

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF GOLETA,
CALIFORNIA



YEAR END
JUNE 30, 2006

CITY OF GOLETA

Notes to Basic Financial Statements

Year Ended June 30, 2006

(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, 2006 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, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict 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.

Gas Tax Special Revenue Fund

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.

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

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

(d) Fund Classifications, (Continued)

Measure D Special Revenue Fund

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.

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 \$18,740,340 differ from "net assets" of governmental activities of \$44,720,234, as reported in the statement of net assets as of June 30, 2006. 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	\$29,391,788
Accumulated depreciation	(1,019,613)

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)

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	\$3,079,153
Compensated absences	146,538
Claims payable	<u>156,863</u>
Net long-term debt	<u>\$3,382,554</u>

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	\$16,455
------------------------	----------

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	\$1,006,728
---------------	-------------

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)

Assets	Total Governmental Funds	Capital Related Items	Accumulated Depreciation
Cash and investments	\$ 20,184,475	-	-
Receivables:			
Accounts	153,667	-	-
Interest	212,744	-	-
Due from other governments	2,275,624	-	-
Due from other funds	460,546	-	-
Advances to other funds	1,600,000	-	-
Deposits	19,552	-	-
Prepaid expenses	3,058	-	-
Capital assets	-	29,391,788	-
Less: Accumulated depreciation	-	-	(1,019,613)
	<u>\$ 24,909,666</u>	<u>29,391,788</u>	<u>(1,019,613)</u>
Total assets	\$ 24,909,666	29,391,788	(1,019,613)
 Liabilities and Fund Balances / Net Assets			
Liabilities:			
Accounts payable	\$ 1,106,529	-	-
Accrued salaries and benefits	81,740	-	-
Accrued interest payable	-	-	-
Due to other funds	460,546	-	-
Deferred revenue	2,664,978	-	-
Advances from other funds	1,600,000	-	-
Deposits payable	195,602	-	-
Claims payable	59,931	-	-
Long-term liabilities	-	-	-
	<u>6,169,326</u>	<u>-</u>	<u>-</u>
Total liabilities	6,169,326	-	-
Fund balances / net assets	18,740,340	29,391,788	(1,019,613)
Total liabilities and and fund balances / net assets	\$ 24,909,666	29,391,788	(1,019,613)

NOTES TO THE
FINANCIAL STATEMENTS

<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>
-	-	-	-	-	20,184,475
-	-	-	-	-	153,667
-	-	-	-	-	212,744
-	-	-	-	-	2,275,624
-	-	-	-	(460,546)	-
-	-	-	-	(1,600,000)	-
-	-	-	-	-	19,552
-	-	-	-	-	3,058
-	-	-	-	-	29,391,788
-	-	-	-	-	(1,019,613)
-	-	-	-	(2,060,546)	51,221,295
-	-	-	-	-	1,106,529
-	-	-	-	-	81,740
-	16,455	-	-	-	16,455
-	-	-	-	(460,546)	-
-	-	-	(1,006,728)	-	1,658,250
-	-	-	-	(1,600,000)	-
-	-	-	-	-	195,602
156,863	-	-	-	-	216,794
3,079,153	-	146,538	-	-	3,225,691
3,236,016	16,455	146,538	(1,006,728)	(2,060,546)	6,501,061
(3,236,016)	(16,455)	(146,538)	1,006,728	-	44,720,234
-	-	-	-	(2,060,546)	51,221,295

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 \$5,043,126 differs from the "change in net assets" for governmental activities of \$7,569,430 reported in the statement of activities, during the fiscal year ended June 30, 2006. 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	\$1,381,426
Depreciation expense	(213,752)

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	\$436,959
------------------------------	-----------

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	(\$32,213)
--	------------

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	\$5,572
------------------	---------

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	\$948,312
-----------------	-----------

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)

	Total Governmental Funds	Capital Related Items	Accumulated Depreciation
Revenues:			
Taxes and assessments	\$ 16,173,369	-	-
Intergovernmental	4,585,024	-	-
Charges for services	1,593,377	-	-
Fines and forfeitures	201,787	-	-
Investment income	646,378	-	-
Development fees	1,798,530	-	-
Other	245,579	-	-
Total revenues	<u>25,244,044</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
General government	3,520,719	(27,658)	54,170
Public safety	5,579,362	(51,930)	12,064
Public works	5,395,431	(958,751)	147,518
Community development	3,791,902	(130,087)	-
Community services	1,136,769	(15,500)	-
Pass-through to other agencies	103,384	-	-
Capital outlay	197,500	(197,500)	-
Debt service:			
Principal retirement	436,959	-	-
Interest	38,892	-	-
Total expenses	<u>20,200,918</u>	<u>(1,381,426)</u>	<u>213,752</u>
Other financing sources (uses):			
Transfers in	1,204,752	-	-
Transfers out	<u>(1,204,752)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances / net assets	5,043,126	1,381,426	(213,752)
Fund balances / net assets beginning of year, as restated	<u>13,697,214</u>	<u>28,010,362</u>	<u>(805,861)</u>
Fund balances / net assets, end of year	<u>\$ 18,740,340</u>	<u>29,391,788</u>	<u>(1,019,613)</u>

NOTES TO THE
FINANCIAL STATEMENTS

<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>
-	-	-	-	(103,384)	16,069,985
-	-	-	948,313	-	5,533,337
-	-	-	-	-	1,593,377
-	-	-	-	-	201,787
-	-	-	-	-	646,378
-	-	-	-	-	1,798,530
-	-	-	-	-	245,579
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	948,313	(103,384)	26,088,973
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
13,263	-	(10,236)	-	-	3,550,258
-	-	-	-	-	5,539,496
-	-	11,008	-	-	4,595,206
-	-	5,760	-	-	3,667,575
-	-	12,419	-	-	1,133,688
-	-	-	-	(103,384)	-
-	-	-	-	-	-
(436,959)	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	(5,572)	-	-	-	33,320
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(423,696)	(5,572)	18,951	-	(103,384)	18,519,543
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	(1,204,752)	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	1,204,752	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
423,696	5,572	(18,951)	948,313	-	7,569,430
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(3,659,712)	(22,027)	(127,587)	58,415	-	37,150,804
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>(3,236,016)</u>	<u>(16,455)</u>	<u>(146,538)</u>	<u>1,006,728</u>	<u>-</u>	<u>44,720,234</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 included only certain infrastructure capital assets for the year ended June 30, 2006 and expects to value and record all infrastructure asset data in its entirety by the fiscal year June 30, 2007. GASB Statement No. 34 allows the local government four years after the original implementation of the statement to have a complete inventory and valuation of infrastructure capital assets. The City implemented GASB Statement No. 34 in fiscal year ended June 30, 2003.

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:	
Sidewalks	50 years
Curb and gutters	50 years
Traffic signals	15 years
Street signs	15 years
Storm drains	20-50 years
Park equipment	10-50 years
Streets, roads and bike paths	30 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, 2006 are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Cash and investments	<u>\$ 20,184,475</u>
----------------------	----------------------

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

Petty cash	\$ 500
Demand deposits	385,524
Local Agency Investment Fund (LAIF)	<u>19,798,451</u>
Total cash and investments	<u>\$20,184,475</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 polices 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, 2006, 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>\$19,798,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,798,451</u>
Total	<u>\$19,798,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,798,451</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

During the fiscal year ended June 30, 2006, 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>\$19,798,451</u>	N/A	N/A	<u>-</u>	<u>-</u>	<u>19,798,451*</u>
Total	<u>\$19,798,451</u>	N/A		<u>-</u>	<u>-</u>	<u>19,798,451</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, 2006, 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, 2006, 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, 2006 consisted of the following:

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$485,273</u> (A)

Long-term interfund balances at June 30, 2006 consisted of the following:

<u>Advances to other funds</u>	<u>Advances from other funds</u>	<u>Amount</u>
General Fund	RDA Debt Service Fund	<u>\$1,600,000</u> (B)

(A) Short-term borrowing from the General Fund for temporary cash shortfalls recorded in the STIP, Local Surface Transportation, CALTRANS, Federal Grant Program, CDBG, and OTS Grant Non-major Special Revenue Funds.

