fiscal Year Ended June 30, 2011

	Fleet Services	Business Equipment	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts for current services	\$ 4,510,363	\$ 1,039,813	\$ 7,637,220	\$ 13,187,396
Payments for goods and services	(2,671,377)	(839,121)	(2,966,054)	(6,476,552)
Payments to employees	(586,587)		(165,608)	(752,195)
Net cash provided by (used for) operating activities	<u>1,252,399</u>	<u>200,692</u>	<u>4,505,558</u>	<u>5,958,649</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out other funds	(115,820)	(10,380)	(101,910)	(228,110)
Net cash provided by (used for) noncapital financing activities	<u>(115,820)</u>	<u>(10,380)</u>	<u>(101,910)</u>	<u>(228,110)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(1,811,230)	(26,192)		(1,837,422)
Proceeds from sale of assets	103,434	(5,244)		98,190
Net cash provided by (used for) capital and related financing activities	<u>(1,707,796)</u>	<u>(31,436)</u>		<u>(1,739,232)</u>
CASH FLOW FROM INVESTING ACTIVITIES:				
Interest on investments			(61,759)	(61,759)
Net cash provided by (used for) investing activities			<u>(61,759)</u>	<u>(61,759)</u>
Net increase (decrease) in cash and cash equivalents	<u>(571,217)</u>	<u>158,876</u>	<u>4,341,889</u>	<u>3,929,548</u>
CASH AND CASH EQUIVALENTS:				
Beginning of fiscal year	7,807,741	3,289,319	11,627,894	22,724,954
Adjustment to beginning cash			(255,975)	(255,975)
Beginning cash restated	<u>7,807,741</u>	<u>3,289,319</u>	<u>11,371,919</u>	<u>22,468,979</u>
End of fiscal year	<u>\$ 7,236,524</u>	<u>\$ 3,448,195</u>	<u>\$ 15,713,808</u>	<u>\$ 26,398,527</u>

(continued)

City of Santa Maria

COMBINING STATEMENT OF CASH FLOWS

Internal Service Funds, continued

For the Fiscal Year Ended June 30, 2011

	Fleet Services	Business Equipment	Insurance	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (765,167)	\$ (584,225)	\$ (1,326,226)	\$ (2,675,618)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	1,879,426	818,014		2,697,440
Changes in assets and liabilities:				
Accounts receivable	(19,753)			(19,753)
Inventory	47,393			47,393
Prepaid expenses		(121,042)		(121,042)
Accounts payable	74,961	87,945	(37,522)	125,384
Accrued payroll	1,271		544	1,815
Due to other funds			5,360,000	5,360,000
Claims payable			489,488	489,488
OPEB liability	4,629		1,543	6,172
Compensated absences payable	29,639		17,731	47,370
Total adjustments	2,017,566	784,917	5,831,784	8,634,267
Net cash provided by (used for) operating activities	\$ 1,252,399	\$ 200,692	\$ 4,505,558	\$ 5,958,649
NON CASH ACTIVITY:				
Contributed capital assets	\$ 180,553	\$ 383,141		\$ 563,694

(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, 2011

Assets	Treasurer's Trust	Maintenance Annuity Fund	Twitchell Mgmt Authority	Total Agency Funds
Cash and investments	\$ 5,843,331	\$ 191,160	\$ 428,344	\$ 6,462,835
Accounts receivable			150,239	150,239
 Total Assets	 \$ 5,843,331	 \$ 191,160	 \$ 578,583	 \$ 6,613,074
 Liabilities				
Other trust deposits	\$ 5,843,331	\$ 191,160	\$ 578,583	\$ 6,613,074
 Total Liabilities	 \$ 5,843,331	 \$ 191,160	 \$ 578,583	 \$ 6,613,074

