

RECOMMENDATIONS REGARDING THE APPLICATION OF GASB  
NO. 44 TO STATISTICAL SCHEDULES PREPARED BY CALIFORNIA  
LOCAL GOVERNMENTS

Issued June 2006

PUBLISHED BY THE

CALIFORNIA COMMITTEE ON MUNICIPAL ACCOUNTING

(a joint committee comprised of representatives of the *League of California Cities* and the *California Society of Certified Public Accountants*)

RECOMMENDATIONS REGARDING THE APPLICATION  
OF GASB NO. 44 TO STATISTICAL SCHEDULES  
PREPARED BY CALIFORNIA LOCAL GOVERNMENTS

TABLE OF CONTENTS

|                                                                                | <u>Page</u> |
|--------------------------------------------------------------------------------|-------------|
| Introduction                                                                   | 1           |
| Determination of Own Source Revenues (For GASB 44 Purposes)                    | 1           |
| Shared Revenues                                                                | 2           |
| Own-Source Revenues                                                            | 3           |
| Summary of Certain Provisions of GASB No. 44                                   | 5           |
| Requirements for Specific Schedules                                            | 6           |
| Comments Regarding Example Statistical Schedules for a Typical California City | 10          |
| EXAMPLE SCHEDULES:                                                             |             |
| Net Assets by Component                                                        | 11          |
| Changes in Net Assets                                                          | 12-13       |
| Fund Balances of Governmental Funds                                            | 14          |
| Changes in Fund Balances of Governmental Funds                                 | 15          |
| Assessed Value and Estimated Actual Value of Taxable Property                  | 16          |
| Direct and Overlapping Property Tax Rates                                      | 17          |
| Principal Property Tax Payers                                                  | 18          |
| Property Tax Levies and Collections                                            | 19          |
| Ratios of Outstanding Debt by Type                                             | 20-21       |
| Ratio of General Bonded Debt Outstanding                                       | 22          |
| Direct and Overlapping Debt                                                    | 23          |
| Legal Debt Margin Information                                                  | 24-25       |
| Pledged-Revenue Coverage                                                       | 26-27       |
| Demographic and Economic Statistics                                            | 28          |
| Principal Employers                                                            | 29          |
| Full-time and Part-time City Employees by Function                             | 30          |
| Operating Indicators by Function                                               | 31-32       |
| Capital Asset Statistics by Function                                           | 33-34       |
| Water District Schedules for Revenue Capacity:                                 |             |
| Water Sold by Type of Customer                                                 | 35          |
| Water Rates                                                                    | 36          |
| Water Customers                                                                | 37          |

# RECOMMENDATIONS REGARDING THE APPLICATION OF GASB NO. 44 TO STATISTICAL SCHEDULES PREPARED BY CALIFORNIA LOCAL GOVERNMENTS

## I. INTRODUCTION

### Purpose of this Paper

In May 2004, GASB issued GASB Statement No. 44, *Economic Condition Reporting: the Statistical Section*. GASB No. 44 significantly changes the content and presentation of the information reported in the statistical section of a Comprehensive Annual Financial Report (CAFR).

In late December 2005, GASB issued its *Guide for Implementation of GASB Statement No. 44 on the Statistical Section*. Upon review of this guide, CCMA determined that a number of issues particularly impacting California local governments were not addressed in GASB's Implementation Guide. The purpose of this white paper is assist local governments in California by providing California-specific example schedules and to provide assistance in determining which revenues of a typical California city should be considered to be own source revenues for the purposes of consideration in the revenue capacity schedules of the new statistical section.

### Effective Date

GASB Statement No. 44 is required to be implemented for years ending **June 30, 2006** (i.e., periods beginning after June 15, 2005).

### Authoritative Status

The opinions expressed in this white paper are the opinions of the members of CCMA. As such, the recommendations of this white paper constitute Level Four guidance in the hierarchy of GAAP. The guidance in this white paper is suggestive to assist California cities in the application of generally accepted accounting principles. Other positions on these matters may be defended as appropriate applications of generally accepted accounting principles.

The information provided below is a generalized summary of the requirements of GASB Statement No. 44. This document should not be relied upon to provide all aspects associated with GASB No. 44. The financial statement preparer should refer to GASB No. 44 and the GASB 44 Implementation Guide for full details regarding the requirements of GASB No. 44.