(B) On June 20, 2005, the City of Goleta approved a \$1,600,000 loan to the Goleta Redevelopment Agency. The term of the loan commenced upon the first disbursement of loan funds and shall continue for a period of eighteen (18) months. This loan bears simple interest at a variable rate equal to the Surplus Money Investment Fund Apportionment Yield Rate established by the California Controller's Office, Division of Accounting and Reporting. The entire outstanding principal balance plus all interest accrued shall be due and payable on the maturity date (eighteen months after initial loan funds disbursement) of the loan.

(4) Interfund Transfers

Interfund transfers at June 30, 2006 consisted of the following:

	Transfers in:		
	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Transfers out:			
General Fund(1)	\$ -	475,851	475,851
RDA Debt Service Fund(2)	-	684,293	684,293
Nonmajor Governmental Funds	<u>44,608</u>	<u>-</u>	<u>44,608</u>
Total	<u>\$44,608</u>	<u>1,160,144</u>	<u>1,204,752</u>

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(4) Interfund Transfers, (Continued)

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 \$347,332 for eligible capital projects, and to the RDA Housing Fund in the amount of \$336,961 for the 20% set-aside. During the fiscal year ended June 30, 2006, there were no significant interfund transfers that were not expected, budgeted for, unusual or of a non-routine nature.

CITY OF GOLETA

Notes to Basic Financial Statements

(Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

	Balance at July 1, 2005*	Additions	Deletions	Balance at June 30, 2006
Governmental activities:				
Capital assets not being depreciated:				
Land	\$23,342,643	201,312	-	23,543,955
Construction in progress	<u>1,167,986</u>	<u>873,194</u>	<u>(232,739)</u>	<u>1,808,441</u>
Total capital assets not being depreciated	<u>24,510,629</u>	<u>1,074,506</u>	<u>(232,739)</u>	<u>25,352,396</u>
Capital assets being depreciated:				
Infrastructure	2,244,421	232,721	-	2,477,142
Vehicles	116,767	40,812	-	157,579
Furniture and equipment	61,942	79,606	-	141,548
Computer software	66,706	-	-	66,706
Building	532,355	-	-	532,355
Improvements on buildings	384,184	186,520	-	570,704
Tennis courts	14,725	-	-	14,725
Irrigation System – Stove Grove Park	<u>78,633</u>	<u>-</u>	<u>-</u>	<u>78,633</u>
Total capital assets being depreciated	<u>3,499,733</u>	<u>539,659</u>	<u>-</u>	<u>4,039,392</u>
Total capital assets	<u>28,010,362</u>	<u>1,614,165</u>	<u>(232,739)</u>	<u>29,391,788</u>
Less accumulated depreciation for:				
Infrastructure	(302,832)	(146,717)	-	(449,549)
Vehicles	(21,636)	(25,553)	-	(47,189)
Furniture and equipment	(9,189)	(14,612)	-	(23,801)
Computer software	(20,012)	(6,671)	-	(26,683)
Building	(255,530)	(10,647)	-	(266,177)
Improvements on buildings	(152,739)	(7,684)	-	(160,423)
Tennis courts	(10,896)	(295)	-	(11,191)
Irrigation System – Stove Grove Park	<u>(33,027)</u>	<u>(1,573)</u>	<u>-</u>	<u>(34,600)</u>
Total accumulated depreciation	<u>(805,861)</u>	<u>(213,752)</u>	<u>-</u>	<u>(1,019,613)</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$27,204,501</u>	<u>1,400,413</u>	<u>(232,739)</u>	<u>28,372,175</u>

* - As restated. See note 13.

Depreciation expense was charged to functions as follows:

General government	\$ 54,170
Public safety	12,064
Public works	<u>147,518</u>
	<u>\$213,752</u>

There were no significant construction commitments at June 30, 2006.

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, 2006 was as follows:

	<u>Balance at July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2006</u>	<u>Due Within One Year</u>
Governmental Activities:					
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	1,195,000	-	395,000	800,000	425,000
Capital lease payment – Goleta					
Valley Community Center	521,112	-	41,959	479,153	46,100
Claims and judgments payable	143,600	101,587	28,393	216,794	59,931
Compensated absences	<u>127,587</u>	<u>138,311</u>	<u>119,360</u>	<u>146,538</u>	<u>131,884</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$3,787,299</u>	<u>239,898</u>	<u>584,712</u>	<u>3,442,485</u>	<u>662,915</u>

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, 2006 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 are due on or before 2007. The amount outstanding at June 30, 2006 was \$300,000.

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, 2006 was \$800,000.

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, 2006 was \$479,153.

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, 2006 was \$216,794.

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The liability in the amount of \$146,538 at June 30, 2006 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, 2006 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>
2007	\$ 8,000	8,000	16,000	425,000	441,000
2008	<u>3,750</u>	<u>3,750</u>	<u>7,500</u>	<u>375,000</u>	<u>382,500</u>
	<u>\$11,750</u>	<u>11,750</u>	<u>23,500</u>	<u>800,000</u>	<u>823,500</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>
2007	\$ 11,122	11,386	11,657	11,935	46,100
2008	12,220	12,511	12,808	13,114	50,653
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
2012-2014	<u>58,869</u>	<u>60,272</u>	<u>39,175</u>	<u>40,107</u>	<u>198,422</u>
	<u>\$126,594</u>	<u>129,610</u>	<u>110,163</u>	<u>112,787</u>	<u>479,153</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 town contract with employee bargaining groups.

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, 2005 to June 30, 2006 has been determined by a agency actuarial valuation of the plan as of June 30, 2003. The contribution rate indicated for the period is 10.531% 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, 2006, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2005 to June 30, 2006.

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

New Agency Valuation Date	June 30, 2003
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	17 Years as of the Valuation Date
Asset Valuation Method	3 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 Schedule of Funding Progress below shows the recent history of the risk pools actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll.

*Required Supplementary Information – Miscellaneous**

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability/ (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL As a % of Payroll</u>
6/30/02 *	\$ N/A	N/A	N/A	N/A	N/A	N/A
6/30/03	2,596,966,545	2,372,879,034	224,087,511	91.4%	725,020,458	30.9%
6/30/04	2,746,095,668	2,460,944,656	285,151,012	89.6%	743,691,970	38.3%

* The City was incorporated February 1, 2002; hence, prior year information was not available.

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>
6/30/04	\$128,005	100%	-0-
6/30/05	198,953	100%	-0-
6/30/06	470,357	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, 2002 through June 30, 2006. 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

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. The lease provides for monthly rent of \$16,992 which began in March 2004 and terminates in November 2008. The monthly rent shall be increased annually by 3%. The City will have the option to renew the lease upon termination. Rental costs for the year ended June 30, 2006 were \$213,173.

