



**Comprehensive Annual  
Financial Report  
Year Ended June 30, 2007  
City of Goleta, California**

CITY OF GOLETA  
Goleta, California

Comprehensive Annual Financial Report

Year ended June 30, 2007

Prepared by

FINANCE DEPARTMENT

Alvertina Rivera

Finance Director

CITY OF GOLETA  
Comprehensive Annual Financial Report  
Year ended June 30, 2007

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December 17, 2007

To the Citizens of the City of Goleta:

**CITY COUNCIL**  
Michael T. Bennett  
*Mayor*

Roger S. Aceves  
*Mayor Pro Tempore*

Jean W. Blois  
*Councilmember*

Eric Onnen  
*Councilmember*

Jonny Wallis  
*Councilmember*

**CITY MANAGER**  
Daniel Singer

It is with great pleasure that we present to you the City of Goleta Comprehensive Annual Financial Report (CAFR). This report complies with the financial reporting model developed by the Governmental Accounting Standards Board (GASB) Statement 34. The financial reporting model is intended to improve financial reporting by adding significant additional information not previously available in local government financial statements.

This report was prepared by the Finance Department in conformity with Generally Accepted Accounting Principles (GAAP) and has been audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed Certified Public Accountants. The report consists of management representations concerning the finances of the City. Consequently, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the City. All disclosures necessary to enable an understanding of the City's financial activities have been included.

This CAFR includes the financial activity for all funds of the City. The City provides its citizens a wide range of services including law enforcement, planning, building, public works, engineering, maintenance, and general management.

In addition to the fund-by-fund financial information presented in the City's financial statements are government-wide financial statements. The government-wide financial statements include a Statement of Net Assets that provides the total net equity of the City including infrastructure and the Statement of Activities that illustrates the cost of providing government services. These statements have been prepared using the accrual basis of accounting versus the modified accrual method used in the fund financial statements. A reconciliation report is provided as a key to understanding the changes between the two reporting methods. In addition, the new reporting model includes an emphasis on the City's major funds as shown in the Governmental Fund Statements.

These statements combined with other information are further analyzed in a narrative section entitled Management's Discussion and Analysis (MD&A). The MD&A provides "financial highlights" and interprets the financial reports by analyzing trends and by explaining changes, fluctuations and variances in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City.



## **GOVERNMENT PROFILE**

The City of Goleta incorporated on February 1, 2002 as a General Law City under the laws of the State of California. The City of Goleta encompasses approximately 8 square miles in southern Santa Barbara County and has a population of approximately 30,169. The City is adjacent to the City of Santa Barbara and is approximately 90 miles from Los Angeles.

The City operates under the Council-Manager form of government. The City Council is comprised of five members elected at large for staggered four year terms of office. The Mayor and Mayor Pro Tem are selected by the Council from among its members to serve one-year terms. The City Council serves as the legislative and policy-making body of the City, enacting all laws and directing such actions as are required to provide for the general welfare of the community. The City provides municipal services through contracts for street, park, and landscape maintenance, and legal services. The City of Goleta also contracts with the Santa Barbara County Sheriff's Department for law enforcement services. Fire protection services are provided by Santa Barbara County Fire Department. There are 437 acres of parks and open space. The City owns the Goleta Public Library and contracts with the City of Santa Barbara for library services.

The City Manager, appointed by the City Council, serves as the Chief Executive Officer and is responsible to the City Council for administration of all City affairs and the implementation of all policies established by the City Council. The City Attorney serves under contract to the City and is appointed by the City Council. All other department directors are appointed by the City Manager.

## **ECONOMIC CONDITION AND OUTLOOK**

The City of Goleta is comprised of single-family homes, condominiums and apartments with a mixture of retail, light industrial, manufacturing, and service entities providing a diverse tax base for the City. Property Tax, Sales Tax, Transient Occupancy Tax and Motor Vehicle-in-Lieu Fees comprise approximately 87% of the City's General Fund revenues.

The City of Goleta and the immediate surrounding cities are key factors in the overall economic activity of the entire South Coast. The City and its immediate vicinity provide a significant share of the South Coast and County's basic economic activity in the form of educational services, intellectual services, tourism, and manufacturing. Three of these four sectors continue to grow. The role of durable manufacturing is decreasing both in magnitude and economic impact. However, it does remain an important part of the economy, the largest sector in the City, the second largest in the area. In contrast, the decline in manufacturing employment has been compensated for by an increase in service employment and trade. Additionally, the large scale regional retail outlets have increased the City's presence as a retail trade center.

These shifts in the economy are changing to some degree the economic character of the City and its role. The growth in service employment appears to be driven by two very different influences: growth in intellectual services and tourism. The City's proximity to the University of California, Santa Barbara (UCSB) continues to stimulate intellectual services activity. The overall appeal of the area and the presence of the airport in particular continue to stimulate tourism in the area.

The City's General Fund revenues exceeded operating expenditures by \$1.8 million. The Revenue Neutrality Agreement between the City of Goleta and the County of Santa Barbara specifies that property tax generated by the property located within the City be divided equally between the City and County in perpetuity. As a result the City received approximately \$1.6 million in property tax at time of incorporation. Said funds will need to be paid back to the County within ten years from date of incorporation. Additional provisions of the Revenue Neutrality Agreement are as follows:

- 30% of the retail sales tax allocable to the City shall be allocated to the County in perpetuity.
- An additional 20% of the retail sales tax allocable to the City shall be allocated to the County for a period of ten years.
- 40% of the transient occupancy tax generated by TOT taxpayers, which currently exist in the City, shall be allocated to the County for a period of ten years.

The California economy continues to demonstrate slow recovery from the economic downturns experienced throughout the nation. All generally accepted economic indicators appear to indicate continued gradual improvement in the economy.

## **MAJOR INITIATIVES**

### Management:

Forty-four and a half positions were authorized in FY 2006-07. The extensive recruitment process to date has yielded a highly motivated and committed City workforce with very low turnover rate.

### City Hall:

The City entered into a lease for approximately 18,000 square feet located at 130 Cremona Drive, Suite B in January 2004, to serve as the City Hall facility. In October 2006 the City amended its lease to include additional floor space to accommodate added city staff. The current lease term expires in November 2011.

### General Plan:

Continued progress on the General Plan and its implementation will serve as a blueprint for investment and reinvestment in the community and be the basis of future City budgets. The General Plan, now one-year-old, will be shortly followed by a new City Zoning Code, Transferable Development Rights Ordinance and Design Guidelines that are all aimed at rounding out the community's economic development and cultural opportunities, and protection of natural resources. Approximately 4,000 new housing units and 1.7 million square feet of commercial and industrial development space are programmed to occur by 2025 under these plans.

#### Open Space and Habitat Management Plan:

The completion of the Ellwood-Devereux Open Space and Habitat Management Plan (OSHMP) encompasses 652 acres. The OSHMP encompasses ten (10) parcels owned by multiple public and private entities within three jurisdictions (City of Goleta, County of Santa Barbara, and the University of California at Santa Barbara). The OSHMP achieves a long-standing regional goal of preservation, management, and focused natural development of the Ellwood-Devereux coastal area.

#### Street Maintenance:

Another prominent FY 2006-07 accomplishment is the completion of the fourth phase of the five-year strategy to invest \$16.5 million to improve the City's eighty-six (86) mile street network. To date, the City of Goleta has invested over \$10.5 million in improvements to its streets and sidewalks as part of the Street Improvement and Reinvestment Program. Another \$2.6 million is budgeted in FY 2007-08.

#### Finance Department:

The Finance was established in FY 2006-07 to ensure that appropriate resources be devoted to the City's finances. The department is responsible for all of the City's budgeting and accounting functions, financial reports and audits, payroll, and investment management.

#### Strategic Plan:

The City Council initiated a comprehensive Strategic Planning process which identified organizational goals and objectives, setting forth fifteen City goals and more than 185 objectives. The Strategic Plan was officially adopted by the Council on July 16, 2007 and has been utilized within the organization to establish priorities for the initiation, budgeting and completion of various programs and projects.

#### Internal Controls:

The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or other misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs of a control should not exceed the benefits likely to be achieved and the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of State, County, and Federal financial resources, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by management of the City.

#### Budgetary Controls:

In addition to internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General and Special Revenue Funds are included in the annual appropriated budget. All governmental funds are included in the annual appropriated budgets.

The two-year budget is arranged by department, function and fund and presented to the Council by the City Manager. The budget is then adopted by the City Council prior to the beginning of the first fiscal year and serves as the foundation for the City's financial planning and control. The budget is reviewed quarterly and necessary adjustments are made to ensure that expenditures are not outpacing anticipated revenues.

#### Annual Audit:

Mayer, Hoffman, McCann, P.C. 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 the fiscal year ending June 30, 2007 are free of material misstatement. As part of the City's annual audit, reviews are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's annual audit for the fiscal year ending June 30, 2007 provided no instances of material weaknesses in the internal control structure or violations of applicable laws and regulations. The independent auditor concluded there was a basis for rendering an unqualified opinion and the City's financial statements are fairly presented in conformity with Generally Accepted Accounting Principles. The independent auditor's report is presented as the first component of the financial section of this report.

#### Cash Management Policies and Practices:

Cash resources of the individual funds are combined to form a pool of cash and investments. Cash temporarily idle during the year was invested in the Local Agency Investment Fund, consistent with the City's Investment Policy.

The City's Investment Policy is designed to ensure the productive use of assets entrusted to its care and to invest and manage those funds wisely and prudently. Criteria for selecting investments and the order of priority are: (1) safety, (2) liquidity, and (3) yield. The basic premise underlying the City's investment policy is to ensure that money is safe, always available, and earning the highest and best returns. Accordingly, deposits were either insured by Federal depository insurance or collateralized.

The average yield on funds invested was 5.11%. Investment income includes appreciation/depreciation in the fair value of investments. The total investment income earned for all funds for the year was \$1,152,334. As the City's reserve funds grow in future years, a higher yield in investment income is projected.

#### Risk Management:

The City joined the California Joint Powers Insurance Authority (the Authority) in July 2002 to provide for the transfer of risk for general liability. The Authority is a pool of cities, which has formed an insurance group. Each member city pays into the pool an annual deposit. In addition, various risk control techniques, including annual safety audits and employee accident prevention training, have been implemented to minimize loss. The aggregate deposit paid for all insurance coverage was \$215,041.

The limit of general liability insurance provided on June 30, 2006 was \$50 million (combined single limit occurrence). The City has all-risk property insurance as indicated on a list of scheduled property. The City also has environmental liability insurance and a fidelity blanket bond.

The City enrolled in the Authority's Worker's Compensation Insurance Program in February 2002. The coverage provides statutory benefits for all City employees and volunteers.

All claims are investigated, valued, reserved, defended and/or settled in accordance with generally accepted insurance industry practices. There are no known existing claims that would exceed the City's applicable coverage.

#### Pension and Other Post-Employment Benefits:

The City is a member of the California Public Employees Retirement System under the CalPERS 2% @ 55 Plan. CalPERS is a multiple-employer public employee defined benefit pension plan. Each year an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. The City's annual contribution rate is 10.681% of base wages. The City also pays the employees' portion of the retirement contribution of 7% of base wages.

**ACKNOWLEDGEMENTS**

The preparation of this comprehensive annual financial report could not have been accomplished without the hard work and team effort of the Finance Department. We also wish to express appreciation to the other City departments that provided assistance.

Respectfully submitted,

Reviewed by,

Approved by,

\_\_\_\_\_  
Alvertina Rivera  
Finance Director

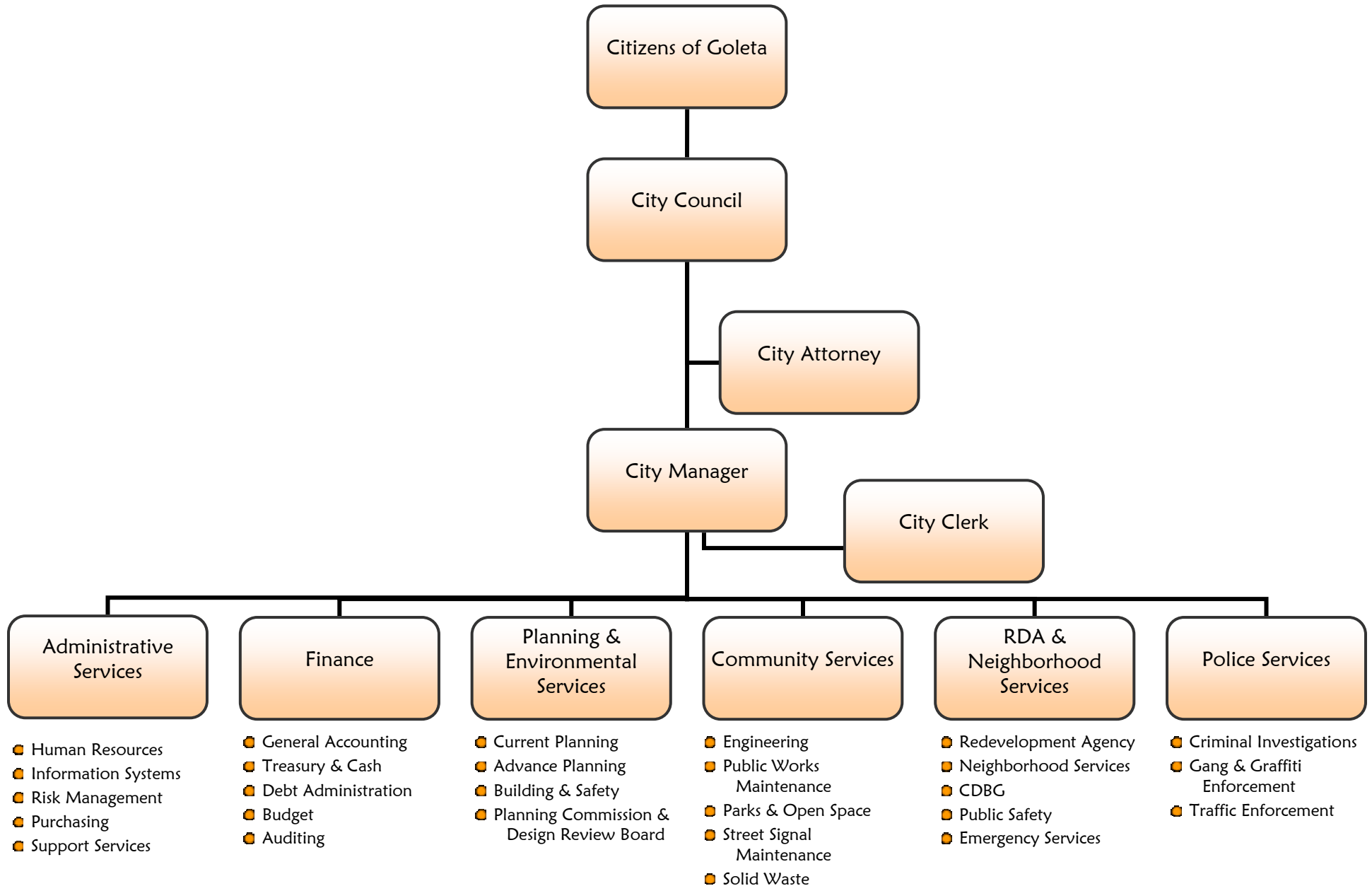
\_\_\_\_\_  
Michelle Greene  
Administrative  
Services Director

\_\_\_\_\_  
Daniel Singer  
City Manager



# ORGANIZATIONAL CHART

## By Function



**City of Goleta**

**LIST OF PRINCIPAL OFFICIALS**

Council – Manager Form of Government

**CITY COUNCIL**

JEAN W. BLOIS  
Mayor

MICHAEL T. BENNETT  
Mayor Pro Tem

JONNY WALLIS  
Council Member

ERIC ONNEN  
Council Member

ROGER S. ACEVES  
Council Member

**CITY ADMINISTRATION**

DANIEL SINGER  
City Manager

Michelle Greene, Administrative Services Director

Alvertina Rivera, Finance Director

Deborah Constantino, City Clerk

Steve Chase, Planning & Environmental Services Director

Steven D. Wagner, Community Services Director/City Engineer

Vyto Adomaitis, Redevelopment and Neighborhood Services Director

Julie Hayward Biggs, City Attorney

Chris Pappas, Santa Barbara County Sheriff's Department

Martin Johnson, Santa Barbara County Fire Services



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Goleta  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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



A handwritten signature in black ink, appearing to read "Ronald Klein".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

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An Independent CPA Firm  
Conrad Government Services Division  
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www.mhm-pc.com

Honorable Mayor and City Council  
City of Goleta  
Goleta, California

### Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Goleta, California, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Goleta. 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, each major fund, and the aggregate remaining fund information of the City of Goleta, California, as of June 30, 2007, and the respective changes in financial position of the City of Goleta, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Mayor and City Council  
City of Goleta  
Goleta, California  
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goleta's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budget schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining, individual nonmajor fund financial statements and budget schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2007 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

*Mayer Hoffman McLean P.C.*

Irvine, California  
December 10, 2007

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

### **Fiscal Year Ended June 30, 2007**

This discussion and analysis of the City of Goleta's financial performance provides an overview of the City's financial activities for the year ended June 30, 2007. The City welcomes everyone to read the information in this document in conjunction with the accompanying transmittal letter found on pages i – vii, and the accompanying basic financial statements found on pages 14 – 19 of this report.

#### **FINANCIAL HIGHLIGHTS**

- At the end of the fiscal year 2007, the City's net assets totaled \$191,128,977, an increase of approximately 327% from the prior year. Approximately \$146 million of the increase is attributable to the capitalization of infrastructure assets (see Notes 5 and 13 to the financial statements) in compliance with Governmental Accounting Standards Board Statement No. 34 (GASB 34). Of the total net assets, \$8.8 million is unrestricted and thus may be used to meet the City's ongoing obligations.
- As of June 30, 2007, the City's taxes and other revenues exceeded expenditures by \$717,758.
- The total revenue from all sources equaled \$24,182,059.
- The General Fund reported excess revenues over expenditures and transfers out of \$1,813,652.
- The General Fund had an ending balance of \$9,364,085 of which \$5,153,000 is designated to meet the City's Contingency Reserve policy.