### Coordination with GASB and GFOA

CCMA has received information from GASB and GFOA to help distinguish "own source" revenues from "shared revenues". That information is summarized below. The positions taken in this white paper have been carefully reviewed with staff of GASB and GFOA in order to ensure that CCMA's recommendations are consistent with GASB staff and GFOA staff's understanding of the requirements of GASB No. 44.

## II. DETERMINATION OF OWN SOURCE REVENUES (FOR GASB 44 PURPOSES):

An important element of this white paper is distinguishing which revenues for a typical California city are considered to be "own source revenues". The most significant own source revenue for

each local government must be analyzed in the revenue capacity schedules in the new statistical section. “Shared revenues” are not considered to be “own source” revenues.

Two requirements are generally necessary in order for a revenue to be considered to be an own-source revenue. Revenues would be considered to be own-source revenues if they were (1) derived from the tax base or economic base of the local government and (2) the local government had *some involvement* in establishing either the **base** (e.g., what portion of the base is exempt vs. subject to the tax) or the **rate**. Implied in this is that the local involvement is real and substantive. Generally, this would mean that should the reporting government decline to take the action necessary to enact the tax or charge, the amount paid by the paying party would be **less**.

Considerable professional judgment is necessary in properly determining own source revenues for the reporting local government. All of the factual characteristics of a revenue need to be considered in properly classifying revenues and in making the very subtle distinctions that must sometimes be made between own source revenues and shared revenues.

## SHARED REVENUES

Some of the more significant revenues for a typical California city that would be classified as shared revenues are as follows. These revenues are classified as shared revenues because they either represent a distribution of state revenues (as opposed to local revenues generated from the local government’s own economic base) or there is no substantive local involvement in enacting the tax, rate, or fee.

**Sales Tax** - In California, the State Board of Equalization (SBE) administers the collection and distribution of sales tax. Sales tax is collected at the point of sale by the retailer and is remitted to the SBE. Sales tax is a shared revenue from the standpoint of California cities. Although the City share of sales taxes is derived from the economic base of the reporting local government (i.e., merchant sales within the jurisdiction of the city), the local government has no substantive involvement in imposing the tax, establishing the rate, or determining the base (which transactions are exempt versus subject to the tax).

Prior to 1955, some cities in California (approximately half) imposed and collected a local sales tax. In 1955, a single state-wide sales tax was created that was imposed and collected by the State of California. The State of California agreed to share a portion of the state sales tax with cities if certain administrative procedures were followed. When a city incorporates, it receives a portion of the state sales tax if it provides to the state a copy of an ordinance passed by the newly incorporated city to “impose” the 1% local share of sales tax. This is administratively required by the state in order for the city to receive its 1% entitlement as provided by state law. This local action is a non-substantive administrative formality stipulated by the state for the sales tax distribution process to begin for that newly incorporated city.

In addition, a key factor in distinguishing own source revenue from shared revenue is whether or not the “local action” enacting the tax or charge results in a change in the amount paid by the paying party. If the paying party would pay less in the event that the local government declines to act, this would support a classification of that revenue as a own source revenue. That is not the case with sales tax. The 1% local share of the sales tax would revert to the applicable county in the event that the reporting municipality declines to “impose” the tax. This reversion to other units of local government (the county) supports the shared revenue status of sales tax revenue.

For those cities that wish to provide historical trend information regarding sales tax revenue, such data can be provided as an additional *financial trend* schedule. As a shared revenue, sales tax is not permitted to be presented in the *revenue capacity* schedules.

On the other hand, any local (municipal) add-ons to the sales tax rate (imposed by the reporting local government) would be treated as an own source revenue. Regional or county sales tax add-ons would be shared revenues from the standpoint of the City.

**Grant Revenues** – Grant revenues represent a sharing of revenue from another state or local government.

**Motor Vehicle License Fee (VLF)** – The motor vehicle license fee (VLF) is a state tax, not a local tax. This represents a state-wide revenue that is distributed to local governments based on population. In addition, the VLF replacement funds now received by cities would also be a shared tax. This is because those replacement funds represent a re-allocation of the state's share of property tax generated by the local tax base.

**Gas Taxes** - Gas taxes are imposed by the state on the distributor (wholesaler) at the time of sale of the gasoline or diesel fuel. The taxes are remitted the following month to the State Board of Equalization. These are shared revenues enacted by the state that are distributed to local governments pursuant to state statute.

**Air quality (AB 2677) Revenues** - These revenues represent the portion of automobile registration fees remitted to Counties and subsequently disbursed to cities, based on population, for use in improving air quality. This represents the sharing of a state revenue to local governments.