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, 2006 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, 2006 are as follows:

	<u>Office Suite</u>	<u>Equipment</u>
2007	\$228,936	7,788
2008	245,466	-
2009	<u>124,692</u>	<u>-</u>
	<u>\$599,094</u>	<u>7,788</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>	<u>(Unfavorable) Variance</u>
General Fund Department:			
General Government:			
City manager	\$ 612,740	659,255	(46,515)
Administrative services	1,588,695	1,635,647	(46,952)
Public safety	5,380,480	5,382,486	(2,006)
Planning and development	2,738,630	2,765,719	(27,089)
Debt Service Fund:			
RDA Debt Service Fund	341,640	440,291	(98,651)

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:			
State Park Special Revenue Fund	\$197,500	211,553	(14,053)
Solid Waste Program			
Special Revenue Fund	311,430	326,562	(15,132)
City Debt Service Fund	460,900	475,851	(14,951)

Deficit Fund Balances

The following non-major funds reported deficit fund balances at June 30, 2006:

Special Revenue:	
STIP Fund	\$284,096
Caltrans Fund	29,520
Federal Grant Program Fund	84,240
CDBG Fund	115,115
OTS Grant Fund	14,923
Habitat Management Fund	6,031
Capital Projects:	
RDA Project Fund	4,237

The deficits in the STIP, California Transportation Grants, Federal Grant Program, CDBG and OTS grant funds were a result of cash receipts from grantors that were collected after the City's availability period of 60 days.

(13) Restatement of Net Assets

The accompanying financial statements reflect an adjustment to capital assets for construction in progress, which resulted in a restatement of beginning net assets in the Government-Wide Financial Statements.

Net assets at beginning of year, as previously reported	\$36,653,889
Adjustment to capital assets	<u>496,915</u>
Net assets at beginning of year, as restated	<u>\$37,150,804</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:

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.

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.

CITY OF GOLETA
General Fund
Budgetary Comparison Schedule
Year ended June 30, 2006

REQUIRED SUPPLEMENTARY
INFORMATION

	Budgeted Amounts		Actual	Variances with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 10,978,060	11,988,735	12,461,669	472,934
Intergovernmental revenues	1,074,500	1,074,500	1,125,865	51,365
Charges for services	1,138,600	1,144,000	1,161,152	17,152
Fines and forfeitures	145,300	167,800	201,787	33,987
Investment income	95,000	130,000	199,548	69,548
Other	196,020	184,610	224,287	39,677
Total revenues	<u>13,627,480</u>	<u>14,689,645</u>	<u>15,374,308</u>	<u>684,663</u>
Expenditures:				
Current:				
General government:				
City council	166,805	129,410	120,428	8,982
City manager	616,055	612,740	659,255	(46,515)
City attorney	690,000	690,000	627,202	62,798
Administrative services	1,389,400	1,588,695	1,635,647	(46,952)
Mitigation payment	130,000	141,280	141,280	
Public safety	5,374,980	5,380,480	5,382,486	(2,006)
Public works	1,356,695	1,423,005	1,211,565	211,440
Community development:				
Planning and development	2,485,930	2,738,630	2,765,719	(27,089)
Community services	952,690	1,069,085	932,395	136,690
Total expenditures	<u>13,162,555</u>	<u>13,773,325</u>	<u>13,475,977</u>	<u>297,348</u>
Excess (deficiency) of revenues over expenditures	<u>464,925</u>	<u>916,320</u>	<u>1,898,331</u>	<u>982,011</u>
Other financing sources (uses):				
Transfers in	-	-	44,608	44,608
Transfers out	(460,900)	(460,900)	(475,851)	(14,951)
Total other financing sources (uses)	<u>(460,900)</u>	<u>(460,900)</u>	<u>(431,243)</u>	<u>29,657</u>
Net change in fund balance	4,025	455,420	1,467,088	1,011,668
Fund balance, beginning	<u>6,083,345</u>	<u>6,083,345</u>	<u>6,083,345</u>	<u>-</u>
Fund balance, ending	<u>\$ 6,087,370</u>	<u>6,538,765</u>	<u>7,550,433</u>	<u>1,011,668</u>

CITY OF GOLETA
Gas Tax Fund
Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2006

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 804,250	899,600	980,770	81,170
Investment income	10,000	16,000	23,713	7,713
Other	-	-	21,292	21,292
Total revenues	<u>814,250</u>	<u>915,600</u>	<u>1,025,775</u>	<u>110,175</u>
Expenditures:				
Current:				
Public works	<u>920,000</u>	<u>1,041,106</u>	<u>1,004,030</u>	<u>37,076</u>
Total expenditures	<u>920,000</u>	<u>1,041,106</u>	<u>1,004,030</u>	<u>37,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(105,750)</u>	<u>(125,506)</u>	<u>21,745</u>	<u>147,251</u>
Fund balance, beginning	<u>574,003</u>	<u>574,003</u>	<u>574,003</u>	<u>-</u>
Fund balance, ending	<u>\$ 468,253</u>	<u>448,497</u>	<u>595,748</u>	<u>147,251</u>

CITY OF GOLETA
Measure D Fund
Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2006

REQUIRED SUPPLEMENTARY
INFORMATION

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,615,000	1,615,000	1,709,005	94,005
Investment income	<u>20,000</u>	<u>20,000</u>	<u>21,654</u>	<u>1,654</u>
Total revenues	<u>1,635,000</u>	<u>1,635,000</u>	<u>1,730,659</u>	<u>95,659</u>
Expenditures:				
Current:				
Public works	<u>2,200,000</u>	<u>2,351,430</u>	<u>1,953,311</u>	<u>398,119</u>
Total expenditures	<u>2,200,000</u>	<u>2,351,430</u>	<u>1,953,311</u>	<u>398,119</u>
Net change in fund balance	(565,000)	(716,430)	(222,652)	493,778
Fund balance, beginning	<u>716,430</u>	<u>716,430</u>	<u>716,430</u>	<u>-</u>
Fund balance, ending	<u>\$ 151,430</u>	<u>-</u>	<u>493,778</u>	<u>493,778</u>

CITY OF GOLETA

Notes to Required Supplementary Information

Year ended June 30, 2006

(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 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 manager	\$ 612,740	659,255	(46,515)
Administrative services	1,588,695	1,635,647	(46,952)
Public safety	5,380,480	5,382,486	(2,006)
Planning and development	2,738,630	2,765,719	(27,089)

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

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

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

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.

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

Caltrans – This fund is used to account for grant funds for transportation projects.

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

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

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

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.

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

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

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

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

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

Other Development Fees – This fund is used to account for library, administration and other public facility development impact fees.

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

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

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

Habitat Management - This fund is used to account for receipts and expenditures relating to the City's Habitat Management Programs.

DEBT SERVICE FUNDS

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.

RDA Debt Service – This fund has been classified as a major fund and is used to account for accumulation and resources for the payment of long-term debt principle and interest issued by the Redevelopment Agency.