#### **USING THIS ANNUAL FINANCIAL REPORT**

This annual report consists of three types of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and allow a longer-term view of the City's finances. Fund Financial Statements illustrate how City services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

#### **Reporting the City as a Whole: The Statement of Net Assets and the Statement of Activities**

One of the most important questions asked about the City's finances is "Is the City as a whole better or worse off as a result of this year's activities". The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to

the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. The City's net assets, the difference between assets and liabilities, are one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Consideration should also be given to other non-financial factors, such as changes in the City's property tax bases and the condition of the City's roads, to assess the overall health of the City.

All of the City's basic services are considered to be governmental activities. The Statement of Net Assets and the Statement of Activities present information about these Governmental activities, including General Government, Community Development, Public Safety, and Public Works. Property Tax, Sales Tax, Transient Occupancy Tax and Motor Vehicle-in-Lieu Fees finance approximately 52% of these activities.

### **Reporting the City's Most Significant Funds: Fund Financial Statements**

The Fund Financial Statements provide detailed information about the most significant funds, not the City as a whole. Included are the General Fund, Environmental Programs Fund, and RDA Debt Service Fund, as well as lesser funds reported collectively as Non-Major Governmental Funds. Some funds are required to be established by State law, however, the City establishes many other funds to help it control and manage money for specified purposes or to demonstrate that the City is meeting legal responsibilities for using certain taxes, grants, and other money. The City currently has just one type of fund, governmental, which uses the following accounting approach.

*Governmental Funds* focus on how money flows into and out of those funds and the balances left at year-end that are available for future appropriation. Most of the City's basic services are reported in governmental funds. These funds are reported using an accounting method known as modified accrual accounting. Under this method of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current fiscal period while expenditures are recognized in the accounting period in which the liability is incurred.

The Governmental Fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and Governmental Funds are described in the reconciliation schedules accompanying the fund financial statements.

## The City as Trustee: Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, property owners, and others. The City's fiduciary activities are reported in separate Agency Fund Statements. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

## THE CITY AS A WHOLE

### *Statement of Net Assets and Changes in Net Assets*

The analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental activities. The City does not have any business type activities.

**Table 1**  
**Statement of Net Assets**  
**As of June 30, 2007 and 2006**

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 24,283,197	\$ 22,849,120
Capital Assets	<u>172,305,797</u>	<u>28,372,175</u>
<b>Total Assets</b>	<b><u>\$ 196,588,994</u></b>	<b><u>\$ 51,221,295</u></b>
Other Liabilities	2,634,330	3,058,576
Long Term Liabilities		
Due in one year	705,315	662,915
Due in more than one year	<u>2,120,372</u>	<u>2,779,570</u>
<b>Total Liabilities</b>	<b><u>5,460,017</u></b>	<b><u>6,501,061</u></b>
Net Assets:		
Invested in Capital Assets, net of accumulated depreciation and related debt	171,497,745	27,093,022
Restricted	10,792,609	10,787,824
Unrestricted	<u>8,838,623</u>	<u>6,839,388</u>
<b>Total Net Assets</b>	<b><u>\$ 191,128,977</u></b>	<b><u>\$ 44,720,234</u></b>

- Current and other assets increased \$1,434,077 primarily as a result of General Fund activity for the year.

- Capital assets totaled \$236,350,451 at year-end before accumulated depreciation of \$64,044,654 resulting in net assets of \$172,305,797.

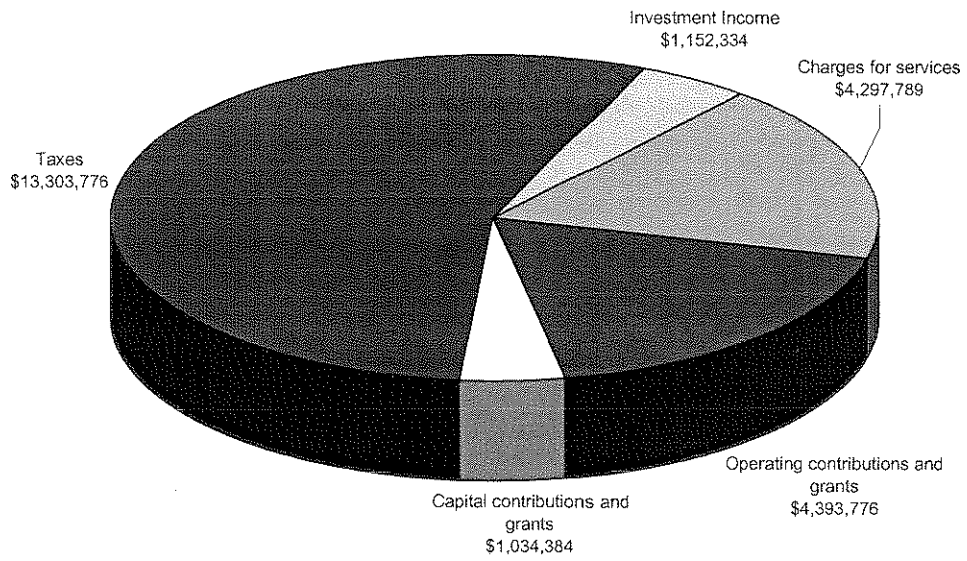
<u>Asset Type</u>	
Land	\$ 23,950,933
Buildings and improvements	3,184,429
Furniture and equipment	285,353
Vehicles	303,139
Infrastructure	<u>208,626,597</u>
Total fixed assets	\$ 236,350,451
Less depreciation	<u>64,044,654</u>
Capital Assets net Depreciation	<u><u>\$ 172,305,797</u></u>

- Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by legal requirements are \$8,838,623. This represents a \$1,999,235 increase from prior year due primarily to Non-Major Governmental Funds activity for the year.

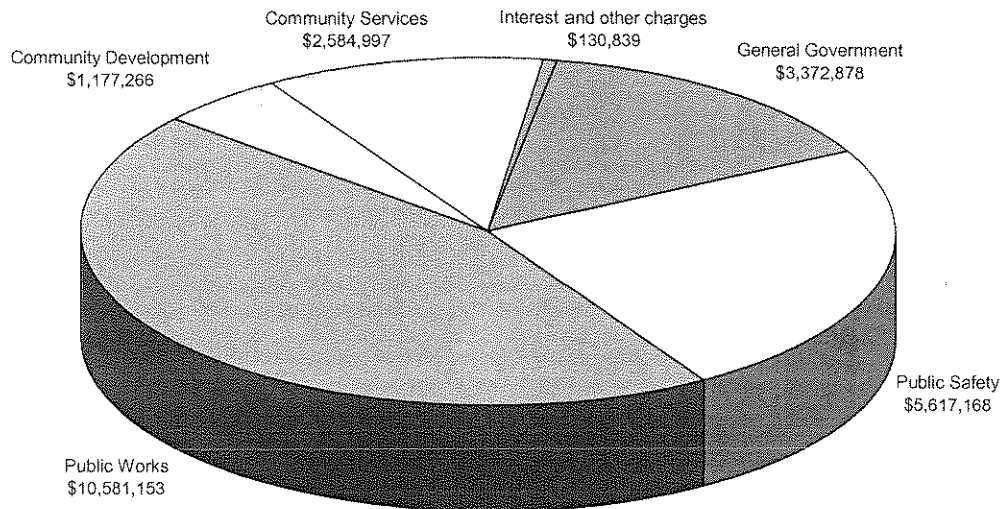


# Fiscal Year 2007 Government Activities (See Table 2)

## Sources of Revenue



## Functional Expense



**Table 2**  
**Changes in Net Assets**  
**As of June 30, 2007 and 2006**

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
<b>Revenues</b>		
Program Revenue		
Charges for services	\$ 4,297,789	\$ 3,278,402
Operating contributions and grants	4,393,776	5,866,642
Capital contributions and grants	1,034,384	2,464,437
General revenue:		
Taxes:		
Sales taxes	4,116,748	4,039,979
Property taxes, levied for general purposes	4,359,151	4,867,360
Motor Vehicle in lieu tax, unrestricted	1,139,903	1,125,865
Transient occupancy tax	2,571,528	2,601,475
Franchise taxes	1,116,446	952,856
Investment Income	1,152,334	646,378
Other	-	245,579
	<hr/>	<hr/>
Total revenues	<u>\$ 24,182,059</u>	<u>\$ 26,088,973</u>
<b>Expenses</b>		
General Government	\$ 3,372,878	\$ 3,550,258
Public Safety	5,617,168	5,539,496
Public Works	10,581,153	4,595,206
Community Development	1,177,266	3,667,575
Community Services	2,584,997	1,133,688
Interest and other charges	130,839	33,320
	<hr/>	<hr/>
Total Expense	<u>\$ 23,464,301</u>	<u>\$ 18,519,543</u>
<b>Increase(decrease) in Net Assets</b>	<u><b>\$ 717,758</b></u>	<u><b>\$ 7,569,430</b></u>

The City's total revenues were \$24,182,059 while the total cost of all programs and services was \$23,464,301. Property Tax of \$4,393,776 is the City's largest revenue source at approximately 18%, while Sales Tax of \$4,116,748 is the City's second largest revenue source at 17%. Transient Occupancy Tax of \$2,571,528 is the City's third largest revenue source at approximately 11%. These revenues fund a significant portion of the City's basic services, however, it should be noted that population-based subventions, such as Motor Vehicle-in-Lieu Fees are currently based on a formula of three times the number of registered voters for the seven years following incorporation. Beginning the eighth year, population-based subventions will be formulated using actual population, and revenues from these sources are anticipated to decline.

### Government Activities

Table 3 presents the cost of each of the City's programs, General Government, Community Development (planning and environmental services), Public Safety, Community Services and Public Works, as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

**Table 3**  
**Net Cost of Governmental Activities**  
**Year Ended June 30, 2007**

	<u>Total Cost Of Service</u>	<u>Net Cost of Services</u>
General Government	\$ 3,372,878	\$ (2,956,120)
Public Safety	5,617,168	(5,148,843)
Public Works	10,581,153	(3,195,652)
Community Development	1,177,266	(444,988)
Community Services	2,584,997	(1,861,910)
Interest and other charges	<u>130,839</u>	<u>(130,839)</u>
<b>Totals</b>	<u><u>\$ 23,464,301</u></u>	<u><u>\$ (13,738,352)</u></u>

- General Government expenses comprise approximately 14% of the governmental expenses and include City Council, City Manager, City Clerk, City Attorney, Administrative Services, Support Services, Finance and Risk Management. Charges for services and other fees partially offset the cost of this program.
- Public Safety expenses comprise 24% of the governmental expenses. Revenue from fines and capital grants partially offset the cost of this program.

- Public Works expenses comprise approximately 45% of the governmental expenses. Revenues from charges for services, operating and capital contributions and grants offset the cost of this program
- Community Development expenses comprise approximately 5% of the governmental expenses. Various building and planning fee revenues partially offset the cost of this program.
- Community Services expenses comprise 11% of the governmental expenses. Related fees and charges for services offset the cost of this program.

Interest expense comprises less than 1% of the governmental expenses. This interest expense is to pay for the Santa Barbara Shores Debt Service and Goleta Valley Community Center.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

At fiscal year-end the City's Governmental Funds reported a combined fund balance of \$21,233,682, an increase of \$2,493,342 over prior year. The General Fund activity accounts for a large portion, 73%, of that increase.

### **General Fund Budgetary Highlights**

**Revenues:** Actual revenues received were over budget by \$1,422,221, primarily as a result of higher than projected revenues from charges for services rendered i.e. development related services.

**Expenditures:** Actual expenditures were less than budgeted in most areas for an overall savings of \$662,511. Significant reductions were recognized in the Administrative Services, Public Works, City Manager and City Attorney departments. Of the \$662,511 budgets not expended \$530,065 was allocated for special projects. Those allocations will be carried-over into the next fiscal year in order to complete those projects.

**Appropriations:** The final appropriations for the General Fund at year end were \$662,511 less than the final budget for the reasons noted above.

**Ending Fund Balance:** The General Fund Ending Balance was \$9,364,085 as of June 30, 2007. This amount was more than the final budget projection by \$2,075,516 as a result of the revenue and expenditure activity noted above.

Fund balances:	
Reserved for:	
Compensated leave	\$ 95,290
Debt service	750,000
Unreserved:	
Cash Flows	2,580,530
Designated for Continuing appropriations:	530,065
Contingencies	5,153,000
Risk management	69,500
Equipment	85,700
Building Maintenance	<u>100,000</u>
Total fund balances	<u>\$ 9,364,085</u>

The City Council specified that each year an additional \$150,000 be set aside for the repayment of the \$1.5 million advance from Santa Barbara County. Based upon completion of the fifth full fiscal year of incorporation, the set aside for the County Advance Reserve totals \$750,000. The Council has also established fiscal policies for funding Compensated Leave, Risk Management, Equipment Acquisition and Replacement, Building Maintenance reserves. These fiscal policies also specify that a minimum of 33.33% (four months) of total budgeted operating expenditures plus transfers would be maintained as a Contingency Reserve. Based upon final budgeted General Fund expenditures and transfers, the Contingency Reserve is \$5,153,000. Additionally, Council has approved the Continuing Designation of unexpended funds for special project into the next fiscal year. This amount is \$530,065 in the current year. Per Council direction, all remaining fund balance is to be placed in a Cash Flow reserve.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains. The City has valued these assets at \$208,626,597. At the end of fiscal year 2007, the City had \$172,305,797 invested in a broad range of capital assets, including land, buildings, equipment, furniture, vehicles and infrastructure. (See Table 4 below.)

Additional information on the City of Goleta's capital assets can be found in Notes 1 and 5 to the financial statements.

**Table 4**  
**Capital Assets at Year-End**  
 (Net of Depreciation)

Governmental Activities

Land	\$ 23,950,933
Buildings and improvements	3,184,429
Furniture and equipment	285,353
Vehicles	303,139
Infrastructure	208,626,597
Depreciation	<u>(64,044,654)</u>
Total fixed assets	<u>\$ 172,305,797</u>

**Long-Term Debt**

At fiscal year-end the Long-Term Debt reported by the City included the Santa Barbara Shores COP and the Goleta Valley Community Center lease payment, both of which were assumed from the County upon incorporation.

Additional information on the City of Goleta's long-term debt can be found in Notes 1 and 6 to the financial statements.

**Table 5**  
**Long-Term Debt**

Governmental Activities

Loans Payable:

County of Santa Barbara	
Start-Up Loan	\$ 1,500,000
Redevelopment Agency	
Start-Up Loan	-
Certificates of Participation	
Santa Barbara Shores	375,000
Capital Lease Payment - Goleta	
Valley Community Center	433,052
Claims and judgements payable	322,568
Compensated absences	<u>195,067</u>

Total	<u>\$ 2,825,687</u>
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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City's primary revenue sources are all potentially affected by economic factors or legislative action. Sales taxes are currently performing at a level to meet current year expectations but may change due to consumer economic uncertainty. Property Tax is

projected to slightly exceed initial budget projections. The City's Transient Occupancy Tax is not heavily reliant on tourism, thus it continues to be a relatively stable source of revenue.

Expenditures are projected to increase in future years as service levels are defined and revenues to support these service levels are confirmed.

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

This financial report is designed to provide Goleta citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Goleta Finance Department, 130 Cremona Dr. Suite B, Goleta, California 93117 or by calling (805) 961-7500.

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CITY OF GOLETA  
STATEMENT OF NET ASSETS  
June 30, 2007

	<u>Governmental Activities</u>
Assets:	
Cash and investments (note 2)	\$ 22,180,586
Receivables:	
Accounts	855,298
Interest	280,060
Due from other governments	887,155
Deposits	60
Prepaid assets	80,038
Capital assets (note 5):	
Non-depreciable	37,898,524
Depreciable	198,451,927
Less: accumulated depreciation	<u>(64,044,654)</u>
Total assets	<u>196,588,994</u>
Liabilities:	
Accounts payable	1,763,709
Accrued salaries and benefits	51,834
Accrued interest payable	7,880
Deposits payable	810,907
Non-current liabilities (note 6):	
Due within one year	705,315
Due in more than one year	<u>2,120,372</u>
Total liabilities	<u>5,460,017</u>
Net assets:	
Invested in capital assets, net of related debt	171,497,745
Restricted for:	
Public safety	110,507
Public works	4,941,489
Community development	5,112,737
Debt service	627,876
Unrestricted	<u>8,838,623</u>
Total net assets	<u>\$ 191,128,977</u>

See accompanying notes to basic financial statements.

CITY OF GOLETA  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2007

		Program Revenues			Net (expense) revenue and changes in net assets
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>	<u>Governmental Activities</u>	
Governmental activities:					
General government	\$ 3,372,878	416,758	-	-	(2,956,120)
Public safety	5,617,168	225,986	242,339	-	(5,148,843)
Public works	10,581,153	2,964,166	3,432,130	989,205	(3,195,652)
Community development	1,177,266	-	711,075	21,203	(444,988)
Community services	2,584,997	690,879	8,232	23,976	(1,861,910)
Interest and other charges	130,839	-	-	-	(130,839)
Total governmental activities	\$ 23,464,301	4,297,789	4,393,776	1,034,384	(13,738,352)
General revenues:					
Taxes:					
Sales taxes					4,116,748
Property taxes, levied for general purposes					4,359,151
Motor vehicle in lieu tax, unrestricted					1,139,903
Transient occupancy tax					2,571,528
Franchise taxes					1,116,446
Investment income					1,152,334
Total general revenues					14,456,110
Change in net assets					717,758
Net assets at beginning of year, as restated (note 13)					190,411,219
Net assets at end of year					\$ 191,128,977

See accompanying notes to basic financial statements.

## GOVERNMENTAL FUNDS

### Major Governmental Funds

#### GENERAL FUND

The General Fund is the general operating fund of the City. The General Fund accounts for activities and services traditionally associated with governments such as police, which are financed primarily through tax-generated revenues and not required to be accounted for in another fund.

#### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues (other than trusts or major capital projects) that are legally restricted to expenditures for a particular purpose. The following funds have been classified as major funds:

Environmental Mitigation – This fund is used to account for receipts and expenditures relating to the City's environmental mitigation programs.