City of Santa Maria

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Agency Funds

For the Fiscal Year Ended June 30, 2011

<u>Treasurer's Trust</u>	Balance at June 30, 2010	Additions	Deletions	Balance at June 30, 2011
Assets:				
Cash and investments	\$ 5,404,072	\$ 1,250,953	\$ 811,694	\$ 5,843,331
PH Development Trust		55	55	
Accounts receivable	11,150		11,150	
Total assets	<u>\$ 5,415,222</u>	<u>\$ 1,251,008</u>	<u>\$ 822,899</u>	<u>\$ 5,843,331</u>
Liabilities - trust deposits:				
Other trust deposits	\$ 5,415,222	\$ 1,251,008	\$ 822,899	\$ 5,843,331
Total liabilities - trust deposits	<u>\$ 5,415,222</u>	<u>\$ 1,251,008</u>	<u>\$ 822,899</u>	<u>\$ 5,843,331</u>
<u>Maintenance Annuity Fund</u>	Balance at June 30, 2010	Additions	Deletions	Balance at June 30, 2011
Assets:				
Cash and investments	\$ 191,160	\$	\$	\$ 191,160
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>	Balance at June 30, 2010	Additions	Deletions	Balance at June 30, 2011
Assets:				
Cash and investments	\$ 694,734	\$ 1,610,687	\$ 1,877,077	\$ 428,344
Accounts receivable	151,779	150,239	151,779	150,239
Total assets	<u>\$ 846,513</u>	<u>\$ 1,760,926</u>	<u>\$ 2,028,856</u>	<u>\$ 578,583</u>
Liabilities - trust deposits:				
Other trust deposits	\$ 846,513	\$ 1,760,926	\$ 2,028,856	\$ 578,583
Total liabilities - trust deposits	<u>\$ 846,513</u>	<u>\$ 1,760,926</u>	<u>\$ 2,028,856</u>	<u>\$ 578,583</u>

<u>Total Agency Funds</u>	Balance at June 30, 2010	Additions	Deletions	Balance at June 30, 2011
Assets:				
Cash and investments	\$ 6,289,966	\$ 2,861,640	\$ 2,688,771	\$ 6,462,835
PH Development Trust		55	55	
Accounts receivable	162,929	150,239	162,929	150,239
Total assets	<u>\$ 6,452,895</u>	<u>\$ 3,011,934</u>	<u>\$ 2,851,755</u>	<u>\$ 6,613,074</u>
Liabilities - trust deposits:				
Other trust deposits	\$ 6,452,895	\$ 3,011,934	\$ 2,851,755	\$ 6,613,074
Total liabilities - trust deposits	<u>\$ 6,452,895</u>	<u>\$ 3,011,934</u>	<u>\$ 2,851,755</u>	<u>\$ 6,613,074</u>





STATISTICAL SECTION

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City of Santa Maria

STATISTICAL NARRATIVE

For the Fiscal Year Ended June 30, 2011

<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 Nine 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 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.

The City implemented GASB 54 in 2011 which effected the reporting of unrestricted and restricted reserves.

	2007	2008	2009	2010	2011
\$	175,266,893	\$ 182,189,614	\$ 196,570,092	\$ 201,165,622	\$ 191,139,585
	59,165,908	63,741,146	53,394,252	21,374,294	14,242,819
	31,742,343	34,013,605	30,983,737	54,913,132	64,860,795
	<u>266,175,144</u>	<u>279,944,365</u>	<u>280,948,081</u>	<u>277,453,048</u>	<u>270,243,199</u>
	39,926,984	38,946,983	79,293,638	59,215,521	71,545,818
	10,366,777	10,425,720	10,156,406	9,649,160	9,656,112
	94,072,663	104,613,628	68,311,239	92,438,651	90,913,322
	<u>144,366,424</u>	<u>153,986,331</u>	<u>157,761,283</u>	<u>161,303,332</u>	<u>172,115,252</u>
	215,193,877	221,136,597	275,863,730	260,381,143	262,685,403
	69,532,685	74,166,866	63,550,658	31,023,454	23,898,931
	125,815,006	138,627,233	99,294,976	147,351,783	155,774,117
\$	<u>410,541,568</u>	<u>\$ 433,930,696</u>	<u>\$ 438,709,364</u>	<u>\$ 438,756,380</u>	<u>\$ 442,358,451</u>

City of Santa Maria

CHANGES IN NET ASSETS

Last Nine 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 expenses	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