## OWN-SOURCE REVENUES

Examples of significant municipal revenues that qualify as own-source revenues are as follows. In all of the cases indicated below the revenues were (1) derived from the tax base or economic base of the local government and (2) the local government had some involvement in establishing either the **base** (e.g., what portion of the base is exempt vs. subject to the tax) or imposing the **rate** (subject to limitations provided by state law).

**Property tax** - property tax for California local governments is an own source revenue. The taxes are derived from property values within the jurisdiction of the local government and the taxes originate from local impositions that were in effect prior to Proposition 13.

Proposition 13 set a maximum property tax rate per parcel of 1%. The total property tax now constrained by the 1% maximum rate is distributed to the various taxing jurisdictions in proportion to the locally-determined assessments that were in effect prior to Proposition 13.

Pre-Proposition 13 local impositions were real and substantive local impositions. Different cities established different tax rates in accordance with local budgetary deliberations. In the pre-Proposition 13 environment, the local actions imposing the local property tax rate increased the amount of property tax paid by the property owner.

In the post-Proposition 13 environment, there is no local involvement whatsoever in the determination of either the rate nor the base. Nevertheless, in California, property tax represents a bundling of local impositions constrained by a statutory maximum of 1% of assessed valuation. There is also no reversion to other units of government for a local government's failure to impose a local property tax, such as is the case with sales tax. Accordingly, property tax should be construed to be an own source revenue.

**Real Property Transfer And Documentary Transfer Taxes** - All *ad valorem* based property taxes are classified as own-source revenues for the reasons cited above. Real property transfer taxes are taxes that are assessed on the value of real estate when it is sold or exchanged. It is typically assessed to the seller by the escrow company and remitted to the county when the transaction is recorded.

**Redevelopment Tax Increment** - By forming a redevelopment project area, a city can take action to divert to a city-controlled redevelopment agency any future increases in property tax associated with changes in assessed valuation. This tax increment has many of the characteristics of the general property tax discussed above. This revenue is derived from the local economic base and is a direct result of substantive local action (the legal action to form the redevelopment project area, etc.). Although the local action forming the redevelopment agency does not change the total tax paid by the taxpayer (which is limited by state law to 1% of the assessed valuation), All ad valorem taxes received by the reporting local government should be considered to be own source revenues for the reasons set forth above for property taxes.

**Special Assessments** – Special assessments are locally imposed revenues applied to the tax bases of the community by the governing body of the reporting government.

**Water and Sewer User Charges** – Water and sewer user charges (and, in fact, all *user fees* imposed by a local government) are own source revenues that are imposed by the local government upon its local economic base.

**Franchise Fees** - Franchise fees are assessed to companies that provide utility service within a jurisdiction. The fees are charged to companies that provide electric, natural gas, water, refuse, and cable television service to residential and commercial customers. The fees are in exchange for the company's exclusive franchise to sell its services within a particular jurisdiction and to compensate a particular jurisdiction for the use of public right of way. Some cities also receive franchise fees from oil and natural gas companies that transfer products in pipelines underground. Franchise fees are typically based on a predetermined formula, such as length of pipelines or gross receipts. This is a locally enacted tax and is therefore considered to be an "own-source" revenue.

**Utility Users Taxes** – Utility users taxes are imposed by cities on customers of utilities, such as electricity, natural gas, water, cable television and telephone companies. The rate is set by the reporting local government, collected by the utility company, and subsequently remitted to the local government.

**Transient occupancy taxes** - Transient occupancy taxes are assessed to hotel/motel/rental agencies and are often referred to as hotel/motel bed tax. The tax is added as a percentage to the room rate and is collected by the hotel and remitted to the city. This is a locally enacted tax and is therefore considered to be an "own-source" revenue.

**Business Licenses** – Business licenses are own-source revenues imposed by a city upon its local business base.

**Developer fees** – Developer fees are own-source revenues imposed by the local government upon economic activity within its jurisdiction.

**Local (Municipal) Sales Tax Add-On** - Any local (municipal) add-on to the sales tax rate imposed by the reporting local government would be an own-source revenue from the stand-point of that reporting government. This is in contrast to county or regionally imposed sales tax add-ons that would be a shared revenue from the standpoint of the a reporting local government within that county or region.

**Casino Tax** - A number of cities have gambling casinos within their jurisdiction. These cities have adopted ordinances that require the payment of fees or "taxes" based on the gross receipts, table rent, or other related criteria. Although regulated by state law, this is a locally enacted tax and is therefore considered to be an "own-source" revenue.