#### DEBT SERVICE FUND

Debt Service Funds are used to accumulate resources for, and the payment of, general long term debt principal, interest and related costs. The following fund has been classified as a major fund.

RDA Debt Service – This fund is used to account for the accumulation of resources for and the payment of long-term debt principal and interest issued by the Redevelopment Agency.

#### NON-MAJOR GOVERNMENTAL FUNDS

Other Governmental Funds – These funds constitute all other governmental funds that do not meet the GASB Statement No. 34 major fund test of assets, liabilities, revenues or expenditures for the governmental funds. These funds consist solely of other Special Revenue Funds, Debt Service Funds and Capital Projects Funds of the City for the year ended.

CITY OF GOLETA  
Governmental Funds  
Balance Sheet  
June 30, 2007

	General	Special Revenue Fund Environmental Programs	Debt Service Fund RDA Debt Service	Non-Major Governmental Funds	Totals
<b>Assets</b>					
Cash and investments (note 2)	\$ 8,506,888	737,357	1,672,114	11,264,227	22,180,586
Receivables:					
Accounts	452,887	-	-	402,411	855,298
Interest	112,280	3,401	40,666	123,713	280,060
Due from other governments	678,869	-	-	208,286	887,155
Due from other funds (note 3)	233,871	-	-	-	233,871
Deposits	60	-	-	-	60
Prepaid expenses	30,038	-	-	50,000	80,038
Total assets	<u>\$ 10,014,893</u>	<u>740,758</u>	<u>1,712,780</u>	<u>12,048,637</u>	<u>24,517,068</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 498,140	-	10,076	1,255,493	1,763,709
Accrued salaries and benefits	48,565	-	-	3,269	51,834
Due to other funds (note 3)	-	-	-	233,871	233,871
Claims payable	104,103	-	-	-	104,103
Deferred revenue	-	-	-	318,962	318,962
Deposits payable	-	465,493	-	345,414	810,907
Total liabilities	<u>650,808</u>	<u>465,493</u>	<u>10,076</u>	<u>2,157,009</u>	<u>3,283,386</u>
Fund balances:					
Reserved for:					
Compensated leave	95,290	-	-	-	95,290
Debt service	750,000	-	1,702,704	-	2,452,704
Low mod housing	-	-	-	1,888,506	1,888,506
Unreserved:					
Designated for General Fund:					
Cash flows	2,580,530	-	-	-	2,580,530
Continuing appropriations -	530,065	-	-	-	530,065
Contingencies	5,153,000	-	-	-	5,153,000
Risk management	69,500	-	-	-	69,500
Equipment	85,700	-	-	-	85,700
Building maintenance	100,000	-	-	-	100,000
Undesignated, reported in:					
Special revenue funds	-	275,265	-	5,175,349	5,450,614
Capital projects funds	-	-	-	2,827,773	2,827,773
Total fund balances	<u>9,364,085</u>	<u>275,265</u>	<u>1,702,704</u>	<u>9,891,628</u>	<u>21,233,682</u>
Total liabilities and fund balances	<u>\$ 10,014,893</u>	<u>740,758</u>	<u>1,712,780</u>	<u>12,048,637</u>	<u>24,517,068</u>

See accompanying notes to basic financial statements.

CITY OF GOLETA  
Governmental Funds

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets

June 30, 2007

Fund balances of governmental funds	\$ 21,233,682
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of depreciation have not been included in governmental fund activity:	
Capital assets	236,350,451
Accumulated depreciation	(64,044,654)
Long term debt has not been included in the governmental fund activity:	
Loans payable	(1,500,000)
Certificates of participation payable	(375,000)
Capital leases payable	(433,052)
Claims payable	(218,465)
Compensated absences	(195,067)
Accrued interest payable for the current portion of interest due on debt service has not been reported in the governmental funds.	(7,880)
Some revenue will be collected after year-end, but is not available soon enough to pay for the current period's expenditures, and therefore is reported as deferred revenue in the governmental funds.	<u>318,962</u>
Net assets of governmental activities	<u>\$ 191,128,977</u>

See accompanying notes to basic financial statements.

CITY OF GOLETA  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Year ended June 30, 2007

	General	Special Revenue Fund Environmental Programs	Debt Service Fund RDA Debt Service	Non-Major Governmental Funds	Totals
Revenues:					
Taxes	\$ 12,749,827	-	2,252,723	2,179,037	17,181,587
Intergovernmental	1,188,276	-	-	2,972,480	4,160,756
Charges for services	1,782,925	-	-	355,889	2,138,814
Fines and forfeitures	225,986	-	-	-	225,986
Investment income	471,810	13,313	187,649	479,562	1,152,334
Developer fees	-	-	-	271,291	271,291
Other	157,172	-	-	32,430	189,602
Total revenues	<u>16,575,996</u>	<u>13,313</u>	<u>2,440,372</u>	<u>6,290,689</u>	<u>25,320,370</u>
Expenditures:					
Current:					
General government	3,579,643	-	23,513	-	3,603,156
Public safety	5,504,824	-	-	220,944	5,725,768
Public works	2,419,242	-	-	4,647,554	7,066,796
Community development	-	-	-	1,177,266	1,177,266
Community services	2,752,419	-	-	542,936	3,295,355
Pass-through to other agencies	-	-	450,545	-	450,545
Capital outlay	-	-	-	597,627	597,627
Debt service:					
Principal	-	-	300,000	471,101	771,101
Interest	-	-	104,299	35,115	139,414
Total expenditures	<u>14,256,128</u>	<u>-</u>	<u>878,357</u>	<u>7,692,543</u>	<u>22,827,028</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,319,868</u>	<u>13,313</u>	<u>1,562,015</u>	<u>(1,401,854)</u>	<u>2,493,342</u>
Other financing sources (uses):					
Transfers in (note 4)	-	-	-	2,829,956	2,829,956
Transfers out (note 4)	(506,216)	-	(2,323,740)	-	(2,829,956)
Total other financing sources and (uses)	<u>(506,216)</u>	<u>-</u>	<u>(2,323,740)</u>	<u>2,829,956</u>	<u>-</u>
Net change in fund balances	1,813,652	13,313	(761,725)	1,428,102	2,493,342
Fund balances, beginning of year	<u>7,550,433</u>	<u>261,952</u>	<u>2,464,429</u>	<u>8,463,526</u>	<u>18,740,340</u>
Fund balances, end of year	<u>\$ 9,364,085</u>	<u>275,265</u>	<u>1,702,704</u>	<u>9,891,628</u>	<u>21,233,682</u>

See accompanying notes to basic financial statements.

CITY OF GOLETA  
Governmental Funds  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year ended June 30, 2007

Net change in fund balances - total governmental funds \$ 2,493,342

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 is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays, net of disposals	3,361,486
Depreciation, net of disposals	(5,118,849)

Repayment of debt service principal and capital lease liabilities are expenditures in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.	709,499
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Accrued Interest for debt service. This is the net change in accrued interest for the current period.	8,575
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Compensated absences and claims payable expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(48,529)
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Some of the revenue will be collected after year-end, but is not available soon enough to pay for the current period's expenditures, and therefore is reported as deferred revenue in the governmental funds.	<u>(687,766)</u>
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Change in net assets of governmental activities	<u><u>\$ 717,758</u></u>
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See accompanying notes to basic financial statements.

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# CITY OF GOLETA

## Notes to Basic Financial Statements

Year Ended June 30, 2007

### (1) Summary of Significant Accounting Policies

The accounting policies of the City of Goleta conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### (a) Reporting Entity

The City of Goleta (the City) was incorporated February 1, 2002 under the general laws of the State of California. The City operates under the City Council Manager form of government.

The City provides the following services as authorized by its general laws: public safety, public works, community development and general administrative services.

Generally Accepted Accounting Principles require that basic financial statements present the City and all its component units, entities for which the City is considered to be financially accountable. These basic financial statements of the City of Goleta include the financial activities of the City and the Goleta Old-Town Redevelopment Agency (the Agency).

The Goleta Old Town Redevelopment Project Area was adopted under the Redevelopment Agency of the County of Santa Barbara's (County RDA) Ordinance No. 4326 on July 7, 1998 pursuant to the State of California Health and Safety Code, Section 33200. As a result of the City's incorporation, the County RDA transferred all related assets, liabilities and net assets of the Goleta Old Town Redevelopment Project Area over to the Goleta Old-Town Redevelopment Agency on July 1, 2002. The Agency's purpose is to prepare and carry out plans for improvement, rehabilitation and revitalization of blighted areas within the territorial limits of the City of Goleta. Even though the Agency is a legally separate entity, it is reported as if it were part of the City since the Goleta City Council acts as the Board of Directors and is able to impose its will on the Agency. The City is considered to be the primary government and the Agency is a component unit. Additionally, since the City Council and Board of Directors are the same, the basic financial statements of the City and the component unit are blended. Separate financial statements for the Goleta Redevelopment Agency for the fiscal year ended June 30, 2007 are available at the Goleta City Hall, 130 Cremona Dr, Suite B, Goleta, California 93117 upon their completion.

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting, Measurement Focus and Financial Statement Presentation

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

Financial reporting is based upon all GASB pronouncements.

Government-Wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole. These statements include a single column for the governmental activities of the primary government and its blended component unit. The City of Goleta has no business-type activities, and no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities, to present the net cost of each program.

# CITY OF GOLETA

## Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting, Measurement Focus and Financial Statement Presentation, (Continued)

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditure.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be 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 they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental funds.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

# CITY OF GOLETA

## Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting, Measurement Focus and Financial Statement Presentation, (Continued)

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available where cash is received by the government.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met. Revenues, expenditures, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 which requires that local governments defer grant revenue that is not received within their availability period of 60 days after the fiscal year ends to meet the "available" criteria of revenue recognition.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting, Measurement Focus and Financial Statement Presentation, (Continued)

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets.

Recognition of governmental fund type revenue represented by non-current receivables are deferred until they become current receivables. Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing source* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

(c) Fund Classifications

The City reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the City. The General Fund accounts for activities and services traditionally associated with governments such as police, which are financed primarily through tax-generated revenues and not required to be accounted for in another fund.

Environmental Mitigation Special Revenue Fund

The Environmental Mitigation Fund is used to account for the City's receipts and expenditures relating to environmental mitigation programs.

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(d) Fund Classifications, (Continued)

RDA Debt Service

The RDA Debt Service Fund is used to account for the accumulation of resources for and the payment of long-term debt principle and interest issued by the Redevelopment Agency.

(e) Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets

The "total fund balances" of the City's governmental funds of \$21,233,682 differ from "net assets" of governmental activities of \$191,128,977, as reported in the statement of net assets as of June 30, 2007. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$236,350,451
Accumulated depreciation	(64,044,654)

Long-term Debt Transactions

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2006 were:

Long-term debt	\$2,308,052
Compensated absences	195,067
Claims payable	<u>218,465</u>
Net long-term debt	<u>\$2,721,584</u>

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(e) Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets, (Continued)

Accrued Interest

Accrued liabilities in the statement of net assets differs from the amount reported in governmental funds due to accrued interest on outstanding debt payable (see note 6).

Accrued interest added	\$7,880
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Certain Revenue

Some of the revenue will be collected after year-end, but is not available soon enough to pay for the current period's expenditures, and therefore, is reported as deferred revenue in the governmental funds.

Revenue added	\$318,962
---------------	-----------

Reclassifications and Eliminations

Interfund balances must generally be eliminated in the government-wide statements, except for net residual amounts due between governmental activities. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once – in the function in which they are allocated.

CITY OF GOLETA

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(e) Explanation of Differences between Governmental Funds Balance Sheet and the Statement of net Assets, (Continued)

<b>Assets</b>	<b>Total Governmental Funds</b>	<b>Capital Related Items</b>	<b>Accumulated Depreciation</b>
Cash and investments	\$ 22,180,586	-	-
Receivables:			
Accounts	855,298	-	-
Interest	280,060	-	-
Due from other governments	887,155	-	-
Due from other funds	233,871	-	-
Deposits	60	-	-
Prepaid expenses	80,038	-	-
Capital assets	-	236,350,451	-
Less: Accumulated depreciation	-	-	(64,044,654)
<b>Total assets</b>	<b><u>\$ 24,517,068</u></b>	<b><u>236,350,451</u></b>	<b><u>(64,044,654)</u></b>
<b>Liabilities and Fund Balances / Net Assets</b>			
Liabilities:			
Accounts payable	\$ 1,763,709	-	-
Accrued salaries and benefits	51,834	-	-
Accrued interest payable	-	-	-
Due to other funds	233,871	-	-
Deferred revenue	318,962	-	-
Deposits payable	810,907	-	-
Claims payable	104,103	-	-
Long-term liabilities	-	-	-
<b>Total liabilities</b>	<b><u>3,283,386</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund balances / net assets</b>	<b><u>21,233,682</u></b>	<b><u>236,350,451</u></b>	<b><u>(64,044,654)</u></b>
<b>Total liabilities and and fund balances / net assets</b>	<b><u>\$ 24,517,068</u></b>	<b><u>236,350,451</u></b>	<b><u>(64,044,654)</u></b>



<u>Long-term Debt Transactions</u>	<u>Interest Payable</u>	<u>Compensated Absences</u>	<u>Certain Deferred Revenue</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Assets</u>
-	-	-	-	-	22,180,586
-	-	-	-	-	855,298
-	-	-	-	-	280,060
-	-	-	-	-	887,155
-	-	-	-	(233,871)	-
-	-	-	-	-	60
-	-	-	-	-	80,038
-	-	-	-	-	236,350,451
-	-	-	-	-	(64,044,654)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(233,871)</u>	<u>196,588,994</u>
-	-	-	-	-	1,763,709
-	-	-	-	-	51,834
-	7,880	-	-	-	7,880
-	-	-	-	(233,871)	-
-	-	-	(318,962)	-	-
-	-	-	-	-	810,907
218,465	-	-	-	-	322,568
<u>2,308,052</u>	<u>-</u>	<u>195,067</u>	<u>-</u>	<u>-</u>	<u>2,503,119</u>
<u>2,526,517</u>	<u>7,880</u>	<u>195,067</u>	<u>(318,962)</u>	<u>(233,871)</u>	<u>5,460,017</u>
<u>(2,526,517)</u>	<u>(7,880)</u>	<u>(195,067)</u>	<u>318,962</u>	<u>-</u>	<u>191,128,977</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(233,871)</u>	<u>196,588,994</u>

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(e) Explanation of Differences between Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for governmental funds of \$2,493,342 differs from the “change in net assets” for governmental activities of \$717,758 reported in the statement of activities, during the fiscal year ended June 30, 2007. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital Related Items

When capital assets that are to be used in governmental activities are purchases or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year. Capital contributions are not recorded in the governmental funds, but are recorded as program revenues in the Statement of Activities.

Capital outlay, net of disposals	\$3,361,486
Depreciation expense	(5,118,849)

Long-Term Debt Transactions

Repayments of debt service principal and capital lease liabilities are reported as expenditures in the governmental funds and, thus, have the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Net change in long-term debt	\$709,499
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CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(e) Explanation of Differences between Governmental Fund Operating Statements and the Statement of Activities, (Continued)

Compensated Absences and Claims Payable

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net change in compensated absences and claims payable	(\$48,529)
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Accrued Interest

Beginning fund balance in the statement of activities has been restated to reflect the retroactive recording of accrued interest on outstanding debt.

Accrued interest	\$8,575
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Certain Revenue

Some of the revenue will be collected after year-end, but is not available soon enough to pay for the current period's expenditures, and therefore, is reported as deferred revenue in the governmental funds.

Certain revenue	(\$687,766)
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Reclassifications and Eliminations

Interfund balances must generally be eliminated in the government-wide statements, except for net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once – in the function in which they are allocated.

CITY OF GOLETA  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)  
(e) Explanation of Differences between Governmental Fund  
Operating Statements and the Statement of Activities, (Continued)

	<b>Total Governmental Funds</b>	<b>Capital Related Items</b>	<b>Accumulated Depreciation</b>
Revenues:			
Taxes and assessments	\$ 17,181,587	-	-
Intergovernmental	4,160,756	-	-
Charges for services	2,138,814	-	-
Fines and forfeitures	225,986	-	-
Investment income	1,152,334	-	-
Development fees	271,291	-	-
Other	189,602	-	-
Total revenues	25,320,370	-	-
Expenditures:			
Current:			
General government	3,603,156	(410,393)	69,984
Public safety	5,725,768	(133,352)	24,752
Public works	7,066,796	(1,476,277)	4,990,634
Community development	1,177,266	-	-
Community services	3,295,355	(743,837)	33,479
Pass-through to other agencies	450,545	-	-
Capital outlay	597,627	(597,627)	-
Debt service:			
Principal retirement	771,101	-	-
Interest	139,414	-	-
Total expenses	22,827,028	(3,361,486)	5,118,849
Other financing sources (uses):			
Transfers in	2,829,956	-	-
Transfers out	(2,829,956)	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances / net assets	2,493,342	3,361,486	(5,118,849)
Fund balances / net assets beginning of year, as restated	18,740,340	232,988,965	(58,925,805)
Fund balances / net assets, end of year	\$ 21,233,682	236,350,451	(64,044,654)

<u>Long-term Debt Transactions</u>	<u>Accrued Interest</u>	<u>Compensated Absences</u>	<u>Certain Deferred Revenue</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Activities</u>
-	-	-	-	(450,545)	16,731,042
-	-	-	318,962	-	4,479,718
-	-	-	(1,006,728)	-	1,132,086
-	-	-	-	-	225,986
-	-	-	-	-	1,152,334
-	-	-	-	-	271,291
-	-	-	-	-	189,602
<u>-</u>	<u>-</u>	<u>-</u>	<u>(687,766)</u>	<u>(450,545)</u>	<u>24,182,059</u>
61,602	-	48,529	-	-	3,372,878
-	-	-	-	-	5,617,168
-	-	-	-	-	10,581,153
-	-	-	-	-	1,177,266
-	-	-	-	-	2,584,997
-	-	-	-	(450,545)	-
-	-	-	-	-	-
(771,101)	-	-	-	-	-
<u>-</u>	<u>(8,575)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,839</u>
<u>(709,499)</u>	<u>(8,575)</u>	<u>48,529</u>	<u>-</u>	<u>(450,545)</u>	<u>23,464,301</u>
-	-	-	-	(2,829,956)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,829,956</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
709,499	8,575	(48,529)	(687,766)	-	717,758
<u>(3,236,016)</u>	<u>(16,455)</u>	<u>(146,538)</u>	<u>1,006,728</u>	<u>-</u>	<u>190,411,219</u>
<u>(2,526,517)</u>	<u>(7,880)</u>	<u>(195,067)</u>	<u>318,962</u>	<u>-</u>	<u>191,128,977</u>

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(f) Cash and Investments

Investments are reported in the accompanying statement of net assets at fair value. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings and changes in fair value. The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance, except for investment income associated with funds not legally required to receive pooled investment income which has been assigned to and recorded as revenue of the general fund, as provided by California Government Code Section 53647.