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
 June 30, 2006

SPECIAL REVENUE FUNDS

	<u>Transportation</u>	<u>Library</u>	<u>STIP</u>	<u>Local Surface Transportation</u>	<u>Caltrans</u>
<u>Assets:</u>					
Cash and investments	\$ 78,948	199,068	-	-	-
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	298,246	556,250	24,569
Interest receivable	832	1,801	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 79,780</u>	<u>200,869</u>	<u>298,246</u>	<u>556,250</u>	<u>24,569</u>
<u>Liabilities and Fund Balances:</u>					
<u>Liabilities:</u>					
Accounts payable	\$ -	-	166,027	-	140
Accrued salaries and benefits	-	-	-	-	-
Due to other funds	-	-	118,069	117,728	29,380
Deferred revenue	-	-	298,246	434,250	24,569
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>582,342</u>	<u>551,978</u>	<u>54,089</u>
<u>Fund balances:</u>					
<u>Reserved for:</u>					
Encumbrances	-	-	69,914	-	180,646
Low mod housing	-	-	-	-	-
<u>Unreserved:</u>					
<u>Designated for:</u>					
Continuing appropriations	-	-	-	-	-
<u>Undesignated, reported in:</u>					
Special revenue funds	79,780	200,869	(354,010)	4,272	(210,166)
Capital projects funds	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>79,780</u>	<u>200,869</u>	<u>(284,096)</u>	<u>4,272</u>	<u>(29,520)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 79,780</u>	<u>200,869</u>	<u>298,246</u>	<u>556,250</u>	<u>24,569</u>

SPECIAL REVENUE FUNDS

<u>Federal Grant Program</u>	<u>State Park</u>	<u>Solid Waste Program</u>	<u>CDBG</u>	<u>Street Lighting Assessment</u>	<u>OTS Grant</u>	<u>Public Safety</u>	<u>GTIP</u>
-	-	79,118	-	-	-	116,363	1,762,376
-	-	36,152	-	-	-	-	-
84,240	-	-	73,184	-	21,690	-	-
-	29	986	-	-	-	1,290	18,534
<u>84,240</u>	<u>29</u>	<u>116,256</u>	<u>73,184</u>	<u>-</u>	<u>21,690</u>	<u>117,653</u>	<u>1,780,910</u>
1,960	-	7,676	87,639	-	9,261	17,706	-
-	-	-	-	-	-	-	-
82,280	-	-	100,660	-	12,429	-	-
84,240	-	-	-	-	14,923	-	-
<u>168,480</u>	<u>-</u>	<u>7,676</u>	<u>188,299</u>	<u>-</u>	<u>36,613</u>	<u>17,706</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(84,240)	29	108,580	(115,115)	-	(14,923)	99,947	1,780,910
-	-	-	-	-	-	-	-
<u>(84,240)</u>	<u>29</u>	<u>108,580</u>	<u>(115,115)</u>	<u>-</u>	<u>(14,923)</u>	<u>99,947</u>	<u>1,780,910</u>
<u>84,240</u>	<u>29</u>	<u>116,256</u>	<u>73,184</u>	<u>-</u>	<u>21,690</u>	<u>117,653</u>	<u>1,780,910</u>

(Continued)

CITY OF GOLETA
 Non-Major Governmental Funds
 Combining Balance Sheet
 June 30, 2006
 (Continued)

	SPECIAL REVENUE FUNDS				
	Park Development Fees	Other Development Fees	Housing In-Lieu	Environmental Mitigation	Habitat Management
<u>Assets:</u>					
Cash and investments	\$ 1,730,909	944,035	1,454,255	\$ 259,176	\$ 145,470
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Interest receivable	18,542	10,251	14,023	2,776	1,559
Total assets	<u>1,749,451</u>	<u>954,286</u>	<u>1,468,278</u>	<u>261,952</u>	<u>147,029</u>
<u>Liabilities and Fund Balances:</u>					
<u>Liabilities:</u>					
Accounts payable	\$ -	11,706	-	-	2,560
Accrued salaries and benefits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	150,500
Total liabilities	<u>-</u>	<u>11,706</u>	<u>-</u>	<u>-</u>	<u>153,060</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	1,749,451	942,580	1,468,278	261,952	(6,031)
Capital projects funds	-	-	-	-	-
Total fund balances (deficit)	<u>1,749,451</u>	<u>942,580</u>	<u>1,468,278</u>	<u>261,952</u>	<u>(6,031)</u>
Total liabilities and fund balances	<u>\$ 1,749,451</u>	<u>954,286</u>	<u>1,468,278</u>	<u>261,952</u>	<u>147,029</u>

DEBT SERVICE FUND FUND	CAPITAL PROJECTS FUNDS		
City Debt Service	RDA Project	RDA Housing	Totals
-	37,805	1,462,951	8,270,474
-	-	-	36,152
-	-	-	1,058,179
-	-	14,515	85,138
-	<u>37,805</u>	<u>1,477,466</u>	<u>9,449,943</u>
-	36,329	-	341,004
-	5,713	-	5,713
-	-	-	460,546
-	-	-	<u>1,006,728</u>
-	<u>42,042</u>	-	<u>1,813,991</u>
-	-	-	250,560
-	-	1,477,466	1,477,466
-	-	-	-
-	-	-	5,912,163
-	<u>(4,237)</u>	-	<u>(4,237)</u>
-	<u>(4,237)</u>	<u>1,477,466</u>	<u>7,635,952</u>
-	<u>37,805</u>	<u>1,477,466</u>	<u>9,449,943</u>

CITY OF GOLETA
 Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Year ended June 30, 2006

	SPECIAL REVENUE FUNDS				
	<u>Transportation</u>	<u>Library</u>	<u>STIP</u>	<u>Local Surface Transportation Fund</u>	<u>Caltrans Fund</u>
Revenues:					
Taxes	\$ -	200,181	-	-	-
Intergovernmental	19,729	-	110,141	122,000	2,800
Charges for services	-	-	-	-	-
Developer Fees	-	-	-	-	-
Investment income	2,570	6,279	-	2,303	-
Total revenues	<u>22,299</u>	<u>206,460</u>	<u>110,141</u>	<u>124,303</u>	<u>2,800</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Public works	-	-	367,036	365,957	30,020
Community development	-	-	-	-	-
Community service	-	194,053	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>194,053</u>	<u>367,036</u>	<u>365,957</u>	<u>30,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,299</u>	<u>12,407</u>	<u>(256,895)</u>	<u>(241,654)</u>	<u>(27,220)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	22,299	12,407	(256,895)	(241,654)	(27,220)
Fund balances (deficit), beginning of year	<u>57,481</u>	<u>188,462</u>	<u>(27,201)</u>	<u>245,926</u>	<u>(2,300)</u>
Fund balances (deficit), end of year	<u>\$ 79,780</u>	<u>200,869</u>	<u>(284,096)</u>	<u>4,272</u>	<u>(29,520)</u>

SPECIAL REVENUE FUNDS

<u>Federal Grant Program</u>	<u>State Park</u>	<u>Solid Waste Program</u>	<u>CDBG</u>	<u>Street Lighting Assessment</u>	<u>OTS Grant</u>	<u>Public Safety</u>	<u>GTIP</u>
-	-	-	-	95,509	-	-	-
-	216,900	-	440,720	-	30,616	100,000	-
-	-	432,225	-	-	-	-	-
-	-	-	-	-	-	-	1,238,346
-	29	2,917	-	158	-	5,745	49,316
-	216,929	435,142	440,720	95,667	30,616	105,745	1,287,662
-	-	-	-	-	45,539	151,337	-
25,825	14,053	326,562	-	90,594	-	-	6,478
-	-	-	522,290	-	-	-	-
-	-	-	-	-	-	-	-
-	197,500	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
25,825	211,553	326,562	522,290	90,594	45,539	151,337	6,478
(25,825)	5,376	108,580	(81,570)	5,073	(14,923)	(45,592)	1,281,184
-	-	-	-	-	-	-	-
-	-	-	(44,608)	-	-	-	-
-	-	-	(44,608)	-	-	-	-
(25,825)	5,376	108,580	(126,178)	5,073	(14,923)	(45,592)	1,281,184
(58,415)	(5,347)	-	11,063	(5,073)	-	145,539	499,726
(84,240)	29	108,580	(115,115)	-	(14,923)	99,947	1,780,910

(Continued)

CITY OF GOLETA
 Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Year ended June 30, 2006
 (Continued)