The City 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
\$	7,766,992	\$ 9,114,122	\$ 11,161,958	\$ 9,018,262	\$ 8,230,946
	27,153,605	29,959,234	31,138,825	29,583,710	29,278,112
	23,509,786	19,871,330	12,464,751	19,850,452	13,518,414
	3,148,153	1,179,798	4,255,495	3,778,788	3,497,409
	4,178,098	5,580,313	3,934,760	4,872,301	4,703,671
	8,748,523	11,814,315	13,764,775	11,549,567	11,932,463
	1,172,202	592,818	778,946	722,568	521,500
	<u>75,677,359</u>	<u>78,111,930</u>	<u>77,499,510</u>	<u>79,375,648</u>	<u>71,682,515</u>
	30,606,551	31,394,738	34,782,630	32,761,079	34,916,887
	14,851,056	15,828,140	18,013,667	18,260,204	18,093,584
	4,439,395	4,952,170	5,331,516	5,345,420	6,833,916
	<u>49,897,002</u>	<u>52,175,048</u>	<u>58,127,813</u>	<u>56,366,703</u>	<u>59,844,387</u>
	<u>125,574,361</u>	<u>130,286,978</u>	<u>135,627,323</u>	<u>135,742,351</u>	<u>131,526,902</u>
	7,961,580	8,548,672	7,863,933	4,948,795	2,691,168
	2,812,013	2,726,261	2,896,162	1,771,559	1,372,576
	4,260,310	3,588,859	3,014,599	2,609,280	4,052,970
	363,131	648,651	491,201	158,627	215,408
	775,939	533,133	302,321	282,506	1,148,105
	1,275,582	1,395,784	1,009,008	3,344,401	3,864,146
	16,600,659	18,423,969	12,602,578	2,964,267	2,247,363
	8,506,395	4,965,521	2,650,002	11,327,388	7,654,140
	<u>42,555,609</u>	<u>40,830,850</u>	<u>30,829,804</u>	<u>27,406,823</u>	<u>23,245,876</u>
	31,709,915	31,664,089	33,139,664	31,865,644	33,999,060
	16,882,214	17,018,873	16,796,317	16,674,004	16,751,192
	777,109	5,519,825	1,658,181	976,448	1,916,361
				3,870,297	4,474,802
	<u>3,235,816</u>	<u>3,926,821</u>	<u>8,061,279</u>	<u>4,675,288</u>	<u>5,710,300</u>
	<u>52,605,054</u>	<u>58,129,608</u>	<u>59,655,441</u>	<u>58,061,681</u>	<u>62,851,715</u>
	<u>95,160,663</u>	<u>98,960,458</u>	<u>90,485,245</u>	<u>85,468,504</u>	<u>86,097,591</u>

City of Santa Maria

CHANGES IN NET ASSETS, Continued

Last Nine 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	<u>(3,160,530)</u>	<u>(13,622,145)</u>	<u>(25,228,234)</u>	<u>(24,056,637)</u>
General revenues and other changes in net assets				
Governmental Activities:				
Taxes				
Property taxes ¹	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
Transient occupancy taxes	1,011,711	2,044,413	2,237,880	2,220,887
Other taxes		3,356,933	3,016,500	3,227,354
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	<u>34,200,115</u>	<u>46,333,302</u>	<u>42,682,638</u>	<u>45,382,481</u>
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	<u>4,829,978</u>	<u>3,668,549</u>	<u>1,950,312</u>	<u>(42,814)</u>
Total primary activities	<u>39,030,093</u>	<u>50,001,851</u>	<u>44,632,950</u>	<u>45,339,667</u>
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	<u>\$ 35,869,563</u>	<u>\$ 36,379,706</u>	<u>\$ 19,404,716</u>	<u>\$ 21,283,030</u>

1) Beginning in 2010, property tax in-lieu of VLF was included in property tax.