(g) Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more.

Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains. The City completed their implementation GASB Statement No. 34 during the current fiscal year.

The City uses the straight-line depreciation method in the government-wide financial statements for depreciating storm drains, park equipment, buildings, vehicles, equipment and furniture and leasehold improvements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net assets. The range of lives used for depreciation purposes for each capital asset class is as follows:

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(g) Capital Assets, (Continued)

<u>Item</u>	<u>Useful Life</u>
Buildings and improvements	30-50 years
Vehicles	5 years
Equipment and Furniture	5-15 years
Infrastructure:	
Pavement	40 years
Sidewalks	50 years
Curb and gutters	50 years
Bridges	65 years
Hardscape	50 years
Medians	50 years
Parking lots	40 years
Traffic control devices	10 years

(h) Compensated Absences

In accordance with GASB Statement No. 16, an employee benefits payable liability is recorded for unused vacation and similar compensatory leave balances. The employees' entitlement to these balances is attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

(i) Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City recognizes as revenue only those taxes which are received within 60 days after year end.

The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment – November 1 Second Installment – February 1
Delinquent Date:	First Installment – December 10 Second Installment – April 10

CITY OF GOLETA  
Notes to Basic Financial Statements  
(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(j) Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash and Investments

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Cash and investments	<u>\$ 22,180,586</u>
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Cash and investments held by the City at June 30, 2007 consisted of the following:

Petty cash	\$ 500
Demand deposits	(45,493)
Local Agency Investment Fund (LAIF)	<u>22,225,579</u>
Total cash and investments	<u>\$22,180,586</u>

Investments Authorized by the California Government Code and the City of Goleta's Investment Policy

Allowable investment instruments are defined in the California Government Code Section 53600, et. seq., as amended. If the Code is further revised to allow additional investments or is changed regarding the limits on certain categories of investments, the City is authorized to conform to these changes, excluding those changes that may be prohibited by this policy. Where the Government Code specifies a percentage limitation for a particular category of investments, that percentage is applicable only at the date of purchase.



CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Investment Types Authorized by State Law</u>	<u>Authorized By Investment Policy</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage Of Portfolio</u>	<u>*Maximum Investment In One Issuer</u>
Local Agency Bonds	No	5 years	None	5%
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	No	180 days	40%	5%
Commercial Paper	Yes	180 days	15%	5%
Negotiable Certificates of Deposit	No	5 years	30%	5%
Repurchase Agreements	No	1 year	None	5%
Reverse Repurchase Agreements	No	92 days	20% of base value	5%
Medium-Term Notes	No	5 years	30%	5%
Mutual Funds	No	N/A	20%	5%
Money Market Mutual Funds	Yes	N/A	20%	5%
Mortgage Pass-Through Securities	No	5 years	20%	5%
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

\* Based on state law requirements or investment policy requirements, whichever is more restrictive.

Investments of bond funds will be made in conformance with the trust indenture for each issue. Such investments shall be held separately when required.

It is the City's intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars; however, sales prior to maturity are permitted.

## CITY OF GOLETA

### Notes to Basic Financial Statements

(Continued)

#### (2) Cash and Investments, (Continued)

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit the City to meet all projected cash obligations.

A policy of laddered maturities will be followed for pooled investments. At least fifty percent (50%) of the portfolio will be invested in instruments maturing within one year from the investment date. No more than twenty-five percent (25%) of the entire portfolio may have a maturity date between three (3) and five (5) years from the investment date. Investments having a maturity greater than five (5) years will not be made. The average portfolio investment maturity shall be three (3) years or less. The dollar-weighted average will be used in computing the average maturity of the portfolio.

Maturities for investments of bond funds held separately will conform to the trust indenture for each issue.

The portfolio will be diversified to the extent feasible to avoid incurring unreasonable and avoidable risks regarding specific security types indicated in the City's investment policy, and with the exception of the U.S. Treasury/Federal Agency securities and authorized pools, no more than 5% of the City's portfolio will be placed with any single issuer.

Certain investments are prohibited under Government Code Sections 53601.6 and 53631.5. Security types which are prohibited include, but are not limited to:

- "Complex" derivative structures such as range notes, dual index notes, inverse floaters, leveraged or de-leveraged floating rate notes, or any other complex variable rate or structured note.
- Interest only strips that are derived from a pool of mortgages or any security that could result in zero interest accrual if held to maturity.
- Futures, options, or any leveraged purchases, reverse repurchase agreements and speculations on interest rates.

Purchasing these types of instruments does not coincide with the Investment Policy's objectives and would require a thorough review and monitoring of the underlying security. Although some of these transactions are legal under Government Code, they do not meet the objectives contained herein.

The investment policy shall allow for investment in the prohibitions noted above, to the extent that such investments are made by the State LAIF pool, which is subject to policies adopted by the Local Agency Investment Fund.

CITY OF GOLETA  
Notes to Basic Financial Statements  
(Continued)

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

As of June 30, 2007, the City of Goleta had no investments from debt proceeds held by bond trustees.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term 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 (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>				<u>Total</u>
	<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>	
Local Agency Investment Fund	<u>\$22,225,579</u>	-	-	-	<u>22,225,579</u>
Total	<u>\$22,225,579</u>	-	-	-	<u>22,225,579</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

During the fiscal year ended June 30, 2007, the City of Goleta did not hold any investments that were highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

CITY OF GOLETA  
Notes to Basic Financial Statements  
(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
State investment pool	<u>\$22,225,579</u>	N/A	N/A	-	-	<u>22,225,579*</u>
Total	<u>\$22,225,579</u>	N/A		-	-	<u>22,225,579</u>

\* The State investment pool does not offer an investment rating.

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. During the fiscal year ended June 30, 2007, the City of Goleta did not hold any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City of Goleta deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2007, the City of Goleta did not have any deposits with financial institutions in excess of federal depository insurance limits that were held in uncollateralized accounts.

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

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(3) Interfund Balances

Current interfund balances at June 30, 2007 consisted of the following:

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
General Fund	Non-Major governmental funds	<u>\$233,871 (A)</u>

(A) Short-term borrowing from the General Fund for temporary cash shortfalls recorded in the STIP, Local Surface Transportation, Federal Transportation, CDBG, RSTP, TCSP, Environmental Justice, and EPA – Brownfield Grant Non-Major Special Revenue Funds.

(4) Interfund Transfers

Interfund transfers at June 30, 2007 consisted of the following:

	<u>Transfers in: Non-Major Funds</u>
Transfers out:	
General Fund(1)	\$ 506,216
RDA Debt Service Fund(2)	<u>2,323,740</u>
Total	<u>\$2,829,956</u>

Interfund transfers are principally used to: 1) provide available funds to the Debt Service Fund for principal and interest payments on the City's long-term debt, and 2) provide available tax-increment funds from the RDA Debt Service Fund to: the RDA Project Fund in the amount of \$1,873,195 for eligible capital projects, and to the RDA Housing Fund in the amount of \$450,545 for the 20% set-aside. During the fiscal year ended June 30, 2007, there were no significant interfund transfers that were not expected, budgeted for, or unusual.

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Balance at July 1, 2006*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2007</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 23,543,955	406,978	-	23,950,933
Rights of way	11,395,313	-	-	11,395,313
Construction in progress	<u>1,808,441</u>	<u>1,509,472</u>	<u>(765,635)</u>	<u>2,552,278</u>
Total capital assets not being depreciated	<u>36,747,709</u>	<u>1,916,450</u>	<u>(765,635)</u>	<u>37,898,524</u>
Capital assets being depreciated:				
Infrastructure	194,679,006	-	-	194,679,006
Vehicles	157,579	145,560	-	303,139
Furniture and equipment	208,254	77,099	-	285,353
Buildings and improvements	<u>1,196,417</u>	<u>1,988,012</u>	<u>-</u>	<u>3,184,429</u>
Total capital assets being depreciated	<u>196,241,256</u>	<u>2,210,671</u>	<u>-</u>	<u>198,451,927</u>
Total capital assets	<u>232,988,965</u>	<u>4,127,121</u>	<u>(765,635)</u>	<u>236,350,451</u>
Less accumulated depreciation for:				
Infrastructure	(58,355,741)	(4,992,302)	-	(63,348,043)
Vehicles	(47,189)	(41,210)	-	(88,399)
Furniture and equipment	(50,484)	(30,696)	-	(81,180)
Buildings and improvements	<u>(472,391)</u>	<u>(54,641)</u>	<u>-</u>	<u>(527,032)</u>
Total accumulated depreciation	<u>(58,925,805)</u>	<u>(5,118,849)</u>	<u>-</u>	<u>(64,044,654)</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$174,063,160</u>	<u>(991,728)</u>	<u>(765,635)</u>	<u>172,305,797</u>

\* - As restated. See note 13.

Depreciation expense was charged to functions as follows:

General government	\$ 69,984
Public safety	24,752
Public works	4,990,634
Community services	<u>33,479</u>
	<u>\$5,118,849</u>

There were no significant construction commitments at June 30, 2007.

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(6) Long-term Liabilities

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2007 was as follows:

	<u>Balance at July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2007</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Loans payable:					
County of Santa Barbara					
Start-Up Loan	\$1,500,000	-	-	1,500,000	-
Santa Barbara County					
Redevelopment Agency					
Start-Up loan	300,000	-	300,000	-	-
Certificates of Participation –					
Santa Barbara Shores	800,000	-	425,000	375,000	375,000
Capital lease payment – Goleta					
Valley Community Center	479,153	-	46,101	433,052	50,652
Claims and judgments payable	216,794	165,705	59,931	322,568	104,103
Compensated absences	<u>146,538</u>	<u>48,529</u>	<u>-</u>	<u>195,067</u>	<u>175,560</u>
<b>Total Governmental Activities</b>					
<b>Long-Term Liabilities</b>	<b><u>\$3,442,485</u></b>	<b><u>214,234</u></b>	<b><u>831,032</u></b>	<b><u>2,825,687</u></b>	<b><u>705,315</u></b>

County of Santa Barbara Loan Payable

On February 1, 2002, as part of the Revenue Neutrality agreement (see note 7), the County of Santa Barbara advanced the City \$1,500,000 for start-up purposes. The loan is to be repaid interest free in 2014. The amount outstanding at June 30, 2007 was \$1,500,000.

Santa Barbara County Redevelopment Agency Loan Payable

In fiscal year 1999-2000, the Santa Barbara County Redevelopment Agency approved a \$250,000 interest free loan from the County to the Goleta Redevelopment Agency for the Old Town Project Area start-up costs. In fiscal year 2000-2001, the Agency received an additional \$50,000 interest free loan from the County RDA. These loans were transferred to the Goleta Redevelopment Agency on July 1, 2002. These loans were paid in full during the year ended June 30, 2007.



## CITY OF GOLETA

### Notes to Basic Financial Statements

(Continued)

#### (6) Long-term Liabilities, (Continued)

##### Santa Barbara Shores Certificates of Participation Payable

On February 1, 2002, the City assumed an installment certificates of participation agreement from the County of Santa Barbara for the area known as Santa Barbara Shores. The certificates, originally issued on March 1, 1994, in the amount of \$4,050,000, carry an adjusting interest rate ranging from 5.10% to 5.70% and are payable semi-annually on March 1 and September 1. Principal amounts range from \$375,000 to \$425,000 and are payable on March 1. The entire balance is to be paid in full in 2008. The amount outstanding at June 30, 2007 was \$375,000.

##### Goleta Valley Community Center Lease Payable

On February 1, 2002, the City assumed a capital lease agreement with the Goleta Union School District for the Goleta Valley Community Center. The lease, originally issued on January 1, 1984, in the amount of \$1,300,000 which was equal to the gross amount of the building, carries a variable interest rate that is equal to the average quarterly interest rate earned by the County of Santa Barbara Treasurer's Pool. Principal payments range from \$4,300 to \$14,700 and are due quarterly on July 1, October 1, January 1 and April 1. The lease is payable until the balance is paid in full in 2014. The amount outstanding as of June 30, 2007 was \$433,052.

##### Claims and Judgments Payable

The City accounts for material claims and judgments in accordance with GASB Code Section C50. When it is probable that a claim liability has been incurred at year end, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self insurance program (see note 9). Claims and judgments payable are typically liquidated from the General Fund. The amount outstanding as of June 30, 2007 was \$322,568.

##### Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The liability in the amount of \$195,067 at June 30, 2007 is expected to be paid in future years from future resources. Compensated absences have typically been liquidated from the General Fund.

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(6) Long-term Liabilities, (Continued)

Under the City's self-insurance program, deposits to the California Joint Powers Insurance Authority (CAJPIA) are recorded as insurance expenditures when paid. Refunds of deposits from CAJPIA, based on favorable claims experience in prior years, are recorded as reductions of insurance expense when received (see note 9). Claims payable are typically liquidated from the General Fund.

The annual requirements to amortize certain long-term debt as of June 30, 2007 are as follows:

1994 Certificates of Participation – Santa Barbara Shores:

<u>Fiscal Year</u>	<u>Interest Due September 1</u>	<u>Interest Due March 1</u>	<u>Total Interest</u>	<u>Principal Due March 1</u>	<u>Total Annual Debt Service</u>
2008	<u>\$3,750</u>	<u>3,750</u>	<u>7,500</u>	<u>375,000</u>	<u>382,500</u>
	<u>\$3,750</u>	<u>3,750</u>	<u>7,500</u>	<u>375,000</u>	<u>382,500</u>

Goleta Valley Community Center – Lease Payable:

<u>Fiscal Year</u>	<u>Payment Due July 1*</u>	<u>Payment Due October 1*</u>	<u>Payment Due January 1*</u>	<u>Payment Due April 1*</u>	<u>Total Annual Debt Service*</u>
2008	\$ 12,220	12,511	12,808	13,114	50,652
2009	13,425	13,745	14,072	14,408	55,650
2010	14,751	15,103	15,462	15,830	61,146
2011	16,207	16,593	16,989	17,393	67,182
2012	17,807	18,231	18,666	19,110	73,814
2013	19,565	20,033	20,508	20,997	81,103
2014	<u>21,497</u>	<u>22,007</u>	<u>-</u>	<u>-</u>	<u>43,504</u>
	<u>\$115,472</u>	<u>118,223</u>	<u>98,505</u>	<u>100,852</u>	<u>433,051</u>

\* Payment amounts represent principal only. Interest varies depending on average quarterly interest rate earned by the County of Santa Barbara.

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(7) Commitments

Revenue Neutrality Commitment to County of Santa Barbara – Mitigation Obligation

After the City's incorporation on February 1, 2002, the County of Santa Barbara continues to have ongoing obligations to provide public services to the City and its residents. In order to insure that the effect of incorporation was neutral as to the County, the parties agreed to have the following allocations of tax revenues in perpetuity:

- 50% of property tax generated by property located within the City and which would otherwise accrue entirely to the City, are allocated to the County.
- 30% of the 1% retail sales tax revenues allocable to the City are allocated to the County.

During the Mitigation Period (July 1, 2002 to June 30, 2012) tax revenues will be allocated as follows:

- An additional 20% of the 1% retail sales tax revenues allocable to the City shall be allocated to the County.
- 40% of the transient occupancy tax ("TOT") generated by TOT taxpayers which exist within the City and were in existence on February 1, 2002 (date of incorporation) at the TOT rate then in effect shall be allocated to the County. All TOT revenues generated by any TOT taxpaying entities whose facilities are constructed after the February 1, 2002 or that are derived from any increase in the TOT rate on existing and future taxpayers shall be allocated 100% to the City.

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(8) Defined Benefit Pension Plan (PERS)

The City of Goleta contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and the City.

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2006 to June 30, 2007 has been determined by a agency actuarial valuation of the plan as of June 30, 2004. The contribution rate indicated for the period is 10.681% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2007, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2006 to June 30, 2007.

A summary of principle assumptions and methods used to determine the ARC is shown below.

New Agency Valuation Date	June 30, 2004
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	14 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on age, service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(8) Defined Benefit Pension Plan (PERS), (Continued)

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization period may not be lower than the payment calculated over a 30 year amortization period.

Effective with the 6/30/2003 valuation, risk pools were established for plans containing less than 100 active members as of the valuation date. In general, plans satisfying this criteria were grouped into pools based on their benefit formula and membership category (safety/miscellaneous).

For the miscellaneous plan, the unfunded actuarial liability is amortized over a period ending June 30, 2019. The City's covered payroll for PERS was \$3,054,525 for the year ended June 30, 2007, while the City's total payroll for all employees was \$3,316,808.

*Three-Year Trend Information – Annual Pension Cost (Employer Contribution)*

<u>Fiscal Year</u>	<u>Miscellaneous</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	\$198,953	100%	-0-
6/30/06	470,357	100%	-0-
6/30/07	528,533	100%	-0-

## CITY OF GOLETA

### Notes to Basic Financial Statements

(Continued)

#### (9) Risk Management

The City is a member of the California Joint Power Insurance Authority (Authority). The Authority is composed of 107 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

General Liability. Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to the members as follows: the first \$30,000 of each occurrence is charged directly to the member; costs from \$30,001 to \$750,000 are pooled based on a member's share of costs under \$30,000; costs from \$750,001 to \$15,000,000 are pooled based on payroll. Costs of covered claims above \$15,000,000 are currently paid by reinsurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

Workers Compensation. The City also participates in the workers compensation pool administered by the Authority. Members retain the first \$50,000 of each claim. Claims are pooled separately between public safety and non-public safety. Loss development reserves are allocated by pool and by loss layer (\$0-\$100,000 allocated by retained amount and \$100,000 to \$2,000,000 by payroll). Losses from \$50,001 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,001 to \$2,000,000 and loss development reserves associated with losses from \$100,001 to \$2,000,000 are pooled based on payroll. Costs from \$2,000,001 to \$50,000,000 are transferred to an excess insurance policy. Costs in excess of \$50,000,000 are pooled among the Members based on payroll. Administrative expenses are paid from the Authority's investment earnings.