	SPECIAL REVENUE FUNDS				
	Park Development <u>Fees</u>	Other Development <u>Fees</u>	Housing <u>In-Lieu</u>	Environmental <u>Mitigation</u>	Habitat <u>Management</u>
Revenues:					
Taxes	\$ -	-	-	-	-
Intergovernmental	-	-	1,435,483	-	-
Charges for services	-	-	-	-	-
Developer Fees	305,784	-	-	254,400	-
Investment income	61,105	37,880	32,795	7,552	4,290
Total revenues	<u>366,889</u>	<u>37,880</u>	<u>1,468,278</u>	<u>261,952</u>	<u>4,290</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community development	26,049	126,275	-	-	-
Community service	-	-	-	-	10,321
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>26,049</u>	<u>126,275</u>	<u>-</u>	<u>-</u>	<u>10,321</u>
Excess (deficiency) of revenues over (under) expenditures	<u>340,840</u>	<u>(88,395)</u>	<u>1,468,278</u>	<u>261,952</u>	<u>(6,031)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	340,840	(88,395)	1,468,278	261,952	(6,031)
Fund balances (deficit), beginning of year	<u>1,408,611</u>	<u>1,030,975</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit), end of year	<u>\$ 1,749,451</u>	<u>942,580</u>	<u>1,468,278</u>	<u>261,952</u>	<u>(6,031)</u>

DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS		
City Debt Service	RDA Project	RDA Housing	Totals
-	-	-	295,690
-	-	-	2,478,389
-	-	-	432,225
-	-	-	1,798,530
-	-	45,892	258,831
-	-	45,892	5,263,665
-	-	-	196,876
-	-	-	1,226,525
-	351,569	-	1,026,183
-	-	-	204,374
-	-	-	197,500
436,959	-	-	436,959
38,892	-	-	38,892
475,851	351,569	-	3,327,309
(475,851)	(351,569)	45,892	1,936,356
475,851	347,332	336,961	1,160,144
-	-	-	(44,608)
475,851	347,332	336,961	1,115,536
-	(4,237)	382,853	3,051,892
-	-	1,094,613	4,584,060
-	(4,237)	1,477,466	7,635,952

CITY OF GOLETA
 Transportation Fund
 Non-Major Special Revenue Fund
 Budgetary Comparison Schedule
 Year ended June 30, 2006

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 21,100	21,100	19,729	(1,371)
Investment income	<u>1,000</u>	<u>2,000</u>	<u>2,570</u>	<u>570</u>
Total revenues	<u>22,100</u>	<u>23,100</u>	<u>22,299</u>	<u>(801)</u>
Net change in fund balance	22,100	23,100	22,299	(801)
Fund balance, beginning	<u>57,481</u>	<u>57,481</u>	<u>57,481</u>	<u>-</u>
Fund balance, ending	<u>\$ 79,581</u>	<u>80,581</u>	<u>79,780</u>	<u>(801)</u>

CITY OF GOLETA
 Library Fund
 Non-Major Special Revenue Fund
 Budgetary Comparison Schedule
 Year ended June 30, 2006

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 199,700	199,700	200,181	481
Interest income	<u>1,000</u>	<u>5,000</u>	<u>6,279</u>	<u>1,279</u>
Total revenues	<u>200,700</u>	<u>204,700</u>	<u>206,460</u>	<u>1,760</u>
Expenditures:				
Community service	<u>204,955</u>	<u>392,600</u>	<u>194,053</u>	<u>198,547</u>
Total expenditures	<u>204,955</u>	<u>392,600</u>	<u>194,053</u>	<u>198,547</u>
Net change in fund balance	(4,255)	(187,900)	12,407	200,307
Fund balance, beginning	<u>188,462</u>	<u>188,462</u>	<u>188,462</u>	<u>-</u>
Fund balance, ending	<u>\$ 184,207</u>	<u>562</u>	<u>200,869</u>	<u>200,307</u>

CITY OF GOLETA
 STIP Fund
 Non-Major Special Revenue Fund
 Budgetary Comparison Schedule
 Year ended June 30, 2006

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 591,980	277,700	110,141	(167,559)
Interest income	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>592,480</u>	<u>277,700</u>	<u>110,141</u>	<u>(167,559)</u>
Expenditures:				
Public works	<u>-</u>	<u>588,368</u>	<u>367,036</u>	<u>221,332</u>
Total expenditures	<u>-</u>	<u>588,368</u>	<u>367,036</u>	<u>221,332</u>
Net change in fund balance	592,480	(310,668)	(256,895)	53,773
Fund balance (deficit), beginning	<u>(27,201)</u>	<u>(27,201)</u>	<u>(27,201)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 565,279</u>	<u>(337,869)</u>	<u>(284,096)</u>	<u>53,773</u>

CITY OF GOLETA
 Local Surface Transportation Fund
 Non-Major Special Revenue Fund
 Budgetary Comparison Schedule
 Year ended June 30, 2006

SUPPLEMENTARY SCHEDULES

	<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	\$ 122,000	122,000	122,000	-
Interest income	<u>500</u>	<u>500</u>	<u>2,303</u>	<u>1,803</u>
Total revenues	<u>122,500</u>	<u>122,500</u>	<u>124,303</u>	<u>1,803</u>
Expenditures:				
Public Works	<u>216,000</u>	<u>366,000</u>	<u>365,957</u>	<u>43</u>
Total expenditures	<u>216,000</u>	<u>366,000</u>	<u>365,957</u>	<u>43</u>
Net change in fund balance	(93,500)	(243,500)	(241,654)	1,846
Fund balance, beginning	<u>245,926</u>	<u>245,926</u>	<u>245,926</u>	-
Fund balance, ending	<u>\$ 152,426</u>	<u>2,426</u>	<u>4,272</u>	<u>1,846</u>

CITY OF GOLETA
 Caltrans Fund
 Non-Major Special Revenue Fund
 Budgetary Comparison Schedule
 Year ended June 30, 2006

SUPPLEMENTARY SCHEDULES

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 500,000	53,140	2,800	(50,340)
Interest income	500	-	-	-
Total revenues	<u>500,500</u>	<u>53,140</u>	<u>2,800</u>	<u>(50,340)</u>
Expenditures:				
Public works	-	51,295	30,020	21,275
Total expenditures	<u>-</u>	<u>51,295</u>	<u>30,020</u>	<u>21,275</u>
Net change in fund balances	500,500	1,845	(27,220)	(29,065)
Fund balance, beginning	<u>(2,300)</u>	<u>(2,300)</u>	<u>(2,300)</u>	-
Fund balance (deficit), ending	<u>\$ 498,200</u>	<u>(455)</u>	<u>(29,520)</u>	<u>(29,065)</u>

CITY OF GOLETA
 Federal Grant Program Fund
 Non-Major Special Revenue Fund
 Budgetary Comparison Schedule
 Year ended June 30, 2006

SUPPLEMENTARY SCHEDULES

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental	\$ 547,465	88,415	-	(88,415)
Interest income	1,000	-	-	-
Total revenues	<u>548,465</u>	<u>88,415</u>	<u>-</u>	<u>(88,415)</u>
Expenditures:				
Public works	-	30,000	25,825	4,175
Total expenditures	<u>-</u>	<u>30,000</u>	<u>25,825</u>	<u>4,175</u>
Net change in fund balances	548,465	58,415	(25,825)	(84,240)
Fund balance, beginning	<u>(58,415)</u>	<u>(58,415)</u>	<u>(58,415)</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ 490,050</u>	<u>-</u>	<u>(84,240)</u>	<u>(84,240)</u>

CITY OF GOLETA
State Park Fund
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2006