2007	2008	2009	2010	2011
(33,121,750)	(37,281,080)	(46,669,706)	(51,968,825)	(48,436,639)
2,708,052	5,954,560	1,527,628	1,694,978	3,007,328
(30,413,698)	(31,326,520)	(45,142,078)	(50,273,847)	(45,429,311)
9,067,171	9,749,641	9,336,050	15,338,302	15,357,803
17,672,381	18,060,497	15,906,435	19,621,992	21,711,665
3,443,105	3,600,993	3,427,069	3,366,190	3,578,754
2,373,910	2,393,491	2,201,546	2,116,310	2,363,467
3,099,677	3,469,254	3,282,414	527,518	733,034
6,937,373	7,291,040	7,136,333	302,938	431,934
5,805,704	4,927,456	4,602,199	4,498,446	2,439,648
429,121	234,577	340,869	682,132	405,292
512,842	447,845	531,217	474,600	511,728
872,510	872,510	1,237,482	1,615,511	(7,046,991)
50,213,794	51,047,304	48,001,614	48,543,939	40,486,334
5,481,556	4,428,857	3,484,806	3,462,582	1,340,213
(872,510)	(872,510)	(1,237,482)	(1,615,511)	7,046,991
4,609,046	3,556,347	2,247,324	1,847,071	8,387,204
54,822,840	54,603,651	50,248,938	50,391,010	48,873,538
17,092,044	13,766,224	1,331,908	(3,424,886)	(7,950,305)
7,317,098	9,510,907	3,774,952	3,542,049	11,394,532
\$ 24,409,142	\$ 23,277,131	\$ 5,106,860	\$ 117,163	\$ 3,444,227

City of Santa Maria

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years

FY Ended June 30	+Property Tax	*Property Tax In-lieu of VLF	#General Fund Sales Tax	Other Sales Tax	Franchise Tax
2002	\$ 4,886,327		\$ 14,006,921	\$ 7,354,840	\$ 1,115,754
2003	5,318,818		15,411,370	6,752,049	1,099,966
2004	5,920,003		15,866,944	6,408,715	3,118,187
2005	5,919,017	\$ 4,545,987	16,445,600	7,068,191	3,241,690
2006	7,307,769	5,959,787	17,018,945	8,633,632	3,341,810
2007	9,067,171	6,448,316	17,672,311	8,514,985	3,443,105
2008	9,749,641	6,889,596	18,060,497	7,627,249	3,600,994
2009	9,336,050	6,791,613	15,906,434	6,196,508	3,427,070
2010	8,859,906	6,422,352	14,146,555	5,591,211	3,366,190
2011	8,983,688	6,374,115	15,703,090	6,008,575	3,578,754

NOTE:

Includes all governmental fund types.

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

SOURCE:

+Santa Barbara County

*California Franchise Tax Board; VLF Program Commenced in 2005

#California State Board of Equalization

	TOT Tax	Other Tax	Total
\$	1,800,186	\$ 1,551,673	\$ 30,715,701
	1,800,893	1,516,203	31,899,298
	2,044,413	2,154,384	35,512,645
	2,237,880	1,689,063	41,147,427
	2,220,887	1,497,842	45,980,672
	2,373,910	1,125,239	48,645,037
	2,396,491	1,082,894	49,407,362
	2,201,546	711,643	44,570,864
	2,116,310	527,518	41,030,042
	2,363,467	733,034	43,744,723

City of Santa Maria

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Nine 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
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
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)
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
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 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.

*Beginning fiscal year 2010-11, a format change is necessary for GASB Statement Number 54 reporting.

	2007	2008	2009	2010	*2011
\$	13,881,493	\$ 13,994,214	\$ 14,171,769	\$ 15,125,183	
	36,145,698	36,840,884	39,389,382	39,530,536	
					\$ 14,048,953
					19,800,000
					6,909,711
					14,045,532
	<u>50,027,191</u>	<u>50,835,098</u>	<u>53,561,151</u>	<u>54,655,719</u>	<u>54,804,196</u>
	13,542,452	6,970,228	4,082,015	2,704,278	
	5,337,762	13,079,640	11,036,074	4,325,076	
	17,065,112	20,320,812	12,541,368	12,722,097	
	(13,560,955)	(13,692,783)	(13,815,810)	(13,932,228)	
					4,664,964
					14,242,819
					12,652,876
					(21,536,503)
\$	<u>22,384,371</u>	<u>26,677,897</u>	<u>13,843,647</u>	<u>5,819,223</u>	<u>\$ 10,024,156</u>