Environmental Insurance. The City participates in the pollution legal liability and remediation legal liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$120,000,000 for the 3-year period from July 1, 2004 through June 30, 2007. Each member of the Authority has a \$10,000,000 limit during the 3-year term of the policy.

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(9) Risk Management, (Continued)

Property Insurance. The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$10,140,556. There is \$5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Fidelity Bonds. The City purchases blanket fidelity bond coverage in the amount of \$1,000,000 with \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

	<u>Beginning Balance</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
2004-2005	84,000	88,600	(29,000)	143,600
2005-2006	143,600	101,587	(28,393)	216,794
2006-2007	216,794	165,705	(59,931)	322,568

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

(10) Operating Leases

On January 20, 2004, the City entered into an operating lease agreement to rent its current office suite. On October 31, 2006, the office lease was amended and provides for monthly rent of \$27,843 in addition to common area maintenance costs and terminates on November 30, 2011. The City will have the option to renew the lease upon termination. Rental costs for the year ended June 30, 2007 were \$336,889.

In December 2002, the City entered into various operating lease agreements to rent certain equipment. The lease provides for monthly rental payments of \$649 for 5 years which commenced in December 2002. Rental costs for the year ended June 30, 2007 were \$7,788.

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(10) Operating Leases, (Continued)

Minimum future rental payments under the operating leases as of June 30, 2007 are as follows (amounts do not include common area maintenance costs):

	<u>Office Suite</u>
2008	\$339,965
2009	350,165
2010	360,670
2011	<u>371,490</u>
	<u>\$1,422,290</u>

(11) Contingent Liabilities

Various claims and suits have been filed against the City in the normal course of business. Although the outcome of these matters is not presently determinable in the opinion of legal counsel, the resolutions of these matters will not have a material adverse effect on the financial condition of the City.

(12) Other Required Disclosures

Expenditures in Excess of Appropriations

The following departments reported expenditures in excess of appropriations:

	<u>Appropriations</u>	<u>Expenditures</u>	(Unfavorable) <u>Variance</u>
General Fund Department:			
General Government:			
City Council	\$140,470	144,002	(3,532)
Mitigation payment	148,400	179,555	(31,155)
Public safety	5,477,060	5,504,824	(27,764)



CITY OF GOLETA  
Notes to Basic Financial Statements  
(Continued)

(12) Other Required Disclosures, (Continued)

Expenditures in Excess of Appropriations, (Continued)

The following funds reported expenditures in excess of appropriations:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>(Unfavorable) Variance</u>
Non-Major Governmental:			
Transportation Special			
Special Revenue Fund	\$ -	2,860	(2,860)
Measure D Special			
Revenue Fund	1,715,307	2,028,276	(312,969)
Solid Waste Recycling			
Special Revenue Fund	-	6,255	(6,255)
Street Lighting Special			
Revenue Fund	105,625	114,511	(8,886)
City Debt Service Fund	497,000	506,216	(9,216)

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(12) Other Required Disclosures, (Continued)

Deficit Fund Balances

The following non-major funds reported deficit fund balances at June 30, 2007:

Special Revenue:	
RSTP Fund	\$164,070
Local STIP Fund	121,728
Environmental Justice Fund	10,428
Federal Transportation Fund	11,585
CDBG Fund	90,459
TCSP Fund	7,027
EPA Brownfield Grant Fund	3,691
Street Lighting Fund	16,293

(13) Restatement of Net Assets

The accompanying financial statements reflect adjustments, which resulted in a restatement of beginning net assets for Governmental Activities in the Government -Wide Financial Statements.

Due to the completion of a comprehensive valuation of infrastructure assets in accordance with GASB Statement No. 34, the accompanying Government-Wide Financial Statements reflect the following adjustment:

	<u>Governmental Activities</u>
Government-wide:	
Net assets at beginning of year, as previously reported	\$ 44,720,234
Infrastructure capital asset adjustment	<u>145,690,985</u>
Net assets at beginning of year, as restated	<u>\$190,411,219</u>

## **GENERAL FUND**

The General Fund is the general operating fund of the City. The General Fund accounts for activities and services traditionally associated with governments such as police, which are financed primarily through tax-generated revenues and not required to be accounted for in another fund.

## **SPECIAL REVENUE FUND**

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for a particular purpose. The following funds have been classified as major funds. The budget-actual comparisons for these funds have been presented in the accompanying financial statements as Required Supplementary Information:

### Environmental Mitigation Fund

This fund is used to account for receipts and expenditures relating to the City's environmental mitigation programs.

CITY OF GOLETA  
General Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 12,576,697	12,458,976	12,749,827	290,851
Intergovernmental revenues	1,074,500	1,136,700	1,188,276	51,576
Charges for services	858,000	708,000	1,782,925	1,074,925
Fines and forfeitures	164,250	221,500	225,986	4,486
Investment income	180,000	445,299	471,810	26,511
Other	160,000	183,300	157,172	(26,128)
<b>Total revenues</b>	<u>15,013,447</u>	<u>15,153,775</u>	<u>16,575,996</u>	<u>1,422,221</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
City council	133,470	140,470	144,002	(3,532)
City manager	872,220	873,000	791,513	81,487
City attorney	600,000	725,000	642,671	82,329
Administrative services	1,528,295	1,792,520	1,555,369	237,151
Finance	302,897	307,627	266,533	41,094
Mitigation payment	148,400	148,400	179,555	(31,155)
Public safety	5,395,585	5,477,060	5,504,824	(27,764)
Public works	2,386,486	2,678,771	2,419,242	259,529
Community services	2,869,136	2,775,791	2,752,419	23,372
<b>Total expenditures</b>	<u>14,236,489</u>	<u>14,918,639</u>	<u>14,256,128</u>	<u>662,511</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>776,958</u>	<u>235,136</u>	<u>2,319,868</u>	<u>2,084,732</u>
<b>Other financing sources (uses):</b>				
Transfers out	(647,000)	(497,000)	(506,216)	(9,216)
<b>Total other financing sources (uses)</b>	<u>(647,000)</u>	<u>(497,000)</u>	<u>(506,216)</u>	<u>(9,216)</u>
<b>Net change in fund balance</b>	129,958	(261,864)	1,813,652	2,075,516
Fund balance, beginning	7,550,433	7,550,433	7,550,433	-
<b>Fund balance, ending</b>	<u>\$ 7,680,391</u>	<u>7,288,569</u>	<u>9,364,085</u>	<u>2,075,516</u>

CITY OF GOLETA  
Environmental Mitigation Fund  
Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances with</u> <u>Final Budget</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ -	-	13,313	13,313
Total revenues	-	-	13,313	13,313
Fund balance, beginning	261,952	261,952	261,952	-
Fund balance, ending	<u>\$ 261,952</u>	<u>261,952</u>	<u>275,265</u>	<u>13,313</u>

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CITY OF GOLETA

Notes to Required Supplementary Information

Year ended June 30, 2007

(1) Budgetary Accounting

The City Manager shall prepare and submit the proposed annual budget to the City Council for its approval for all governmental funds. After reviewing the proposed budget and making such revisions as it may deem advisable, the City Council conducts a public meeting on the budget. After conclusion of the public meeting, the City Council shall further consider the proposed budget and make any revisions thereof it may deem necessary. The budget is then legally enacted by means of a budget resolution passed by the City Council. Upon final adoption, the budget shall be in effect for the ensuing fiscal year.

Expenditures will be controlled at the department level. Transfers between funds require City Council authorization. Transfers between funds and which do not exceed \$20,000 are to be authorized by the City Manager; transfers above that amount require City Council approval.

Budgets are prepared in accordance with generally accepted accounting principles using the modified accrual basis of accounting.

Appropriations lapse at the end of the fiscal year unless they are re-appropriated through the formal budget process. Open encumbrances are recorded as reservations of fund balance since the commitments will be paid by subsequent year's budget appropriations. Encumbrances do not constitute expenditures or liabilities of the City.

Budgeted amounts are as originally adopted, or as amended in accordance with prescribed procedures throughout the fiscal year.

(2) Expenditures in Excess of Appropriations

Expenditures exceeded appropriations in the following major funds:

	<u>Appropriations</u>	<u>Expenditures</u>	(Unfavorable) <u>Variance</u>
General Fund Department:			
General Government:			
City Council	\$ 140,470	144,002	(3,532)
Mitigation payment	148,400	179,555	(31,155)
Public safety	5,477,060	5,504,824	(27,764)

**NON-MAJOR SPECIAL REVENUE FUNDS, DEBT SERVICE FUNDS  
AND NON-MAJOR CAPITAL PROJECTS FUNDS**

NON-MAJOR SPECIAL REVENUE FUNDS

Gas Tax - The Gas Tax Fund is used to account for the City's share of the motor vehicle gas tax imposed under the provisions of the Street and Highway Code of the State of California under Sections 2015, 2106, 2107 and 2107.5 which are legally restricted for the acquisition, construction, improvement and maintenance of public streets.

Transportation – This fund is used to account for public transportation funding derived from a portion of the retail sales tax collected statewide.

Measure D - The Measure D Fund is used to account for funds received from a one-half cent sales tax levied by the Santa Barbara County Association of Governments. The proceeds are restricted to transportation uses. Measure D was approved by the voters of Santa Barbara County by an election held on November 7, 1989. The tax became effective on April 1, 1990.

Solid Waste Program – This fund is used to account for receipts and expenditures relating to the City's solid waste program.

GTIP – This fund is used to account for traffic development impact fees.

Park DIF – This fund is used to account for park development impact fees.

Public Admin Facilities DIF - This fund is used to account for public administration facilities development impact fees.

Library Facilities DIF - This fund is used to account for library facilities development impact fees.

Sheriff Facilities DIF - This fund is used to account for public safety facilities development impact fees.

Housing In-Lieu – This fund is used to account for receipts and expenditures of the City's affordable housing programs.

State Park Grant – This fund is used to account for state grant funds for park purposes.

Public Safety – This fund is used to account for state funds under the Citizen Options for Public Safety (COPS) grant program.

Solid Waste Recycling – This fund is used to account for receipts and expenditures relating to the City's solid waste recycling program.

RSTP – This fund is used to account for state and federal grant funds to local governments for use in transit and highway projects, including street and road projects.

Local STP – This fund is used to account for state funds to local governments for use in transit and highway projects, including street and roads projects.



**NON-MAJOR SPECIAL REVENUE FUNDS, DEBT SERVICE FUNDS  
AND NON-MAJOR CAPITAL PROJECTS FUNDS, (CONTINUED)**

Environmental Justice – This fund is used to account for state grant funds to local governments for use in transit and highway projects, including street and road projects.

STIP – This fund is used to account for federal funds to local governments for use in transit and highway projects, including streets and roads projects.

Federal Transportation Program – This fund is used to account for federal grant funds for transportation projects.

CDBG – This fund is used to account for revenues and expenditures related to the Community Development Block Grant program. These funds are received from the Federal Department of Housing and Urban Development and must be expended exclusively on programs for low and moderate income individuals / families.

TCSP – This fund is used to account for federal grant funds to local governments for transportation projects.

EPA Brownfield Grant – This fund is used to account for federal grant fund to local governments for use in environmental projects.

OTS Public Safety – This fund is used to account for public safety grants for special traffic and law enforcement services.

Library – This fund is used to account for proceeds from Measure L, which authorized a special tax to fund services at the Goleta Library.

Street Lighting – This fund is used to account for proceeds from a special benefit assessment to fund street lighting.

Comstock Plover Endowment – This fund is used to account for development related funds for use in environmental mitigation programs.

Developer Deposits – This fund is used to account for developer deposits held by the city to cover costs associated with processing specific development projects.

DEBT SERVICE FUNDS

RDA Debt Service Major Fund – This fund is used to account for the accumulation of resources for and the payment of long-term debt principal and interest issued by the Redevelopment Agency.

City Debt Service – This non-major fund is used to account for the accumulation of resources for and the payment of long-term debt principle and interest issued by the City.

**NON-MAJOR SPECIAL REVENUE FUNDS, DEBT SERVICE FUNDS  
AND NON-MAJOR CAPITAL PROJECTS FUNDS, (CONTINUED)**

NON-MAJOR CAPITAL PROJECTS FUNDS

RDA Project – This fund is used to account for Redevelopment Agency administration and projects.

RDA Housing – This fund is used to account for Redevelopment Agency housing set-aside funds.

CITY OF GOLETA  
 Non-Major Governmental Funds  
 Combining Balance Sheet  
 6/30/2007

	SPECIAL REVENUE FUNDS			
	<u>Gas Tax</u>	<u>Transportation</u>	<u>Measure D</u>	<u>Solid Waste Program</u>
<u>Assets:</u>				
Cash and investments	\$ 815,189	102,737	273,432	135,523
Accounts receivable	-	1,469	-	36,717
Due from other governments	80,244	-	109,948	-
Prepaid expenses	50,000	-	-	-
Interest receivable	12,562	1,260	1,923	2,034
	<u>\$ 957,995</u>	<u>105,466</u>	<u>385,303</u>	<u>174,274</u>
<u>Liabilities and Fund Balances:</u>				
Liabilities:				
Accounts payable	\$ 204,864	-	45,464	86,343
Accrued salaries and benefits	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Deposits payable	-	-	-	-
	<u>204,864</u>	<u>-</u>	<u>45,464</u>	<u>86,343</u>
Fund balances:				
Reserved for:				
Encumbrances	-	-	-	-
Low mod housing	-	-	-	-
Unreserved:				
Designated for:				
Continuing appropriations	-	-	-	-
Undesignated, reported in:				
Special revenue funds	753,131	105,466	339,839	87,931
Capital projects funds	-	-	-	-
	<u>753,131</u>	<u>105,466</u>	<u>339,839</u>	<u>87,931</u>
Total fund balances (deficit)	<u>753,131</u>	<u>105,466</u>	<u>339,839</u>	<u>87,931</u>
Total liabilities and fund balances	<u>\$ 957,995</u>	<u>105,466</u>	<u>385,303</u>	<u>174,274</u>

SPECIAL REVENUE FUNDS

<u>GTIP</u>	<u>Park DIF</u>	Public Admin. <u>Facilities DIF</u>	Library <u>Facilities DIF</u>	Sheriff <u>Facilities DIF</u>	Housing <u>In-Lieu</u>	State Park <u>Grant</u>
2,044,548	1,605,624	471,316	174,222	183,307	1,528,882	-
-	45,263	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
25,936	20,101	6,060	2,160	2,265	19,125	-
<u>2,070,484</u>	<u>1,670,988</u>	<u>477,376</u>	<u>176,382</u>	<u>185,572</u>	<u>1,548,007</u>	<u>-</u>
27,138	1,354	11,915	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>27,138</u>	<u>1,354</u>	<u>11,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,043,346	1,669,634	465,461	176,382	185,572	1,548,007	-
-	-	-	-	-	-	-
<u>2,043,346</u>	<u>1,669,634</u>	<u>465,461</u>	<u>176,382</u>	<u>185,572</u>	<u>1,548,007</u>	<u>-</u>
<u>2,070,484</u>	<u>1,670,988</u>	<u>477,376</u>	<u>176,382</u>	<u>185,572</u>	<u>1,548,007</u>	<u>-</u>

(Continued)

CITY OF GOLETA  
 Non-Major Governmental Funds  
 Combining Balance Sheet  
 June 30, 2007  
 (Continued)

	SPECIAL REVENUE FUNDS			
	Public <u>Safety</u>	Solid Waste <u>Recycling</u>	<u>RSTP</u>	Local <u>STP</u>
<u>Assets:</u>				
Cash and investments	\$ 116,469	2,602	-	-
Accounts receivable	-	-	164,320	122,000
Due from other governments	-	-	-	-
Prepaid expenses	-	-	-	-
Interest receivable	558	-	-	-
	<u>117,027</u>	<u>2,602</u>	<u>164,320</u>	<u>122,000</u>
<u>Liabilities and Fund Balances:</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 25,534	-	98,014	-
Accrued salaries and benefits	-	-	-	-
Due to other funds	-	-	66,056	121,728
Deferred revenue	-	-	164,320	122,000
Deposits payable	-	-	-	-
	<u>25,534</u>	<u>-</u>	<u>328,390</u>	<u>243,728</u>
<u>Fund balances:</u>				
<u>Reserved for:</u>				
Encumbrances	-	-	-	-
Low mod housing	-	-	-	-
<u>Unreserved:</u>				
<u>Designated for:</u>				
Continuing appropriations	-	-	-	-
<u>Undesignated, reported in:</u>				
Special revenue funds	91,493	2,602	(164,070)	(121,728)
Capital projects funds	-	-	-	-
	<u>91,493</u>	<u>2,602</u>	<u>(164,070)</u>	<u>(121,728)</u>
Total fund balances (deficit)	<u>91,493</u>	<u>2,602</u>	<u>(164,070)</u>	<u>(121,728)</u>
Total liabilities and fund balances	<u>\$ 117,027</u>	<u>2,602</u>	<u>164,320</u>	<u>122,000</u>

SPECIAL REVENUE FUNDS

Environmental <u>Justice</u>	<u>STIP</u>	Federal Transportation <u>Program</u>	<u>CDBG</u>	<u>TCSP</u>
-	-	-	97,095	-
10,429	-	11,495	-	7,027
-	-	-	3,211	-
-	-	-	-	-
-	179	-	806	-
<u>10,429</u>	<u>179</u>	<u>11,495</u>	<u>101,112</u>	<u>7,027</u>
-	-	100	171,690	2,967
-	-	-	-	-
10,428	179	11,485	19,881	4,060
10,429	-	11,495	-	7,027
-	-	-	-	-
<u>20,857</u>	<u>179</u>	<u>23,080</u>	<u>191,571</u>	<u>14,054</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(10,428)	-	(11,585)	(90,459)	(7,027)
-	-	-	-	-
<u>(10,428)</u>	<u>-</u>	<u>(11,585)</u>	<u>(90,459)</u>	<u>(7,027)</u>
<u>10,429</u>	<u>179</u>	<u>11,495</u>	<u>101,112</u>	<u>7,027</u>