SUPPLEMENTARY SCHEDULES

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 425,000	322,500	216,900	(105,600)
Interest income	-	-	29	29
Total revenues	425,000	322,500	216,929	(105,571)
Expenditures:				
Public works	-	-	14,053	(14,053)
Capital outlay	-	197,500	197,500	-
Total expenditures	-	197,500	211,553	(14,053)
Net change in fund balance	425,000	125,000	5,376	(119,624)
Fund balance, beginning	(5,347)	(5,347)	(5,347)	-
Fund balance (deficit), ending	\$ 419,653	119,653	29	(119,624)

CITY OF GOLETA
Solid Waste Program Fund
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2006

SUPPLEMENTARY SCHEDULES

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Charges for services	\$ 290,000	330,430	432,225	101,795
Interest income	<u>5,000</u>	<u>2,000</u>	<u>2,917</u>	<u>917</u>
Total revenues	<u>295,000</u>	<u>332,430</u>	<u>435,142</u>	<u>102,712</u>
Expenditures:				
Public works	<u>290,000</u>	<u>311,430</u>	<u>326,562</u>	<u>(15,132)</u>
Total expenditures	<u>290,000</u>	<u>311,430</u>	<u>326,562</u>	<u>(15,132)</u>
Net change in fund balance	5,000	21,000	108,580	87,580
Fund balance (deficit), beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,000</u>	<u>21,000</u>	<u>108,580</u>	<u>87,580</u>

CITY OF GOLETA
CDBG Fund
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2006

SUPPLEMENTARY SCHEDULES

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 766,850	430,315	440,720	10,405
Total revenues	766,850	430,315	440,720	10,405
Expenditures:				
Community development	171,000	718,880	522,290	196,590
Total expenditures	171,000	718,880	522,290	196,590
Excess (deficiency) of revenues over expenditures	595,850	(288,565)	(81,570)	206,995
Other financing sources (uses):				
Transfers out	-	-	(44,608)	(44,608)
Total other financing sources (uses)	-	-	(44,608)	(44,608)
Net change in fund balance	595,850	(288,565)	(126,178)	162,387
Fund balance (deficit), beginning	11,063	11,063	11,063	-
Fund balance, ending	\$ 606,913	(277,502)	(115,115)	162,387

CITY OF GOLETA
Street Lighting Assessment Fund
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2006

SUPPLEMENTARY SCHEDULES

	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 98,600	105,100	95,509	(9,591)
Interest income	500	500	158	(342)
Total revenues	99,100	105,600	95,667	(9,933)
Expenditures:				
Public works	99,100	100,500	90,594	9,906
Total expenditures	99,100	100,500	90,594	9,906
Net change in fund balance	-	5,100	5,073	(27)
Fund balance, beginning	(5,073)	(5,073)	(5,073)	-
Fund balance (deficit), ending	\$ (5,073)	27	-	(27)

CITY OF GOLETA
 OTS Grant Fund
 Non-Major Special Revenue Fund
 Budgetary Comparison Schedule
 Year ended June 30, 2006

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 71,500	55,000	30,616	(24,384)
Interest income	200	-	-	-
Total revenues	<u>71,700</u>	<u>55,000</u>	<u>30,616</u>	<u>(24,384)</u>
Expenditures:				
Public safety	<u>71,500</u>	<u>99,770</u>	<u>45,539</u>	<u>54,231</u>
Total expenditures	<u>71,500</u>	<u>99,770</u>	<u>45,539</u>	<u>54,231</u>
Net change in fund balance	200	(44,770)	(14,923)	29,847
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ 200</u>	<u>(44,770)</u>	<u>(14,923)</u>	<u>29,847</u>

CITY OF GOLETA
Public Safety Fund
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2006

SUPPLEMENTARY SCHEDULES

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 100,000	100,000	100,000	-
Interest income	2,000	5,000	5,745	745
Total revenues	102,000	105,000	105,745	745
Expenditures:				
Public safety	100,000	200,000	151,337	48,663
Total expenditures	100,000	200,000	151,337	48,663
Net change in fund balance	2,000	(95,000)	(45,592)	49,408
Fund balance, beginning	145,539	145,539	145,539	-
Fund balance, ending	\$ 147,539	50,539	99,947	49,408

CITY OF GOLETA
 GTIP Fund
 Non-Major Special Revenue Fund
 Budgetary Comparison Schedule
 Year ended June 30, 2006

SUPPLEMENTARY SCHEDULES

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Developer fees	\$ 373,000	1,389,330	1,238,346	(150,984)
Interest income	10,000	30,000	49,316	19,316
Total revenues	<u>383,000</u>	<u>1,419,330</u>	<u>1,287,662</u>	<u>(131,668)</u>
Expenditures:				
Public works	8,500	60,500	6,478	54,022
Total expenditures	<u>8,500</u>	<u>60,500</u>	<u>6,478</u>	<u>54,022</u>
Net change in fund balance	374,500	1,358,830	1,281,184	(77,646)
Fund balance, beginning	<u>499,726</u>	<u>499,726</u>	<u>499,726</u>	<u>-</u>
Fund balance, ending	<u>\$ 874,226</u>	<u>1,858,556</u>	<u>1,780,910</u>	<u>(77,646)</u>

CITY OF GOLETA
 Park Development Fees Fund
 Non-Major Special Revenue Fund
 Budgetary Comparison Schedule
 Year ended June 30, 2006

SUPPLEMENTARY SCHEDULES

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Developer fees	\$ 134,500	305,800	305,784	(16)
Interest income	<u>10,000</u>	<u>50,000</u>	<u>61,105</u>	<u>11,105</u>
Total revenues	<u>144,500</u>	<u>355,800</u>	<u>366,889</u>	<u>11,089</u>
Expenditures:				
Development services	<u>-</u>	<u>40,000</u>	<u>26,049</u>	<u>13,951</u>
Total expenditures	<u>-</u>	<u>40,000</u>	<u>26,049</u>	<u>13,951</u>
Net change in fund balance	144,500	315,800	340,840	25,040
Fund balance, beginning	<u>1,408,611</u>	<u>1,408,611</u>	<u>1,408,611</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,553,111</u>	<u>1,724,411</u>	<u>1,749,451</u>	<u>25,040</u>

CITY OF GOLETA
 Other Development Fees Fund
 Non-Major Special Revenue Fund
 Budgetary Comparison Schedule
 Year ended June 30, 2006

SUPPLEMENTARY SCHEDULES

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Developer fees	\$ 20,000	20,000	-	(20,000)
Interest income	<u>10,000</u>	<u>25,000</u>	<u>37,880</u>	<u>12,880</u>
Total revenues	<u>30,000</u>	<u>45,000</u>	<u>37,880</u>	<u>(7,120)</u>
Expenditures:				
Development services	<u>-</u>	<u>200,000</u>	<u>126,275</u>	<u>73,725</u>
Total expenditures	<u>-</u>	<u>200,000</u>	<u>126,275</u>	<u>73,725</u>
Net change in fund balance	30,000	(155,000)	(88,395)	66,605
Fund balance, beginning	<u>1,030,975</u>	<u>1,030,975</u>	<u>1,030,975</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,060,975</u>	<u>875,975</u>	<u>942,580</u>	<u>66,605</u>

CITY OF GOLETA
Housing In-Lieu Fund
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2006

SUPPLEMENTARY SCHEDULES

	<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	\$ 1,000,000	1,000,000	1,435,483	435,483
Interest income	<u>10,000</u>	<u>20,000</u>	<u>32,795</u>	<u>12,795</u>
Net change in fund balance	1,010,000	1,020,000	1,468,278	448,278
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,010,000</u>	<u>1,020,000</u>	<u>1,468,278</u>	<u>448,278</u>