City of Santa Maria

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Nine 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				
Current:				
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 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
\$	44,102,953	\$ 44,836,981	\$ 40,286,816	\$ 41,030,042	\$ 43,744,723
	3,020,855	2,258,146	1,964,835	2,032,625	1,368,214
	5,704,531	4,692,725	3,623,715	3,657,552	2,530,588
	17,307,547	20,719,295	15,426,843	15,424,318	9,690,422
	13,441,085	14,003,746	12,929,787	10,769,671	12,175,204
	1,470,302	1,106,376	871,480	1,125,411	334,376
	85,047,273	87,617,269	75,103,476	74,039,619	69,843,527
	7,199,453	7,766,778	8,262,292	7,067,465	7,182,507
	4,158,854	4,756,217	3,911,112	4,872,363	4,650,157
	26,697,389	29,388,999	29,289,806	28,553,613	27,848,391
	8,727,125	9,731,596	10,269,522	9,982,054	9,757,902
	4,755,772	4,980,324	5,056,695	5,227,336	5,001,666
	2,062,596	2,217,526	3,019,728	3,121,202	2,698,807
	24,282,030	21,801,353	24,615,828	22,830,682	7,906,083
	1,755,000	1,830,000	1,920,000	2,010,000	2,110,000
	1,356,691	915,550	870,895	790,277	589,810
	80,994,910	83,388,343	87,215,878	84,454,992	67,745,323
	4,052,363	4,228,926	(12,112,402)	(10,415,373)	2,098,204
	12,660,010	14,946,392	11,491,823	12,018,459	9,383,087
	(11,787,500)	(14,073,882)	(9,159,426)	(8,462,795)	(8,018,247)
	872,510	872,510	2,332,397	3,555,664	1,364,840
\$	4,924,873	\$ 5,101,436	\$ (9,780,005)	\$ (6,859,709)	\$ 3,463,044
	4.8%	3.9%	4.3%	3.3%	4.0%

City of Santa Maria

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

FY Ended					Personal	Gross
June 30		Land		Improvements	Property	Value
2002	\$	1,239,489,086	\$	2,122,687,632	\$ 286,654,305	\$ 3,648,831,023
2003		1,344,382,383		2,320,370,993	296,639,339	3,961,392,715
2004		1,505,499,138		2,568,979,473	288,456,341	4,362,934,952
2005		1,742,052,139		2,919,197,802	310,338,288	4,971,588,229
2006		2,134,358,374		3,331,952,571	348,701,433	5,815,012,378
2007		2,532,797,174		3,736,636,782	349,941,019	6,619,374,975
2008		2,779,359,925		3,929,898,972	359,102,179	7,068,361,076
2009		2,688,233,211		3,897,913,199	374,342,508	6,960,488,918
2010		2,525,129,754		3,749,048,530	403,055,878	6,677,234,162
2011		2,473,964,135		3,808,611,113	391,104,570	6,673,679,818

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
\$ 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%
287,071,107	5,527,941,271	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%
388,166,023	6,285,513,795	100.0%

Santa Maria



City of Santa Maria

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

As of June 30, 2011

Fiscal Year	*City of Santa Maria	*Santa Barbara County	Schools	Other	Total
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%
2010	0.00000%	1.00000%	0.38552%	0.00000%	1.38552%
2011	0.00000%	1.00000%	0.42302%	0.00000%	1.42302%

*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

2011			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Okonite Company, Inc.	\$ 88,323,699	1	1.39%
Merrill Gardens at Santa Maria, LLC	43,374,329	2	0.68%
Town Center Street Scape, LLC	39,304,124	3	0.62%
Santa Maria Partners, LLC	31,371,719	4	0.49%
Country Oaks, LLC	30,778,579	5	0.48%
Pini, Dario L	28,470,053	6	0.45%
SP Village Green, LLC	27,052,171	7	0.43%
UAI Real Estate Acquisition, LLC	20,440,110	8	0.32%
SMHI Hospitality, LLC	20,104,560	9	0.32%
Terry Kwanyu Chan Trustee	17,879,683	10	0.28%
Santa Maria Town Center			
United Foods, Incorporated			
Chan Fook Kheong/Terry Kwanyu Trustees			
Mideb Nominees, Incorporated			
American Store Properties			
Sierra Equities, Incorporated			
Den-Mat Corporation			
Arbor Ridge			
	\$ 347,099,027		5.46%

SOURCE:

Santa Barbara County Auditor-Controller

2002

Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
\$ 26,410,480	2	0.71%
23,176,600	3	
30,108,000	1	0.81%
16,458,697	4	0.44%
14,535,511	5	0.39%
13,543,528	6	0.36%
12,120,660	7	0.32%
11,953,448	8	0.32%
11,292,485	9	0.30%
10,724,535	10	0.29%
<hr/> \$ 170,323,944 <hr/>		<hr/> 3.94% <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	
2002	\$ 3,571,518	\$ 3,571,518	100%	
2003	4,215,268	4,215,268	100%	
2004	5,715,906	5,715,906	100%	
2005	6,349,144	6,349,144	100%	
2006	6,485,547	6,485,547	100%	
2007	7,501,048	7,501,048	100%	
2008	8,170,585	8,170,585	100%	
2009	8,102,791	8,102,791	100%	
2010	7,650,506	7,650,506	100%	
2011	7,516,780	7,516,780	100%	

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
\$	3,571,518	100%
	4,215,268	100%
	5,715,906	100%
	6,349,144	100%
	6,485,547	100%
	7,501,048	100%
	8,170,585	100%
	8,102,791	100%
	7,650,506	100%
	7,516,780	100%

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
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
2010	11,325,000			546,616
2011	9,215,000			525,900

The City 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 released through 2010 via the Bureau of Economic Analysis

Business-Type Activities				
Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
		\$ 3,464,747	378.31%	43
\$ 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	29.40%	697
48,785,007		60,656,623	31.25%	651
46,748,931		56,489,831	**33.55%	565

City of Santa Maria

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Nine 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	0.55%	\$ 252
2004	22,140,000	2,786,175	19,353,825	0.47%	227
2005	20,520,000	2,789,000	17,731,000	0.38%	200
2006	18,840,000	2,766,658	16,073,342	0.29%	178
2007	17,085,000	2,383,266	14,701,734	0.23%	163
2008	15,255,000	2,403,435	12,851,565	0.19%	142
2009	13,335,000	2,424,574	10,910,426	0.16%	118
2010	11,325,000	2,426,079	8,898,921	0.14%	95
2011	9,215,000	2,430,118	6,784,882	0.11%	68

Source: City of Santa Maria
Santa Barbara County

City of Santa Maria

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Santa Barbara County General Fund Obligations	\$ 77,830,000	10.847%	\$ 8,442,220
Santa Maria Joint Union High School District COP	23,435,000	57.926%	13,574,958
Santa Maria-Bonita School District COP	21,335,000	94.285%	20,115,705
Santa Maria Cemetery District COP	1,090,000	64.160%	699,344
Subtotal, overlapping debt			42,832,227
City of Santa Maria, direct debt			9,215,000
Total direct and overlapping debt			\$ 52,047,227

Source:

California Municipal Statistics, Inc.

City of Santa Maria

LEGAL DEBT MARGIN INFORMATION

Last Nine Fiscal Years

	2003	2004	2005	2006
Debt Limit	\$ 148,552,227	\$ 163,610,061	\$ 186,436,434	\$ 218,062,964
Total net debt applicable to limit	30,150,537	29,468,019	23,415,799	21,062,100
Legal Debt Margin	<u>\$ 118,401,690</u>	<u>\$ 134,142,042</u>	<u>\$ 163,020,635</u>	<u>\$ 197,000,864</u>
Total net debt applicable to the limit as a percentage of debt limit	20.30%	18.01%	12.56%	9.66%

Legal Debt Margin Calculation for 2010-11:

Assessed value

Debt limit (3.75 percent of assessed value)

Revenue bonds and other long-term debt

Legal debt margin

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

	2007	2008	2009	2010	2011
\$	248,226,562	\$ 265,063,540	\$ 261,018,334	\$ 250,396,281	\$ 250,262,993
	18,848,900	16,471,510	14,234,903	12,157,195	9,978,883
\$	229,377,662	\$ 248,592,030	\$ 246,783,431	\$ 238,239,086	\$ 240,284,110

	7.59%	6.21%	5.45%	4.86%	3.99%
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\$	6,673,679,818
	250,262,993
	9,978,883
\$	240,284,110

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	Transfer (to) from Rate Stabilization	Net Available Revenue	Debt Service	
					Principal	Interest
2002	\$ 17,222,899	\$ 16,562,160		\$ 660,739		
2003	24,074,427	21,092,903		2,981,524		
2004	26,167,639	19,431,475		6,736,164		
2005	30,794,371	21,460,431		9,333,940		\$ 1,001,914
2006	30,043,493	19,332,826		10,710,667	\$ 118,156	2,085,672
2007	34,814,990	24,486,047		10,328,943	563,801	2,470,026
2008	33,740,272	25,312,860		8,427,412	900,187	2,873,641
2009	33,887,395	27,634,577		6,252,818	1,078,703	3,617,962
2010	32,909,945	25,802,618	\$ 151,243	7,258,570	1,855,088	4,218,928
2011	35,194,266	27,945,217	703,115	7,952,164	2,036,076	4,590,727

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 2005-06.