(Continued)

CITY OF GOLETA  
 Non-Major Governmental Funds  
 Combining Balance Sheet  
 June 30, 2007  
 (Continued)

	SPECIAL REVENUE FUNDS			
	EPA Brownfield Grant	OTS Public Safety	Library	Street Lighting
<u>Assets:</u>				
Cash and investments	-	13,060	212,866	-
Accounts receivable	3,691	-	-	-
Due from other governments	-	14,883	-	-
Prepaid expenses	-	-	-	-
Interest receivable	-	85	2,618	-
	<u>3,691</u>	<u>28,028</u>	<u>215,484</u>	<u>-</u>
<u>Liabilities and Fund Balances:</u>				
<u>Liabilities:</u>				
Accounts payable	3,637	9,014	215,483	16,293
Accrued salaries and benefits	-	-	-	-
Due to other funds	54	-	-	-
Deferred revenue	3,691	-	-	-
Deposits payable	-	-	-	-
	<u>7,382</u>	<u>9,014</u>	<u>215,483</u>	<u>16,293</u>
<u>Fund balances:</u>				
<u>Reserved for:</u>				
Encumbrances	-	-	-	-
Low mod housing	-	-	-	-
<u>Unreserved:</u>				
<u>Designated for:</u>				
Continuing appropriations	-	-	-	-
<u>Undesignated, reported in:</u>				
Special revenue funds	(3,691)	19,014	1	(16,293)
Capital projects funds	-	-	-	-
	<u>(3,691)</u>	<u>19,014</u>	<u>1</u>	<u>(16,293)</u>
Total fund balances (deficit)	<u>(3,691)</u>	<u>19,014</u>	<u>1</u>	<u>(16,293)</u>
Total liabilities and fund balances	<u>3,691</u>	<u>28,028</u>	<u>215,484</u>	<u>-</u>

SPECIAL REVENUE FUNDS		DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS		
Comstock Plover Endowment	Developer Deposits	City Debt Service	RDA Project	RDA Housing	Totals
147,749	207,924	-	1,219,464	1,912,218	11,264,227
-	-	-	-	-	402,411
-	-	-	-	-	208,286
-	-	-	-	-	50,000
1,848	-	-	-	24,193	123,713
<u>149,597</u>	<u>207,924</u>	<u>-</u>	<u>1,219,464</u>	<u>1,936,411</u>	<u>12,048,637</u>
-	10,850	-	277,100	47,733	1,255,493
-	-	-	3,097	172	3,269
-	-	-	-	-	233,871
-	-	-	-	-	318,962
<u>148,340</u>	<u>197,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>345,414</u>
<u>148,340</u>	<u>207,924</u>	<u>-</u>	<u>280,197</u>	<u>47,905</u>	<u>2,157,009</u>
-	-	-	-	-	-
-	-	-	-	1,888,506	1,888,506
-	-	-	-	-	-
1,257	-	-	-	-	7,063,855
-	-	-	939,267	-	939,267
<u>1,257</u>	<u>-</u>	<u>-</u>	<u>939,267</u>	<u>1,888,506</u>	<u>9,891,628</u>
<u>149,597</u>	<u>207,924</u>	<u>-</u>	<u>1,219,464</u>	<u>1,936,411</u>	<u>12,048,637</u>



CITY OF GOLETA  
 Non-Major Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Year ended June 30, 2007

	SPECIAL REVENUE FUNDS			
	<u>Gas Tax</u>	<u>Transportation</u>	<u>Measure D</u>	<u>Solid Waste Program</u>
Revenues:				
Taxes	\$ -	-	1,865,427	-
Intergovernmental	1,236,069	23,976	-	-
Charges for services	-	-	-	355,889
Developer Fees	-	-	-	-
Investment income	<u>46,613</u>	<u>4,570</u>	<u>8,910</u>	<u>7,371</u>
Total revenues	<u>1,282,682</u>	<u>28,546</u>	<u>1,874,337</u>	<u>363,260</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Public works	1,125,299	2,860	2,028,276	383,284
Community development	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,125,299</u>	<u>2,860</u>	<u>2,028,276</u>	<u>383,284</u>
Excess (deficiency) of revenues over (under) expenditures	<u>157,383</u>	<u>25,686</u>	<u>(153,939)</u>	<u>(20,024)</u>
Other financing sources (uses):				
Tranfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	157,383	25,686	(153,939)	(20,024)
Fund balances (deficit), beginning of year	<u>595,748</u>	<u>79,780</u>	<u>493,778</u>	<u>107,955</u>
Fund balances (deficit), end of year	<u>\$ 753,131</u>	<u>105,466</u>	<u>339,839</u>	<u>87,931</u>

SPECIAL REVENUE FUNDS

<u>GTIP</u>	<u>Park Development Fees</u>	<u>Public Admin. Facilities DIF</u>	<u>Library Facilities DIF</u>	<u>Sheriff Facilities DIF</u>	<u>Housing In-Lieu</u>	<u>State Park Grant</u>
-	-	-	-	-	-	-
-	-	-	-	-	5,000	-
-	-	-	-	-	-	-
255,088	-	10,529	2,372	3,302	-	-
<u>101,086</u>	<u>83,364</u>	<u>26,596</u>	<u>8,279</u>	<u>8,678</u>	<u>74,729</u>	<u>-</u>
<u>356,174</u>	<u>83,364</u>	<u>37,125</u>	<u>10,651</u>	<u>11,980</u>	<u>79,729</u>	<u>-</u>
-	-	-	-	-	-	-
93,738	80,509	146,571	-	-	-	29
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	82,672	28,350	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>93,738</u>	<u>163,181</u>	<u>174,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29</u>
<u>262,436</u>	<u>(79,817)</u>	<u>(137,796)</u>	<u>10,651</u>	<u>11,980</u>	<u>79,729</u>	<u>(29)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
262,436	(79,817)	(137,796)	10,651	11,980	79,729	(29)
<u>1,780,910</u>	<u>1,749,451</u>	<u>603,257</u>	<u>165,731</u>	<u>173,592</u>	<u>1,468,278</u>	<u>29</u>
<u>2,043,346</u>	<u>1,669,634</u>	<u>465,461</u>	<u>176,382</u>	<u>185,572</u>	<u>1,548,007</u>	<u>-</u>

(Continued)

CITY OF GOLETA  
 Non-Major Governmental Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Year ended June 30, 2007  
 (Continued)

	SPECIAL REVENUE FUNDS			
	Public Safety	Solid Waste Recycling	RSTP	Local STP
Revenues:				
Taxes	\$ -	-	-	-
Intergovernmental	100,000	8,232	316,250	118,000
Charges for services	-	-	-	-
Developer Fees	-	-	-	-
Other	-	-	-	-
Investment income	4,003	-	-	-
Total revenues	<u>104,003</u>	<u>8,232</u>	<u>316,250</u>	<u>118,000</u>
Expenditures:				
Current:				
Public safety	112,457	-	-	-
Public works	-	6,255	475,000	244,000
Community development	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	5,320	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>112,457</u>	<u>6,255</u>	<u>480,320</u>	<u>244,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,454)</u>	<u>1,977</u>	<u>(164,070)</u>	<u>(126,000)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(8,454)	1,977	(164,070)	(126,000)
Fund balances (deficit), beginning of year	<u>99,947</u>	<u>625</u>	<u>-</u>	<u>4,272</u>
Fund balances (deficit), end of year	<u>\$ 91,493</u>	<u>2,602</u>	<u>(164,070)</u>	<u>(121,728)</u>

SPECIAL REVENUE FUNDS

Environmental <u>Justice</u>	<u>STIP</u>	Federal Transportation <u>Program</u>	<u>CDBG</u>	<u>TCSP</u>
-	-	-	-	-
32,521	554,955	40,225	392,113	2,800
-	-	-	-	-
-	-	32,430	-	-
-	179	-	1,667	-
<u>32,521</u>	<u>555,134</u>	<u>72,655</u>	<u>393,780</u>	<u>2,800</u>
-	-	-	-	-
-	61,679	-	-	-
-	-	-	124,091	-
-	-	-	-	-
13,429	209,359	-	245,033	9,827
-	-	-	-	-
-	-	-	-	-
<u>13,429</u>	<u>271,038</u>	<u>-</u>	<u>369,124</u>	<u>9,827</u>
<u>19,092</u>	<u>284,096</u>	<u>72,655</u>	<u>24,656</u>	<u>(7,027)</u>
-	-	-	-	-
-	-	-	-	-
19,092	284,096	72,655	24,656	(7,027)
<u>(29,520)</u>	<u>(284,096)</u>	<u>(84,240)</u>	<u>(115,115)</u>	<u>-</u>
<u>(10,428)</u>	<u>-</u>	<u>(11,585)</u>	<u>(90,459)</u>	<u>(7,027)</u>

(Continued)

CITY OF GOLETA  
Non-Major Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year ended June 30, 2007  
(Continued)

	SPECIAL REVENUE FUNDS			
	EPA Brownfield <u>Grant</u>	OTS Public <u>Safety</u>	<u>Library</u>	<u>Street Lighting</u>
Revenues:				
Taxes	-	-	215,758	97,852
Intergovernmental	-	142,339	-	-
Charges for services	-	-	-	-
Developer Fees	-	-	-	-
Other	-	-	-	-
Investment income	-	85	11,799	366
Total revenues	<u>-</u>	<u>142,424</u>	<u>227,557</u>	<u>98,218</u>
Expenditures:				
Current:				
Public safety	-	108,487	-	-
Public works	54	-	-	-
Community development	-	-	-	-
Community service	-	-	428,425	114,511
Capital outlay	3,637	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>3,691</u>	<u>108,487</u>	<u>428,425</u>	<u>114,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,691)</u>	<u>33,937</u>	<u>(200,868)</u>	<u>(16,293)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(3,691)	33,937	(200,868)	(16,293)
Fund balances (deficit), beginning of year	<u>-</u>	<u>(14,923)</u>	<u>200,869</u>	<u>-</u>
Fund balances (deficit), end of year	<u>(3,691)</u>	<u>19,014</u>	<u>1</u>	<u>(16,293)</u>

SPECIAL REVENUE FUNDS		DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS		Totals
Comstock Plover Endowment	Developer Deposits	City Debt Service	RDA Project	RDA Housing	
-	-	-	-	-	2,179,037
-	-	-	-	-	2,972,480
-	-	-	-	-	355,889
-	-	-	-	-	271,291
-	-	-	-	-	32,430
7,288	-	-	-	83,979	479,562
7,288	-	-	-	83,979	6,290,689
-	-	-	-	-	220,944
-	-	-	-	-	4,647,554
-	-	-	929,691	123,484	1,177,266
-	-	-	-	-	542,936
-	-	-	-	-	597,627
-	-	471,101	-	-	471,101
-	-	35,115	-	-	35,115
-	-	506,216	929,691	123,484	7,692,543
7,288	-	(506,216)	(929,691)	(39,505)	(1,401,854)
-	-	506,216	1,873,195	450,545	2,829,956
-	-	506,216	1,873,195	450,545	2,829,956
7,288	-	-	943,504	411,040	1,428,102
(6,031)	-	-	(4,237)	1,477,466	8,463,526
1,257	-	-	939,267	1,888,506	9,891,628

CITY OF GOLETA  
 Gas Tax Fund  
 Non-Major Special Revenue Fund  
 Budgetary Comparison Schedule  
 Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 919,150	919,150	1,236,069	316,919
Investment income	<u>16,000</u>	<u>16,000</u>	<u>46,613</u>	<u>30,613</u>
Total revenues	<u>935,150</u>	<u>935,150</u>	<u>1,282,682</u>	<u>347,532</u>
Expenditures:				
Public works	<u>1,320,000</u>	<u>1,270,000</u>	<u>1,125,299</u>	<u>144,701</u>
Total expenditures	<u>1,320,000</u>	<u>1,270,000</u>	<u>1,125,299</u>	<u>144,701</u>
Excess (deficiency) of revenues over (under) expenditures	(384,850)	(334,850)	157,383	492,233
Other Financing Sources (Uses):				
Transfers out	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>
Net change in fund balance	(384,850)	(384,850)	157,383	542,233
Fund balance, beginning	<u>595,748</u>	<u>595,748</u>	<u>595,748</u>	<u>-</u>
Fund balance, ending	<u>\$ 210,898</u>	<u>210,898</u>	<u>753,131</u>	<u>542,233</u>

CITY OF GOLETA  
 Transportation Fund  
 Non-Major Special Revenue Fund  
 Budgetary Comparison Schedule  
 Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ 22,700	22,700	23,976	1,276
Investment income	2,000	2,000	4,570	2,570
Total revenues	<u>24,700</u>	<u>24,700</u>	<u>28,546</u>	<u>3,846</u>
Expenditures:				
Public works	-	-	2,860	(2,860)
Total expenditures	<u>-</u>	<u>-</u>	<u>2,860</u>	<u>(2,860)</u>
Net change in fund balance	24,700	24,700	25,686	986
Fund balance, beginning	<u>79,780</u>	<u>79,780</u>	<u>79,780</u>	-
Fund balance, ending	<u>\$ 104,480</u>	<u>104,480</u>	<u>105,466</u>	<u>986</u>



CITY OF GOLETA  
Measure D Fund  
Non-Major Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 1,714,850	1,714,850	1,865,427	150,577
Investment income	20,000	20,000	8,910	(11,090)
Total revenues	<u>1,734,850</u>	<u>1,734,850</u>	<u>1,874,337</u>	<u>139,487</u>
Expenditures:				
Public works	<u>1,675,000</u>	<u>1,715,307</u>	<u>2,028,276</u>	<u>(312,969)</u>
Total expenditures	<u>1,675,000</u>	<u>1,715,307</u>	<u>2,028,276</u>	<u>(312,969)</u>
Net change in fund balance	59,850	19,543	(153,939)	(173,482)
Fund balance (deficit), beginning	<u>493,778</u>	<u>493,778</u>	<u>493,778</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 553,628</u>	<u>513,321</u>	<u>339,839</u>	<u>(173,482)</u>

CITY OF GOLETA  
Solid Waste Program Fund  
Non-Major Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 416,200	424,482	355,889	(68,593)
Investment income	<u>2,000</u>	<u>2,000</u>	<u>7,371</u>	<u>5,371</u>
Total revenues	<u>418,200</u>	<u>426,482</u>	<u>363,260</u>	<u>(63,222)</u>
Expenditures:				
Public Works	<u>422,000</u>	<u>430,282</u>	<u>383,284</u>	<u>46,998</u>
Total expenditures	<u>422,000</u>	<u>430,282</u>	<u>383,284</u>	<u>46,998</u>
Net change in fund balance	(3,800)	(3,800)	(20,024)	(16,224)
Fund balance, beginning	<u>107,955</u>	<u>107,955</u>	<u>107,955</u>	<u>-</u>
Fund balance, ending	<u>\$ 104,155</u>	<u>104,155</u>	<u>87,931</u>	<u>(16,224)</u>

CITY OF GOLETA  
 GTIP Fund  
 Non-Major Special Revenue Fund  
 Budgetary Comparison Schedule  
 Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Developer fees	\$ 600,000	600,000	255,088	(344,912)
Investment income	<u>30,000</u>	<u>30,000</u>	<u>101,086</u>	<u>71,086</u>
Total revenues	<u>630,000</u>	<u>630,000</u>	<u>356,174</u>	<u>(273,826)</u>
Expenditures:				
Public works	<u>50,000</u>	<u>142,927</u>	<u>93,738</u>	<u>49,189</u>
Total expenditures	<u>50,000</u>	<u>142,927</u>	<u>93,738</u>	<u>49,189</u>
Excess (deficiency) of revenues over (under) expenditures	<u>580,000</u>	<u>487,073</u>	<u>262,436</u>	<u>(224,637)</u>
Other financing sources (uses)				
Transfers out	<u>(72,427)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(72,427)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	507,573	487,073	262,436	(224,637)
Fund balance, beginning	<u>1,780,910</u>	<u>1,780,910</u>	<u>1,780,910</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 2,288,483</u>	<u>2,267,983</u>	<u>2,043,346</u>	<u>(224,637)</u>

CITY OF GOLETA  
 Park Development Fees Fund  
 Non-Major Special Revenue Fund  
 Budgetary Comparison Schedule  
 Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Developer fees	\$ 300,000	300,000	-	(300,000)
Investment income	<u>50,000</u>	<u>50,000</u>	<u>83,364</u>	<u>33,364</u>
Total revenues	<u>350,000</u>	<u>350,000</u>	<u>83,364</u>	<u>(266,636)</u>
Expenditures:				
Public works	25,000	25,000	80,509	(55,509)
Capital Outlay	<u>-</u>	<u>486,610</u>	<u>82,672</u>	<u>403,938</u>
Total expenditures	<u>25,000</u>	<u>511,610</u>	<u>163,181</u>	<u>348,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>325,000</u>	<u>(161,610)</u>	<u>(79,817)</u>	<u>81,793</u>
Other financing sources (uses)				
Transfers out	<u>(75,296)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (use)	<u>(75,296)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	249,704	(161,610)	(79,817)	81,793
Fund balance, beginning	<u>1,749,451</u>	<u>1,749,451</u>	<u>1,749,451</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 1,999,155</u>	<u>1,587,841</u>	<u>1,669,634</u>	<u>81,793</u>

CITY OF GOLETA  
Public Administration Facilities DIF Fund  
Non-Major Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Developer fees	\$ -	-	10,529	10,529
Investment income	-	16,000	26,596	10,596
Total revenues	-	16,000	37,125	21,125
Expenditures:				
Public works	-	149,919	146,571	3,348
Capital outlay	-	50,000	28,350	21,650
Total expenditures	-	199,919	174,921	24,998
Net change in fund balance	-	(183,919)	(137,796)	46,123
Fund balance, beginning	603,257	603,257	603,257	-
Fund balance (deficit), ending	<u>\$ 603,257</u>	<u>419,338</u>	<u>465,461</u>	<u>46,123</u>