CITY OF GOLETA
 Environmental Mitigation Fund
 Non-Major Special Revenue Fund
 Budgetary Comparison Schedule
 Year ended June 30, 2006

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Developer fees	\$ 464,900	316,800	254,400	(62,400)
Interest income	<u>5,000</u>	<u>4,000</u>	<u>7,552</u>	<u>3,552</u>
Total revenues	<u>469,900</u>	<u>320,800</u>	<u>261,952</u>	<u>(58,848)</u>
Net change in fund balance	469,900	320,800	261,952	(58,848)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ 469,900</u>	<u>320,800</u>	<u>261,952</u>	<u>(58,848)</u>

CITY OF GOLETA
Habitat Management Fund
Non-Major Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2006

SUPPLEMENTARY SCHEDULES

	<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	\$ -	16,960	-	(16,960)
Interest income	-	2,000	4,290	2,290
Total revenues	-	18,960	4,290	(14,670)
Expenditures:				
Community services	-	16,960	10,321	6,639
Total expenditures	-	16,960	10,321	6,639
Net change in fund balance	-	2,000	(6,031)	(8,031)
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	2,000	(6,031)	(8,031)

CITY OF GOLETA
City Debt Service Fund
Non-Major Debt Service Fund
Budgetary Comparison Schedule
Year ended June 30, 2006

SUPPLEMENTARY SCHEDULES

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget Positive (Negative)
Expenditures:				
Debt service:				
Principal	436,959	436,959	436,959	-
Interest	<u>23,941</u>	<u>23,941</u>	<u>38,892</u>	<u>(14,951)</u>
Total expenditures	<u>460,900</u>	<u>460,900</u>	<u>475,851</u>	<u>(14,951)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(460,900)</u>	<u>(460,900)</u>	<u>(475,851)</u>	<u>(14,951)</u>
Other financing sources (uses):				
Transfer in	<u>-</u>	<u>460,900</u>	<u>475,851</u>	<u>14,951</u>
Total other financing sources (uses)	<u>-</u>	<u>460,900</u>	<u>475,851</u>	<u>14,951</u>
Net change in fund balances	(460,900)	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), ending	<u>\$ (460,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>

CITY OF GOLETA
RDA Debt Service Fund
Debt Service Fund
Budgetary Comparison Schedule
Year ended June 30, 2006

SUPPLEMENTARY SCHEDULES

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,583,200	1,583,200	1,707,005	123,805
Investment income	<u>35,000</u>	<u>35,000</u>	<u>142,632</u>	<u>107,632</u>
Total revenues	<u>1,618,200</u>	<u>1,618,200</u>	<u>1,849,637</u>	<u>231,437</u>
Expenditures:				
Current:				
General government	341,640	341,640	336,907	4,733
Pass-through to other agencies	<u>-</u>	<u>-</u>	<u>103,384</u>	<u>(103,384)</u>
Total expenditures	<u>341,640</u>	<u>341,640</u>	<u>440,291</u>	<u>(98,651)</u>
Excess (deficiency) of revenues over expenditures	<u>1,276,560</u>	<u>1,276,560</u>	<u>1,409,346</u>	<u>132,786</u>
Other financing sources (uses):				
Transfer out	<u>(1,046,340)</u>	<u>(1,046,340)</u>	<u>(684,293)</u>	<u>362,047</u>
Total other financing sources (uses)	<u>(1,046,340)</u>	<u>(1,046,340)</u>	<u>(684,293)</u>	<u>362,047</u>
Net change in fund balance	230,220	230,220	725,053	494,833
Fund balance, beginning	<u>1,739,376</u>	<u>1,739,376</u>	<u>1,739,376</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,969,596</u>	<u>1,969,596</u>	<u>2,464,429</u>	<u>494,833</u>

CITY OF GOLETA
 RDA Project Fund
 Non-Major Capital Projects Fund
 Budgetary Comparison Schedule
 Year ended June 30, 2006

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Community development	<u>\$ 729,700</u>	<u>491,350</u>	<u>351,569</u>	<u>139,781</u>
Total expenditures	<u>729,700</u>	<u>491,350</u>	<u>351,569</u>	<u>139,781</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(729,700)</u>	<u>(491,350)</u>	<u>(351,569)</u>	<u>139,781</u>
Other financing sources (uses)				
Transfers in	<u>729,700</u>	<u>729,700</u>	<u>347,332</u>	<u>(382,368)</u>
Total other financing sources (uses)	<u>729,700</u>	<u>729,700</u>	<u>347,332</u>	<u>(382,368)</u>
Net change in fund balances	-	238,350	(4,237)	(242,587)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>238,350</u>	<u>(4,237)</u>	<u>(242,587)</u>

CITY OF GOLETA
 RDA Housing Fund
 Non-Major Capital Projects Fund
 Budgetary Comparison Schedule
 Year ended June 30, 2006

SUPPLEMENTARY SCHEDULES

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ 20,000	20,000	45,892	25,892
Total revenues	20,000	20,000	45,892	25,892
Excess (deficiency) of revenues over (under) expenditures	20,000	20,000	45,892	25,892
Other financing sources (uses):				
Transfers in	316,640	316,640	336,961	20,321
Total other financing sources (uses)	316,640	316,640	336,961	20,321
Net change in fund balance	336,640	336,640	382,853	46,213
Fund balance, beginning	1,094,613	1,094,613	1,094,613	-
Fund balance, ending	\$ 1,431,253	1,431,253	1,477,466	46,213

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</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
Restricted	5,895,207	5,738,058	5,932,908	10,787,824
Unrestricted	3,040,219	4,284,637	5,729,507	6,839,388
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>

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

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

STATISTICAL SECTION

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

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

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Reserved	\$ -	\$ 2,936,065	\$ 4,429,850	\$ 6,600,000
Unreserved	<u>4,894,108</u>	<u>2,100,000</u>	<u>1,653,495</u>	<u>950,433</u>
Total general fund	<u>\$ 4,894,108</u>	<u>\$ 5,036,065</u>	<u>\$ 6,083,345</u>	<u>\$ 7,550,433</u>
All other governmental funds				
Reserved	\$ -	\$ 3,841,795	\$ 3,652,802	\$ 5,434,747
Unreserved, reported in:				
Special revenue funds	4,300,743	3,095,160	3,961,067	5,759,397
Capital projects funds	<u>1,234,464</u>	<u>-</u>	<u>-</u>	<u>(4,237)</u>
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>

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

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues				
Taxes	\$ 11,829,133	11,835,023	14,124,469	16,173,369
Intergovernmental	4,044,354	3,627,332	4,285,249	4,585,024
Charges for services	1,139,034	1,263,348	1,040,105	1,593,377
Fines and forfeitures	124,867	145,273	206,399	201,787
Investment income	146,908	176,405	280,398	646,378
Developer fees	-	1,069,060	466,190	1,798,530
Other	4,088	62,257	155,914	245,579
Total revenues	<u>17,288,384</u>	<u>18,178,698</u>	<u>20,558,724</u>	<u>25,244,044</u>
Expenditures				
Current:				
General government	2,473,793	2,941,264	3,390,716	3,520,719
Public safety	4,539,280	4,749,255	5,289,121	5,579,362
Public works	213,248	4,430,225	5,385,700	5,395,431
	2,544,335	2,677,083	2,306,787	3,791,902
Community services	2,260,697	748,508	734,783	1,136,769
	218,538	324,409	401,710	103,384
Capital outlay	-	250,197	866,484	197,500
Debt service				
Principal	428,525	394,758	413,189	436,959
Interest	84,472	120,672	46,040	38,892
Total expenditures	<u>12,762,888</u>	<u>16,636,371</u>	<u>18,834,530</u>	<u>20,200,918</u>
Excess (deficiency) of revenues over expenditures	4,525,496	1,542,327	1,724,194	5,043,126
Other financing sources (uses)				
Transfers in	546,669	1,050,478	1,213,036	1,204,752
Transfers out	(546,669)	(1,050,478)	(1,213,036)	(1,204,752)
Proceeds of long-term debt	300,000	-	-	-
Total other financing sources (uses)	<u>300,000</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>