Coverage	Balance in Rate Stabilization Account
	\$ 3,666,401
	3,954,354
	4,016,958
9.32	4,031,382
4.86	4,189,590
3.40	4,206,333
2.23	4,212,296
1.33	4,258,071
1.20	4,126,216
1.20	3,584,956

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
2002	80,511	\$ 13,107,358	\$ 32,693	**
2003	82,148	13,059,171	32,496	30
2004	85,325	13,638,326	33,942	30
2005	88,793	14,493,150	38,313	30
2006	90,204	15,341,976	40,486	31
2007	90,333	19,020,000	47,302	32
2008	91,110	19,740,000	48,693	29
2009	92,542	18,976,000	46,619	29
2010	93,225	18,954,619	46,565	28
2011	100,062	**18,954,619	**46,565	**28

SOURCE:

#Department of Finance

+Bureau of Economic Analysis

#+California Department of Education and California Community Colleges Chancellor's Office

++Economic Development Department of California

*U.S. Census Bureau

**Information no longer available or not released for year ending June 30, 2011

#+School Enrollment	++Unemployment Rate
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%
46,713	14.2%
**46,713	14.6%

City of Santa Maria

PRINCIPAL EMPLOYERS

Current Fiscal Year and Ten Fiscal Years Ago

*Employer	*2010-11		
	Employees	Rank	Percentage of Total City Employment
Vandenberg Air Force Base	4,300	1	8.75%
Marian Medical Center	1,450	2	2.95%
Santa Maria-Bonita School District	1,400	3	2.85%
Allan Hancock College	890	4	1.81%
Santa Maria Joint Union High School District	871	5	1.77%
City of Santa Maria	622	6	1.27%
Betteravia Farms	533	7	1.08%
C&D Zodiac, Incorporated	491	8	1.00%
Den-Mat Corporation	361	9	0.73%
Vocational Training Center	340	10	0.69%
United Parcel Service			
	11,258		22.90%

SOURCE:

* City of Santa Maria 2010-12 Budget

** Northern Santa Barbara County Economic Outlook 2002

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.

****2001-02**

Employees	Rank	Percentage of Total City Employment
5,250	1	15.60%
1,300	3	3.86%
1,725	2	5.13%
988	4	2.94%
575	7	1.71%
375	8	1.11%
359	9	1.07%
580	6	1.72%
315	10	0.94%
600	5	1.78%
12,067		35.86%

City of Santa Maria

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006
Public safety					
Police protection services	146.0	155.5	157.5	162.0	162.0
Fire and emergency services	46.5	52.5	55.5	58.5	58.5
Utilities					
Water distribution services	33.0	33.5	33.5	34.5	34.5
Solid waste collection/disposal services	29.0	33.0	33.0	39.0	39.0
Public ways and facilities					
Streets services	21.5	21.5	21.5	25.5	25.5
Public transit services	1.0	1.0	1.0	2.5	2.5
Recreation and parks					
Recreation and parks services	99.5	101.5	101.5	121.0	121.0
Library					
Library services	37.0	38.0	38.0	38.5	38.5
Community development					
Planning and inspection services	21.5	22.5	22.5	23.0	23.0
Block grant/special project services	5.0	7.0	7.0	4.5	4.5
General government					
Legislative services	5.0	5.0	5.0	5.0	5.0
Legal services	10.0	11.0	11.0	11.5	11.5
Administration	10.0	11.0	11.0	12.0	12.0
Administrative services	18.0	19.0	19.0	18.5	18.5
Engineering and facilities maintenance	22.5	22.5	22.5	24.5	24.5
Special revenue					
Landscaping services	*	*	*	8.0	8.0
Public, education, government television	*	*	*	4.0	4.0
Internal service					
Fleet services	7.0	4.0	4.0	4.5	4.5
Risk Management	1.0	1.0	1.0	1.0	1.0
Total	513.5	539.5	544.5	598.0	598.0

NOTE:

*Employee by Function was not budgeted.