CITY OF GOLETA  
 Library Facilities DIF Fund  
 Non-Major Special Revenue Fund  
 Budgetary Comparison Schedule  
 Year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Developer fees	\$ -	-	2,372	2,372
Investment income	-	4,396	8,279	3,883
Total revenues	<u>-</u>	<u>4,396</u>	<u>10,651</u>	<u>6,255</u>
Fund balance (deficit), beginning	<u>165,731</u>	<u>165,731</u>	<u>165,731</u>	<u>-</u>
Fund balance, ending	<u>\$ 165,731</u>	<u>170,127</u>	<u>176,382</u>	<u>6,255</u>

CITY OF GOLETA  
 Sheriff Facilities DIF Fund  
 Non-Major Special Revenue Fund  
 Budgetary Comparison Schedule  
 Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Developer fees	\$ -	-	3,302	3,302
Investment income	-	4,604	8,678	4,074
Total revenues	-	4,604	11,980	7,376
Fund balance (deficit), beginning	173,592	173,592	173,592	-
Fund balance, ending	\$ 173,592	178,196	185,572	7,376

CITY OF GOLETA  
Housing In-Lieu Fund  
Non-Major Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ -	-	5,000	5,000
Investment income	-	-	74,729	74,729
	<u>-</u>	<u>-</u>	<u>79,729</u>	<u>79,729</u>
Total revenues	-	-	79,729	79,729
Expenditures:				
Community Service	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	-	-	-	-
Net change in fund balance	-	-	79,729	79,729
Fund balance, beginning	<u>1,468,278</u>	<u>1,468,278</u>	<u>1,468,278</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,468,278</u>	<u>1,468,278</u>	<u>1,548,007</u>	<u>79,729</u>



CITY OF GOLETA  
State Park Grant  
Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Expenditures:				
Public Works	\$ 102,500	102,500	29	102,471
Total expenditures	<u>102,500</u>	<u>102,500</u>	<u>29</u>	<u>102,471</u>
Net change in fund balance	(102,500)	(102,500)	(29)	102,471
Fund balance, beginning	<u>29</u>	<u>29</u>	<u>29</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (102,471)</u>	<u>(102,471)</u>	<u>-</u>	<u>102,471</u>

CITY OF GOLETA  
Public Safety Fund  
Non-Major Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 100,000	100,000	100,000	-
Investment income	<u>5,000</u>	<u>5,000</u>	<u>4,003</u>	<u>(997)</u>
Total revenues	<u>105,000</u>	<u>105,000</u>	<u>104,003</u>	<u>(997)</u>
Expenditures:				
Public safety	<u>125,500</u>	<u>125,500</u>	<u>112,457</u>	<u>13,043</u>
Total expenditures	<u>125,500</u>	<u>125,500</u>	<u>112,457</u>	<u>13,043</u>
Net change in fund balance	(20,500)	(20,500)	(8,454)	12,046
Fund balance, beginning	<u>99,947</u>	<u>99,947</u>	<u>99,947</u>	<u>-</u>
Fund balance, ending	<u>\$ 79,447</u>	<u>79,447</u>	<u>91,493</u>	<u>12,046</u>

CITY OF GOLETA  
Solid Waste Recycling Fund  
Non-Major Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ -	-	8,232	8,232
Total revenues	-	-	8,232	8,232
Expenditures:				
Public works	-	-	6,255	(6,255)
Total expenditures	-	-	6,255	(6,255)
Net change in fund balance	-	-	1,977	1,977
Fund balance, beginning	625	625	625	-
Fund balance, ending	\$ 625	625	2,602	1,977

CITY OF GOLETA  
RSTP Fund  
Non-Major Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	642,120	316,250	(325,870)
Total revenues	-	642,120	316,250	(325,870)
Expenditures:				
Public works	-	475,000	475,000	-
Capital Outlay	-	167,120	5,320	161,800
Total expenditures	-	642,120	480,320	161,800
Net change in fund balance	-	-	(164,070)	(164,070)
Fund balance, beginning	-	-	-	-
Fund balance (deficit), ending	\$ -	-	(164,070)	(164,070)

CITY OF GOLETA  
Local STP Fund  
Non-Major Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ 433,000	239,000	118,000	(121,000)
Investment income	675	675	-	(675)
Total revenues	<u>433,675</u>	<u>239,675</u>	<u>118,000</u>	<u>(121,675)</u>
Expenditures:				
Public works	<u>438,000</u>	<u>244,000</u>	<u>244,000</u>	<u>-</u>
Total expenditures	<u>438,000</u>	<u>244,000</u>	<u>244,000</u>	<u>-</u>
Net change in fund balance	(4,325)	(4,325)	(126,000)	(121,675)
Fund balance, beginning	<u>4,272</u>	<u>4,272</u>	<u>4,272</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (53)</u>	<u>(53)</u>	<u>(121,728)</u>	<u>(121,675)</u>

CITY OF GOLETA  
Environmental Justice Fund  
Non-Major Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ 24,420	20,000	32,521	12,521
Total revenues	<u>24,420</u>	<u>20,000</u>	<u>32,521</u>	<u>12,521</u>
Expenditures:				
Capital Outlay	-	20,000	13,429	6,571
Total expenditures	<u>-</u>	<u>20,000</u>	<u>13,429</u>	<u>6,571</u>
Excess (deficiency) of revenues over expenditures	<u>24,420</u>	<u>-</u>	<u>19,092</u>	<u>19,092</u>
Other financing sources (uses):				
Transfers out	<u>(240,420)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(240,420)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(216,000)	-	19,092	19,092
Fund balance, beginning	<u>(29,520)</u>	<u>(29,520)</u>	<u>(29,520)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (245,520)</u>	<u>(29,520)</u>	<u>(10,428)</u>	<u>19,092</u>

CITY OF GOLETA  
 STIP Fund  
 Non-Major Special Revenue Fund  
 Budgetary Comparison Schedule  
 Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ 418,374	418,374	554,955	136,581
Investment Income	-	-	179	179
Total revenues	<u>418,374</u>	<u>418,374</u>	<u>555,134</u>	<u>136,760</u>
Expenditures:				
Public works	-	-	61,679	(61,679)
Capital Outlay	-	418,374	209,359	209,015
Total expenditures	<u>-</u>	<u>418,374</u>	<u>271,038</u>	<u>147,336</u>
Other financing sources (uses):				
Transfers out	<u>(418,374)</u>	-	-	-
Total other financing sources (uses)	<u>(418,374)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	284,096	284,096
Fund balance (deficit), beginning	<u>(284,096)</u>	<u>(284,096)</u>	<u>(284,096)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (284,096)</u>	<u>(284,096)</u>	<u>-</u>	<u>284,096</u>

CITY OF GOLETA  
Federal Transportation Program Fund  
Non-Major Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ -	83,246	40,225	(43,021)
Other	-	-	32,430	32,430
Total revenues	-	83,246	72,655	(10,591)
Expenditures:				
Capital Outlay	-	83,423	-	83,423
Total expenditures	-	83,423	-	83,423
Excess (deficiency) of revenues over (under) expenditures	-	(177)	72,655	72,832
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net change in fund balance	-	(177)	72,655	72,832
Fund balance (deficit), beginning	(84,240)	(84,240)	(84,240)	-
Fund balance (deficit), ending	<u>\$ (84,240)</u>	<u>(84,417)</u>	<u>(11,585)</u>	<u>72,832</u>



CITY OF GOLETA  
Community Development Block Grant Fund  
Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ 392,223	422,933	392,113	(30,820)
Investment income	-	-	1,667	1,667
Total revenues	<u>392,223</u>	<u>422,933</u>	<u>393,780</u>	<u>(29,153)</u>
Expenditures:				
Community development	55,000	85,700	124,091	(38,391)
Capital Outlay	-	337,221	245,033	92,188
Total expenditures	<u>55,000</u>	<u>422,921</u>	<u>369,124</u>	<u>53,797</u>
Excess (deficiency) of revenues over (under) expenditures	<u>337,223</u>	<u>12</u>	<u>24,656</u>	<u>24,644</u>
Other financing sources (uses):				
Transfers out	<u>(337,221)</u>	-	-	-
Total other financing sources (uses)	<u>(337,221)</u>	-	-	-
Net change in fund balance	2	12	24,656	24,644
Fund balance (deficit), beginning	<u>(115,115)</u>	<u>(115,115)</u>	<u>(115,115)</u>	-
Fund balance (deficit), ending	<u>\$ (115,113)</u>	<u>(115,103)</u>	<u>(90,459)</u>	<u>24,644</u>

CITY OF GOLETA  
 TCSP Fund  
 Special Revenue Fund  
 Budgetary Comparison Schedule  
 Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ -	73,300	2,800	(70,500)
Total revenues	-	-	2,800	(70,500)
Expenditures:				
Capital Outlay	-	73,300	9,827	63,473
Total expenditures	-	73,300	9,827	63,473
Excess (deficiency) of revenues over (under) expenditures	-	(73,300)	(7,027)	(7,027)
Net change in fund balance	-	(73,300)	(7,027)	(7,027)
Fund balance, beginning	-	-	-	-
Fund balance (deficit), ending	\$ -	(73,300)	(7,027)	(7,027)

CITY OF GOLETA  
EPA Brownfield Grant  
Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ -	3,744	-	(3,744)
Total revenues	-	3,744	-	(3,744)
Expenditures:				
Current:				
Public Works	\$ -	-	54	(54)
Capital Outlay	-	3,744	3,637	107
Total expenditures	-	3,744	3,691	53
Net change in fund balance	-	-	(3,691)	(3,691)
Fund balance, beginning	-	-	-	-
Fund balance (deficit), ending	\$ -	-	(3,691)	(3,691)

CITY OF GOLETA  
 OTS Public Safety Fund  
 Special Revenue Fund  
 Budgetary Comparison Schedule  
 Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ 60,000	108,500	142,339	33,839
Investment income	-	-	85	85
Total revenues	<u>60,000</u>	<u>108,500</u>	<u>142,424</u>	<u>33,924</u>
Expenditures:				
Public safety	<u>60,000</u>	<u>108,500</u>	<u>108,487</u>	<u>13</u>
Total expenditures	<u>60,000</u>	<u>108,500</u>	<u>108,487</u>	<u>13</u>
Net change in fund balance	-	-	33,937	33,937
Fund balance (deficit), beginning	<u>(14,923)</u>	<u>(14,923)</u>	<u>(14,923)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (14,923)</u>	<u>(14,923)</u>	<u>19,014</u>	<u>33,937</u>

CITY OF GOLETA  
Library Fund  
Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 205,720	205,700	215,758	10,058
Investment income	2,500	2,500	11,799	9,299
Total revenues	<u>208,220</u>	<u>208,200</u>	<u>227,557</u>	<u>19,357</u>
Expenditures:				
Community service	<u>208,200</u>	<u>428,426</u>	<u>428,425</u>	<u>1</u>
Total expenditures	<u>208,200</u>	<u>428,426</u>	<u>428,425</u>	<u>1</u>
Net change in fund balance	20	(220,226)	(200,868)	19,358
Fund balance, beginning	<u>200,869</u>	<u>200,869</u>	<u>200,869</u>	<u>-</u>
Fund balance, ending	<u>\$ 200,889</u>	<u>(19,357)</u>	<u>1</u>	<u>19,358</u>

CITY OF GOLETA  
Street Lighting Fund  
Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 105,100	105,100	97,852	(7,248)
Investment income	500	500	366	(134)
Total revenues	<u>105,600</u>	<u>105,600</u>	<u>98,218</u>	<u>(7,382)</u>
Expenditures:				
Community Service	<u>105,625</u>	<u>105,625</u>	<u>114,511</u>	<u>(8,886)</u>
Total expenditures	<u>105,625</u>	<u>105,625</u>	<u>114,511</u>	<u>(8,886)</u>
Net change in fund balance	(25)	(25)	(16,293)	(16,268)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (25)</u>	<u>(25)</u>	<u>(16,293)</u>	<u>(16,268)</u>

CITY OF GOLETA  
Comstock Plover Endowment Fund  
Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	7,288	7,288	-
Total revenues	-	7,288	7,288	-
Expenditures:				
Public Works	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	7,288	7,288	-
Fund balance (deficit), beginning	(6,031)	(6,031)	(6,031)	-
Fund balance (deficit), ending	\$ (6,031)	1,257	1,257	-

CITY OF GOLETA  
 Developer Deposits Fund  
 Special Revenue Fund  
 Budgetary Comparison Schedule  
 Year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Total revenues	\$ -	-	-	-
Expenditures:				
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	-	-	-



CITY OF GOLETA  
RDA Debt Service Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 1,743,854	2,016,354	2,252,723	236,369
Investment income	<u>100,000</u>	<u>205,000</u>	<u>187,649</u>	<u>(17,351)</u>
Total revenues	<u>1,843,854</u>	<u>2,221,354</u>	<u>2,440,372</u>	<u>219,018</u>
Expenditures:				
Current:				
General government	30,000	72,000	23,513	48,487
Pass-through to other agencies	330,000	400,000	450,545	(50,545)
Debt service:				
Principal	1,600,000	1,962,299	300,000	1,662,299
Interest	<u>42,000</u>	<u>42,000</u>	<u>104,299</u>	<u>(62,299)</u>
Total expenditures	<u>2,002,000</u>	<u>2,476,299</u>	<u>878,357</u>	<u>1,597,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(158,146)</u>	<u>(254,945)</u>	<u>1,562,015</u>	<u>1,816,960</u>
Other financing sources (uses):				
Transfers out	<u>(1,642,933)</u>	<u>(1,699,304)</u>	<u>(2,323,740)</u>	<u>(624,436)</u>
Total other financing sources (uses)	<u>(1,642,933)</u>	<u>(1,699,304)</u>	<u>(2,323,740)</u>	<u>(624,436)</u>
Net change in fund balance	(1,801,079)	(1,954,249)	(761,725)	1,192,524
Fund balance, beginning	<u>2,464,429</u>	<u>2,464,429</u>	<u>2,464,429</u>	<u>-</u>
Fund balance, ending	<u>\$ 663,350</u>	<u>510,180</u>	<u>1,702,704</u>	<u>1,192,524</u>

CITY OF GOLETA  
City Debt Service Fund  
Non-Major Debt Service Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget Positive (Negative)
Expenditures:				
Debt service:				
Principal	425,000	425,000	471,101	(46,101)
Interest	<u>72,000</u>	<u>72,000</u>	<u>35,115</u>	<u>36,885</u>
Total expenditures	<u>497,000</u>	<u>497,000</u>	<u>506,216</u>	<u>(9,216)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(497,000)</u>	<u>(497,000)</u>	<u>(506,216)</u>	<u>(9,216)</u>
Other financing sources (uses):				
Transfer in	<u>497,000</u>	<u>497,000</u>	<u>506,216</u>	<u>9,216</u>
Total other financing sources (uses)	<u>497,000</u>	<u>497,000</u>	<u>506,216</u>	<u>9,216</u>
Net change in fund balances	-	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

CITY OF GOLETA  
RDA Project Fund  
Non-Major Capital Projects Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget Positive (Negative)
Expenditures:				
Community Development	\$ 1,296,033	1,362,087	929,691	432,396
Total expenditures	<u>1,296,033</u>	<u>1,362,087</u>	<u>929,691</u>	<u>432,396</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,296,033)</u>	<u>(1,362,087)</u>	<u>(929,691)</u>	<u>432,396</u>
Other financing sources (uses)				
Transfers in	<u>1,296,033</u>	<u>1,296,033</u>	<u>1,873,195</u>	<u>577,162</u>
Total other financing sources (uses)	<u>1,296,033</u>	<u>1,296,033</u>	<u>1,873,195</u>	<u>577,162</u>
Net change in fund balances	-	(66,054)	943,504	1,009,558
Fund balance (deficit), beginning	<u>(4,237)</u>	<u>(4,237)</u>	<u>(4,237)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (4,237)</u>	<u>(70,291)</u>	<u>939,267</u>	<u>1,009,558</u>

CITY OF GOLETA  
RDA Housing Fund  
Non-Major Capital Projects Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2007

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 40,000	78,000	83,979	5,979
Total revenues	40,000	78,000	83,979	5,979
Expenditures:				
Community development	500,000	508,200	123,484	384,716
Total expenditures	500,000	508,200	123,484	384,716
Excess (deficiency) of revenues over (under) expenditures	(460,000)	(430,200)	(39,505)	390,695
Other financing sources (uses):				
Transfers in	346,900	403,271	450,545	47,274
Total other financing sources (uses)	346,900	403,271	450,545	47,274
Net change in fund balance	(113,100)	(26,929)	411,040	437,969
Fund balance, beginning	1,477,466	1,477,466	1,477,466	-
Fund balance, ending	\$ 1,364,366	1,450,537	1,888,506	437,969

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## STATISTICAL SECTION

This part of the City of Goleta's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performances and well-being have changed over time.	101
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	105
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	109
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	112
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	114

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

City of Goleta  
 Net Assets by Component  
 Last Five Fiscal Years\*  
 (accrual basis of accounting)

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Primary Government:					
Governmental activities:					
Invested in capital assets, net of related debt	\$15,264,168	\$16,284,140	\$ 24,991,474	\$ 27,093,022	\$ 171,497,745
Restricted	5,895,207	5,738,058	5,932,908	10,787,824	10,792,609
Unrestricted	3,040,219	4,284,637	5,729,507	6,839,388	8,838,623
Total governmental activities net assets	<u>\$24,199,594</u>	<u>\$26,306,835</u>	<u>\$ 36,653,889</u>	<u>\$ 44,720,234</u>	<u>\$ 191,128,977</u>

\* Reflects data compiled by the City of Goleta since incorporation.