Debt service as a percentage of noncapital expenditures	4.02%	3.15%	2.56%	2.38%
---	-------	-------	-------	-------

City of Goleta
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Four 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	\$ 857,566,776	50,145,605	807,421,171	1.02977

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 Four Fiscal Years

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

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>2006</u>	
		<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Raytheon Co	Commercial	\$ 127,930,985	3.05%
HT Santa Barbara, Inc	Commercial	127,500,000	3.04%
Maravilla, LLC	Institutional	62,759,486	1.50%
Camino Real II LTD	Commercial	49,179,588	1.17%
Nassau Land Co , LLP	Commercial	37,526,541	0.89%
IRE SB INC	Commercial	36,505,073	0.87%
University Business Center	Commercial	34,884,061	0.83%
Santa Barbara Corporation Center	Commercial	33,044,189	0.79%
Pacific Oaks LP	Commercial	31,793,779	0.76%
Rockbridge Investments LP	Commercial	31,314,452	0.75%
Top Ten Totals		<u>\$ 572,438,154</u>	<u>13.64%</u>

Source: MBIA :MuniServices Company, Municipal Resource Consultants

City of Goleta
 Property Tax Levies and Collections
 Last Four 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	1,619,738	1,619,738	100%	-	1,619,738	100%
2004	1,674,401	1,674,401	100%	-	1,674,401	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%

(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: Santa Barbara Auditor-Controller

Note: The amounts above include City property taxes only.

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

<u>Fiscal Year</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Loans Payable</u>	<u>Total Government</u>	<u>Percentage of Personal Income</u>	<u>Debt Per Capita</u>
2003	\$ 1,930,000	594,058	1,800,000	\$ 4,324,058	33.22%	\$ 10,546
2004	1,570,000	559,301	1,800,000	3,929,301	29.01%	9,468
2005	1,195,000	521,112	1,800,000	3,516,112	24.44%	8,392
2006	800,000	479,153	1,800,000	3,079,153	20.24%	7,297

* Reflects data compiled by the City of Goleta since incorporation

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, 2006

2005-2006 Assess Valuations:

2005-2006 Assessed Valuation	\$	4,157,335,114
Redevelopment Incremental Valuation		272,274,959.00
Adjusted Assessed Valuation	\$	<u>3,885,060,155</u>

<u>Direct and Overlapping Tax and Assessment Debt:</u>	<u>Total Debt</u>	<u>% Applicable (1)</u>	<u>District's Share of</u>
	<u>6/30/2006</u>		<u>Debt 6/30/06</u>
Goleta Unified School District	\$ 23,260,000	53.570%	\$ 12,460,382
Santa Barbara High School District	65,310,000	15.065	9,838,952
City of Goleta	-	100	-
Total direct and overlapping tax and assessment debt			<u>\$ 22,299,334</u>
 <u>Overlapping General Fund Debt:</u>			
Santa Barbara County General Fund Obligations	\$ 70,830,000	8.367%	\$ 5,926,346
Total overlapping general fund debt			<u>\$ 5,926,346</u>
 Total direct and overlapping debt			 <u><u>\$ 28,225,680</u></u> (2)

Ratios to 2005-06 Assessed Valuations:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	0.54%

Ratios to Adjusted Assessed Valuations:

Combined Total Debt	0.73%
---------------------	-------

STATE SCHOOL BUILDING AND REPAYABLE AS OF (\$

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

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

Source: California Municipal Statistics

**City of Goleta, California
Computation of Legal Debt Margin
June 30, 2006**

	2003	2004	2005	2006
Assessed Valuations:				
Total Assessed Valuation FY 2005-06 (1)	\$ 3,188,570,394	\$ 3,318,088,859	\$ 3,526,555,537	\$ 3,667,247,789
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Valuation	\$ 797,142,599	\$ 829,522,215	\$ 881,638,884	\$ 916,811,947
Debt Limit Percentage	15%	15%	15%	15%
Debt Limit	\$ 119,571,390	\$ 124,428,332	\$ 132,245,833	\$ 137,521,792
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>
Total debt applicable to the limit as a percentage of debt limit	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 Four Years (in thousands)

Calendar Year	Population (1) Santa Barbara County	Personal Income (2) (in thousands) Santa Barbara County	Per Capita Personal Income (2) (in thousands) Santa Barbara County	Santa Barbara County Unemployment Rate (3)
2003	410	13,017,000	31.7	3.50%
2004	415	13,544,000	32.6	3.40%
2005	419	14,384,000 (4)	34.3 (4)	4.00%
2006	422 (4)	15,211,000 (4)	36.1 (4)	3.50%

- Sources:
- 1 California Department of Finance. University of California, Santa Barbara Economic Forecast
 - 2 Project.
 - 3 Employment Development Department Research Center.
 - 4 Estimate amounts.
 - 5 City of Goleta, Finance department

Note: Table shows information for County of Santa Barbara. City of Goleta information was not available, except for the following population data:

Calendar Year	Population (5) City of Goleta
2003	29
2004	31
2005	31
2006	31

**City of Goleta
Principal Employers
Current Year**

<u>Employer</u>	2006	
	<u>Number of Employees</u>	<u>Employment % to Total Population</u>
Raytheon	1800	5.84%
Barcara Resorts	900	2.92%
Bargain Networks, Inc	693	2.25%
Goleta Unified School District	500	1.62%
Inamed	500	1.62%
Yardi Systems	280	0.91%
Karl Storz Imaging	250	0.81%
Costco	220	0.71%
Home Depot	200	0.65%
Mentor	200	0.65%
K Mart	140	0.45%
Goleta Cottage Hospital	130	0.42%
Vons Markets	125	0.41%

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

Source: City of Goleta

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>
City Manager	4.0	6.5	6.0
Administrative Services	5.0	4.5	2.5
Finance Department	-	-	3.5
Planning and Environmental Services	13.5	14.0	14.0
RDA & Neighborhood Services	-	1.0	4.0
Community Services	6.5	13.0	14.5
Total	29.0	39.0	44.5

Source: City of Goleta, Finance Department

City of Goleta
Operating Indicators
by Function

Function:	2003	2004	2005	2006
Public Safety:				
Police				
Calls for Service*(1)	15,843	15,943	15,782	9,864
Citations*(1)	1,532	1,641	1,885	1,243
Reports Taken*(1)	3381	3749	3954	2552
Fire				
Calls for Service (1)	N/A	2205	3283	N/A
Public Works				
Miles of street resurfacing (1)	16.1	11.3	9.7	8.5

* Amounts for Fiscal Year 2006 do not include Sep-Dec Statistics
(1) Source: City of Goleta's, Finance Department

City of Goleta
Capital Asset Statistics
by Function

Last Four Fiscal Years

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

Source: Various City of Goleta Departments

* County of Santa Barbara provides Law Enforcement Services.
Fire Department related services are provided by the County Fire District.

(1) There are fifteen hundred fifty (1550) street lights in the City owned and maintained by SCE and seventy-one (71) street lights owned and maintained by the City.