SOURCE: 2010-12 City of Santa Maria Budget

2007	2008	2009	2010	2011
170.0	172.0	172.0	169.0	169.5
59.0	59.0	63.0	60.0	54.0
41.5	39.5	40.5	40.5	41.5
47.0	47.0	48.0	47.0	48.0
24.5	24.5	24.5	24.5	23.5
2.5	2.5	2.5	2.5	2.5
129.0	136.5	136.5	134.0	119.5
38.5	49.0	49.0	46.5	40.0
30.0	26.0	30.5	28.5	26.5
2.0	2.0	2.0	2.0	2.0
5.0	5.0	5.0	5.0	5.0
12.0	12.0	12.0	12.5	11.0
12.0	13.5	12.0	12.0	11.5
22.0	25.5	25.5	24.5	23.5
22.5	22.5	24.5	23.5	21.5
4.5	4.5	4.5	4.5	10.5
2.0	2.0	2.0	2.0	2.0
5.5	7.5	7.5	7.5	8.5
1.0	1.0	1.0	1.0	1.0
630.5	651.5	662.5	647.0	621.5

City of Santa Maria

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function/Program	2002-04	2004-06	2006-08	2008-10	2010-12
Police					
Number of stations	1	1	1	1	1
Calls for service	235,807	248,307	265,571	267,500	269,500
Fire and emergency services					
Number of stations	3	3	4	4	5
Calls for service	11,526	14,160	16,300	17,656	19,420
Utilities					
Water production/per acre feet	27,145	28,000	29,160	29,030	29,150
Meters Read	416,357	509,000	504,000	504,000	507,500
Wastewater treated/mgd	8.02	8.55	8.42	8.50	8.60
Solid waste collection and disposal services					
Residential and commercial accounts service	38,250	43,900	30,765	36,700	37,550
Residential and commercial tons collected	115,400	118,950	120,875	120,530	127,300
Average tons received at landfill/day	349	360	616	533	534
Street Services					
Streetlight maintenance/hours	4,047	4,242	5,446	6,774	8,637
Traffic Signal maintenance/hours	3,578	2,900	2,888	2,906	2,961
Transit					
Passengers	1,333,753	1,833,600	2,195,781	2,377,749	2,651,392
Miles	912,443	1,428,200	1,558,968	1,700,351	2,086,429
Recreation and Parks					
Program registrations	26,265	26,790	27,541	34,112	35,000
Facility attendance	1,359,433	1,428,533	2,364,519	2,742,883	2,800,000
*Park acres maintained	248	300	237	772	772
Trees managed	25,600	27,200	27,200	32,685	33,491
Library					
Cardholders	70,782	85,000	75,000	70,000	80,000
Materials checked-out	1,299,166	1,580,500	1,024,740	1,030,000	1,200,000
Community development					
Plan checks	4,000	4,500	3,052	1,239	1,300
Building permits issued	4,668	4,901	2,967	2,631	2,800

NOTE:

Indicators are tracked on a two-year budget cycle.

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

SOURCE: 2010-12 City of Santa Maria Budget

Santa Maria



City of Santa Maria

CAPITAL ASSETS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008
Police								
Stations	1	1	1	1	1	1	1	1
Patrol units	24	24	29	33	41	42	43	41
Fire stations	3	3	3	3	4	4	4	4
Solid waste								
Refuse collection trucks	16	16	18	17	19	25	21	24
Highways and streets								
Street miles	183	188	188	196	206	203	219	220
Streetlights	5,200	5,449	5,654	6,100	6,500	6,654	6,600	6,900
Park acreage/Open Space	248	248	248	248	248	248	248	*772
Water hydrants	2,479	2,511	2,700	2,800	2,909	3,000	3,108	4,500
Sewer miles	180	198	198	206	237	240	240	330

*With the implementation of GPS, the Utilities Department no longer estimates the number of hydrants and sewer miles; these are actual counts.

SOURCE: 2010-12 City of Santa Maria Budget

2009	2010	2011
1	1	1
41	41	41
4	4	5
23	23	23
222	224	224
6,900	6,890	7,090
772	772	772
4,500	*3,280	3,300
529	*200	210

Santa Maria