City of Goleta  
Changes in Net Assets  
Last Five Fiscal Years\*  
(accrual basis of accounting)

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Primary Government-Government activities:					
<b>Expenses</b>					
General government	\$ 2,256,472	\$ 3,100,654	\$ 3,415,277	3,550,258	3,372,878
Public safety	4,539,280	4,751,782	5,273,087	5,539,496	5,617,168
Public works	231,951	4,404,746	5,538,722	4,595,206	10,581,153
Community development	2,558,958	2,723,339	2,036,243	3,667,575	1,177,266
Community services	2,266,229	774,233	727,856	1,133,688	2,584,997
Interest and other charges	78,523	114,431	39,416	33,320	130,839
Total expenses	<u>\$ 11,931,413</u>	<u>\$ 15,869,185</u>	<u>\$ 17,030,601</u>	<u>\$ 18,519,543</u>	<u>\$ 23,464,301</u>
<b>Program Revenues</b>					
Charges for services:					
General government	\$ 34,346	\$ 64,255	31,974	37,456	416,758
Public safety	134,066	126,037	206,399	201,787	225,986
Public works	144,984	702,404	141,814	2,304,882	2,964,166
Community development	1,793,692	1,693,003	959,273	-	-
Community services	-	13,656	193,710	734,277	690,879
Operating contributions and grants:					
Public safety	-	-	142,166	130,616	242,339
Public works	926,210	1,096,350	2,313,742	4,338,565	3,432,130
Community development	612,954	32,260	19,615	1,389,033	711,075
Community services	-	-	-	8,428	8,232
Capital contributions and grants:					
Public safety	100,744	101,735	19,200	-	-
Public works	1,700,013	1,390,379	902,820	232,141	989,205
Community development	-	-	8,521,192	1,689,883	21,203
Community services	-	-	-	542,413	23,976
Total program revenues	<u>\$ 5,447,009</u>	<u>\$ 5,220,079</u>	<u>\$ 13,451,905</u>	<u>\$ 11,609,481</u>	<u>\$ 9,725,949</u>
Net (expense)/revenue	\$ (6,484,404)	\$ (10,649,106)	\$ (3,578,696)	\$ (6,910,062)	\$ (13,738,352)
<b>General Revenues and Other Changes in Net Assets</b>					
Taxes:					
Sales taxes	\$ 3,485,996	\$ 3,623,036	\$ 3,864,389	4,039,979	4,116,748
Property taxes, levied for general purpose	2,630,417	3,040,880	4,893,131	4,867,360	4,359,151
Motor vehicle in lieu taxes, unrestricted	2,674,050	2,542,364	1,502,920	1,125,865	1,139,903
Transient occupancy tax	2,141,810	2,142,802	2,282,932	2,601,475	2,571,528
Franchise taxes	346,426	1,061,334	946,066	952,856	1,116,446
Other taxes	193,140	185,017	-	-	-
Investment income	146,909	97,278	280,398	646,378	1,152,334
Other	4,089	62,258	155,914	245,579	-
Total general revenues	<u>11,622,837</u>	<u>12,754,969</u>	<u>13,925,750</u>	<u>14,479,492</u>	<u>14,456,110</u>
<b>Change in Net Assets</b>	<u>\$ 5,138,433</u>	<u>\$ 2,105,863</u>	<u>\$ 10,347,054</u>	<u>\$ 7,569,430</u>	<u>\$ 717,758</u>

\* Reflects data compiled by the City of Goleta since incorporation.



City of Goleta  
Fund Balances of Governmental Funds  
Last Five Fiscal Years\*  
(modified accrual basis of accounting)

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund					
Reserved	\$ -	\$ 2,936,065	\$ 4,429,850	\$ 6,600,000	\$ 819,500
Unreserved	4,894,108	2,100,000	1,653,495	950,433	8,544,585
Total general fund	<u>\$ 4,894,108</u>	<u>\$ 5,036,065</u>	<u>\$ 6,083,345</u>	<u>\$ 7,550,433</u>	<u>\$ 9,364,085</u>
All other governmental funds					
Reserved	\$ -	\$ 3,841,795	\$ 3,652,802	\$ 5,434,747	\$ 3,591,210
Unreserved, reported in:					
Special revenue funds	4,300,743	3,095,160	3,961,067	5,759,397	5,450,614
Capital projects funds	1,234,464	-	-	(4,237)	2,827,773
Total all other governmental funds	<u>\$ 5,535,207</u>	<u>\$ 6,936,955</u>	<u>\$ 7,613,869</u>	<u>\$ 11,189,907</u>	<u>\$ 11,869,597</u>

\* Reflects data compiled by the City of Goleta since incorporation.

City of Goleta  
Changes in Fund Balances of Governmental Funds  
Last Five Fiscal Years\*  
(modified accrual basis of accounting)

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>					
Taxes	\$ 11,829,133	11,835,023	14,124,469	16,173,369	17,181,587
Intergovernmental	4,044,354	3,627,332	4,285,249	4,585,024	4,160,756
Charges for services	1,139,034	1,263,348	1,040,105	1,593,377	2,138,814
Fines and forfeitures	124,867	145,273	206,399	201,787	225,986
Investment income	146,908	176,405	280,398	646,378	1,152,334
Developer fees	-	1,069,060	466,190	1,798,530	271,291
Other	4,088	62,257	155,914	245,579	189,602
Total revenues	<u>17,288,384</u>	<u>18,178,698</u>	<u>20,558,724</u>	<u>25,244,044</u>	<u>25,320,370</u>
<b>Expenditures</b>					
<b>Current:</b>					
General government	2,473,793	2,941,264	3,390,716	3,520,719	3,603,156
Public safety	4,539,280	4,749,255	5,289,121	5,579,362	5,725,768
Public works	213,248	4,430,225	5,385,700	5,395,431	7,066,796
Community development	2,544,335	2,677,083	2,306,787	3,791,902	1,177,266
Community services	2,260,697	748,508	734,783	1,136,769	3,295,355
Pass-through to other agencies	218,538	324,409	401,710	103,384	450,545
Capital outlay	-	250,197	866,484	197,500	597,627
Debt service					
Principal	428,525	394,758	413,189	436,959	771,101
Interest	84,472	120,672	46,040	38,892	139,414
Total expenditures	<u>12,762,888</u>	<u>16,636,371</u>	<u>18,834,530</u>	<u>20,200,918</u>	<u>22,827,028</u>
Excess (deficiency) of revenues over expenditures	4,525,496	1,542,327	1,724,194	5,043,126	2,493,342
<b>Other financing sources (uses)</b>					
Transfers in	546,669	1,050,478	1,213,036	1,204,752	2,829,956
Transfers out	(546,669)	(1,050,478)	(1,213,036)	(1,204,752)	(2,829,956)
Proceeds of long-term debt	300,000	-	-	-	-
Total other financing sources (uses)	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 4,825,496</u>	<u>1,542,327</u>	<u>1,724,194</u>	<u>5,043,126</u>	<u>2,493,342</u>
Debt service as a percentage of noncapital expenditures	4.02%	3.15%	2.56%	2.38%	4.10%

\* Reflects data compiled by the City of Goleta since incorporation.

City of Goleta  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Five Fiscal Years\*

Fiscal Year Ended 30-Jun	City			RDA			Total Direct Rate
	Secured and Unsecured Value	Less Exemptions	Taxable Assessed Value	Secured and Unsecured Value	Less Exemptions	Taxable Assessed Value	
2003	\$ 3,188,570,394	103,187,550	3,085,382,844	\$ 583,066,842	33,015,511	550,051,331	1.03235
2004	\$ 3,318,088,859	107,535,229	3,210,553,630	\$ 819,650,382	39,474,146	780,176,236	1.02709
2005	\$ 3,526,555,537	109,735,138	3,416,820,399	\$ 823,942,992	39,791,239	784,151,753	1.02935
2006	\$ 3,667,247,789	127,367,000	3,539,880,789	\$ 855,566,776	48,145,605	807,421,171	1.02977
2007	\$ 4,609,243,631	144,341,549	4,464,902,082	\$ 916,338,045	49,175,662	867,162,383	1.02925

Source: Santa Barbara County Auditor-Controller

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of Goleta Unified School District Debt Service and the Santa Barbara High School District

City of Goleta  
 Property Tax Rates  
 Direct and Overlapping Governments  
 Per \$100 of Assessed Value  
 Last Five Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
City Direct Rates:					
City of Goleta Basic Rate	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:					
Goleta Unified School District	0.02280	0.01754	0.01746	0.01729	0.01677
Santa Barbara High School District	0.00955	0.00955	0.01189	0.01248	0.01248
<b>Total Direct Rate</b>	<b>1.03235</b>	<b>1.02709</b>	<b>1.02935</b>	<b>1.02977</b>	<b>1.02925</b>

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of Goleta Unified School District Debt Service and Santa Barbara High School District.

Source: Santa Barbara Auditor-Controller  
 City of Goleta, Finance Department

**City of Goleta, California  
Principal Property Taxpayers  
Current Year**

<u>Taxpayer</u>	<u>Primary Use</u>	<u>2007</u>	
		<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
HT Santa Barbara, Inc	Commercial	\$ 130,000,000	3.10%
SP Maravilla, LLC	Institutional	102,628,140	2.45%
Camino Real II LTD	Commercial	50,226,840	1.20%
Raytheon Co	Commercial	46,076,814	1.10%
I V Investments, L P	Commercial	43,240,824	1.03%
Nassau Land Co , LLP	Commercial	38,277,067	0.91%
IRE SB INC	Commercial	37,235,173	0.89%
University Business Center Ass.	Commercial	35,581,739	0.85%
Pacific Oaks LP	Commercial	32,599,440	0.78%
Rockbridge Investments LP	Commercial	31,940,736	0.76%
Top Ten Totals		<u>\$ 547,806,773</u>	<u>13.05%</u>

Source: Santa Barbara Auditor-Controller

Note: The amounts above include assessed value for both the City and Redevelopment Agency.

City of Goleta  
Property Tax Levies and Collections  
Last Five Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date (1)	
		Amount	Percent of Levy		Amount	Percentage of Levy
2003	1,523,587	1,523,587	100%	-	1,523,587	100%
2004	1,680,689	1,680,689	100%	-	1,680,689	100%
2005	1,775,867	1,775,867	100%	-	1,775,867	100%
2006	1,901,688	1,901,688	100%	-	1,901,688	100%
2007	2,076,982	2,076,982	100%	-	2,076,982	100%

(1) The City participates in the Teeter Plan. The Teeter Plan is an alternative method of apportioning property tax money. Cities participating in the Plan receive 95% of the property taxes in advance from the County and the remaining 5% after the County reconciles the cities' balance at June 30.

Source: City of Goleta, Finance Department

Note: The amounts above include City secured property taxes only.

City of Goleta  
Ratios of Outstanding Debt by Type  
Last Five Fiscal Years\*

Fiscal Year	Certificates of Participation	Capital Leases	Loans Payable	Total Government	Percentage of Personal Income	Debt Per Capita
2003	\$ 1,930,000	594,058	1,800,000	\$ 4,324,058	0.41%	\$ 141
2004	1,570,000	559,301	1,800,000	3,929,301	0.33%	128
2005	1,195,000	521,112	1,800,000	3,516,112	0.29%	115
2006	800,000	479,153	1,800,000	3,079,153	0.24%	102
2007	375,000	433,052	1,500,000	2,308,052	0.18%	77

\* Reflects data compiled by the City of Goleta since incorporation

Source: City of Goleta, Finance Department

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

Source: City of Goleta, Finance Department

City of Goleta  
Direct and Overlapping Governmental Activities Debt  
as of June 30, 2007

2006-2007 Assessed Valuations:

2006-2007 Assessed Valuation	\$	4,609,243,631
Redevelopment Incremental Valuation		916,338,045
Adjusted Assessed Valuation	\$	<u>3,692,905,586</u>

<u>Overlapping Debt Repaid with Property Taxes:</u>	<u>Total Debt</u> <u>6/30/2007</u>	<u>% Applicable</u>	<u>District's Share of</u> <u>Debt 6/30/07</u>
Goleta Unified School District	\$ 22,705,000	100.00%	\$ 22,705,000
Santa Barbara High School District	63,875,000	100.00%	63,875,000
Total direct and overlapping tax and assessment debt			<u>\$ 86,580,000</u>
 <u>Direct and Overlapping General Fund Obligation Debt:</u>			
Santa Barbara County General Fund Obligations	\$ 63,465,000	7.108% (1)	\$ 4,511,222
Total overlapping general fund debt			<u>\$ 4,511,222</u>
 Total direct and overlapping debt			 <u><u>\$ 91,091,222</u></u> (2)

Ratios to 2006-07 Assessed Valuations:

Total Direct and Overlapping Tax and Assessment Debt 1.88%

Ratios to Adjusted Assessed Valuations:

Combined Total Debt 2.47%

Notes:

(1) Population estimates for the City and County were used to calculate the estimated percentage applicable of the overlapping debt. Of the County's 424,425 population, 7.108% (or 30,169) reside within the city's boundaries.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: County of Santa Barbara



**City of Goleta, California  
 Computation of Legal Debt Margin  
 June 30, 2007**

	2003	2004	2005	2006	2007
Assessed Valuations:					
Total Assessed Valuation	\$ 3,188,570,394	\$ 3,318,088,859	\$ 3,526,555,537	\$ 3,667,247,789	\$ 4,609,243,631
Conversion Percentage	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	\$ 797,142,599	\$ 829,522,215	\$ 881,638,884	\$ 916,811,947	\$ 1,152,310,908
Debt Limit Percentage	15%	15%	15%	15%	15%
Debt Limit	\$ 119,571,390	\$ 124,428,332	\$ 132,245,833	\$ 137,521,792	\$ 172,846,636
Total Net Debt Applicable to the Limit	-	-	-	-	-
Legal debt margin	<u>\$ 119,571,390</u>	<u>\$ 124,428,332</u>	<u>\$ 132,245,833</u>	<u>\$ 137,521,792</u>	<u>\$ 172,846,636</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computation shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

Source: City of Goleta, Finance Department

City of Goleta  
Demographic and Economic Statistics  
Last Five Years

Calendar Year	Population (1) City of Goleta	Santa Barbara County			
		Population (1)	Personal Income (2) (in thousands)	Per Capita Personal Income (2) (in thousands)	Unemployment Rate (3)
2003	30,761	410	13,677,000	33.9	3.50%
2004	30,691	415	15,389,000	38.3	3.40%
2005	30,471	419	16,231,000	40.5	4.00%
2006	30,135	422	16,968,000	42.4	3.50%
2007	30,169	424	17,477,000 (4)	43.7 (4)	4.30%

- Sources: 1 California Department of Finance.  
 2 U.S. Department of Commerce, Bureau of Economic Analysis (Santa Barbara-Santa Maria-Goleta)  
 3 California Employment Development Department.  
 4 Projected Amounts (with a 3% increase)

**City of Goleta  
Principal Employers  
Current Year**

<u>Employer</u>	<u>2007</u>	
	<u>Number of Employees</u>	<u>Employment % to Total Population</u>
Raytheon	1875	6.21%
Barcara Resorts	800	2.65%
Goleta Unified School District	570	1.89%
The Devereux Foundation	500	1.66%
Hendry Mechanical	360	1.19%
Flir	350	1.16%
Yardi Systems	320	1.06%
Allergan (Inamed)	286	0.95%
Goleta Cottage Hospital	276	0.91%
Karl Storz Imaging	250	0.83%
Costco	220	0.73%

"Percentage of Total Employment" as used above represents the total population of Goleta at Current Year into the Number of Employees.

Source: Santa Barbara Chamber of Commerce

City of Goleta  
Full-time and Part-time City Employees  
by Function

<u>Function</u>	<u>FY 2003-04 Authorized Positions</u>	<u>FY 2004-05 Authorized Positions</u>	<u>FY 2005-06 Authorized Positions</u>	<u>FY 2006-07 Authorized Positions</u>
General Government	4.0	6.5	6.0	6.25
Administrative Services	5.0	4.5	2.5	2.50
Finance Department	-	-	3.5	3.50
Planning and Environmental Services	13.5	14.0	14.0	14.00
RDA & Neighborhood Services	-	1.0	4.0	4.50
Community Services	<u>6.5</u>	<u>13.0</u>	<u>14.5</u>	<u>14.50</u>
Total	29.0	39.0	44.5	45.25

Source: City of Goleta, Finance Department

City of Goleta  
Operating Indicators  
by Function

Function:	2003	2004	2005	2006*	2007
<b>Public Safety:</b>					
<b>Police (1)</b>					
Calls for Service	15,843	15,943	15,782	9,864	15,200
Citations	1,532	1,641	1,885	1,243	1,678
Reports Taken	3,381	3,749	3,954	2,552	3,750
<b>Fire (2)</b>					
Calls for Service	N/A	2,205	3,283	3,447	Not Avail.
<b>Public Works (3)</b>					
Miles of street resurfacing	16.1	11.3	9.7	8.5	10.8

\*Police figures for Fiscal Year 2006 do not include Sep-Dec statistics.

(1) Source: Santa Barbara County Sheriff Department

(2) Source: Santa Barbara County Fire Department. Figures based on calendar year.

(3) Source: City of Goleta's Community Services Department

City of Goleta  
Capital Asset Statistics  
by Function

Last Five Fiscal Years

	2003	2004	2005	2006	2007
<b>Public Safety:</b>					
Police Stations*	-	-	-	-	-
Fire Stations*	3	3	3	3	3
<b>Community Development &amp; Community Services:</b>					
Parks and Open Space- Acreage	373	373	296	436	437
Community Center	1	1	1	1	1
Library	1	1	1	1	1
Elementary Schools (K-6)	5	5	4	5	5
Middle Schools (6-8)	1	1	1	1	1
High Schools (9-12)	1	1	1	1	1
Private Schools	3	3	3	3	3
Special Needs Schools	-	-	-	-	-
<b>Public Works:</b>					
Area of City (square miles)	7.9	7.9	7.9	7.9	7.9
Miles of streets	172.3	172.3	172.3	172.3	172.3
Number of Street lights (1)	71	71	71	71	73
Number of vehicles (city wide)	1	3	9	9	13

Source: Various City of Goleta Departments

\* City contracts with County of Santa Barbara for Law Enforcement Services. Fire Department related services are provided by the County Fire District.

(1) There are fifteen hundred fifty (1550) street lights owned and maintained by SCE in addition to those owned and maintained by the City.

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