**Parimutuel Taxes** - Parimutuel betting taxes are assessed by the governmental entity to racetracks. The assessment is imposed as an amount per dollar wagered. Cities that have horse racing in their communities are authorized by state law to receive parimutuel taxes. This tax is regulated and limited by state statutes that set the maximum amount that can be imposed. These taxes are based on the amount of money wagered on both on-track and off-track (satellite) races. This is a locally imposed tax that is enacted in accordance with certain limitations provided by state law.

### III. SUMMARY OF CERTAIN PROVISIONS OF GASB NO. 44

#### Applicability of GASB No. 44

“Statistical sections” are optional (not required) for local governments. However, if a local government presents a statistical section, that section must fully comply with all of the requirements of GASB 44. A local government can voluntarily add a “statistical section” to a report that is not labeled a “CAFR”. But if the reporting government refers to that data as a “statistical section”, the data contained in that section must fully comply with GASB 44.

The term “statistical section” has a meaning that implies full conformity to GASB 44. If statistical data is presented in a manner that does not fully conform to the requirements of GASB 44, that data cannot be labeled a “statistical section” and the report containing that incomplete data should not be labeled a CAFR.

#### Type of Information Permitted in the New Statistical Section

The schedules required by GASB 44 are meant to provide information about the following:

- **Financial Trends Information** is intended to assist users in understanding and assessing how a government’s financial position has changed over time.
- **Revenue Capacity Information** is intended to assist users in understanding and assessing factors affecting a government’s ability to generate its own revenue.
- **Debt Capacity Information** is intended to assist users in understanding and assessing a government’s debt burden and its ability to issue additional debt.
- **Demographic and Economic Information** is intended to assist users in understanding socioeconomic environment within which a government operates and provide information that facilitates comparison of financial statement information over time and among governments.
- **Operating Information**-is intended to provide information about operations and resources to assist readers in using financial statement information to understand and assess a government’s economic condition.

Other information or even additional schedules beyond the minimum requirements set forth in GASB 44 are permitted as long as that information fits into one of the five forms of information specified above.

#### Scope of Information Presented

Generally, only data relating to the primary government (including blended component units) should be presented. Data from discretely presented component units should be included if that data is considered to be significant in relation to the primary government. GASB No. 44 can be implemented prospectively (go forward basis). Although providing prior year data (for ten year trend schedules, etc.) is encouraged in the year of implementation, this is not required by either GASB No. 44, or for purposes of obtaining the GFOA or CSMFO award. The preparer can simply provide data for the 05/06 fiscal year and build the trend schedules on a go-forward basis. If prior year data is presented, the preparer can present a different number of years for each schedule depending on the practicality of obtaining and presenting that data in a consistent manner with the current year. If prior year data is presented, the preparer is encouraged, but not required to revise or restate prior year data to make it comparable to the current year. If prior year data presented is not comparable, the nature of the differences in the data should be footnoted.

### Schedule Format is discretionary

Years can be presented in rows or in columns, etc. The number of columns, the labeling of columns, etc. is discretionary. The preparer can start with the latest year first or the earliest year first, etc. The sequence of the schedules is discretionary. Bar charts, pie charts, etc. can add to (but not replace) schedules presented in tabular format.

### Unavailable Data

GASB No. 44 recognizes that certain data required by GASB No. 44 may not be readily available for certain local governments. When this occurs, GASB No. 44 encourages the use of substitute data (regional data, etc.) that represents a “good faith” effort to comply with the standard. When this is not practical, a notation to that effect can be made in a footnote to that schedule.

### Property Taxes

All *ad valorem property taxes* (tax increment, etc.) for the primary government (included blended component units) should be presented in the revenue capacity schedules when they represent (when added together) the reporting government’s most significant own source revenue. It is the choice of the reporting government to present either consolidated data for the ad valorem property taxes or to present separate tables or columns for major components of these taxes (e.g., separate tables or columns for city property taxes and separate tables or columns for redevelopment agency tax increment). If consolidated data is presented, the data must still have an appropriate level of detail (secured, unsecured, etc.).

### Notes on the Schedules (Narrative Information)

GASB encourages notes on the schedules to enhance the reader’s understanding of the data. Examples of the type of information that are encouraged to be provided in notations on the schedules are:

1. Assumptions or limitations with respect to the data presented in the schedule.
2. Reasons why certain required data was not presented.
3. Explanations as to how the data was calculated.
4. The age of the data (e.g., the date of assessed valuation).
5. Changes in assumptions (or how the data was developed) affecting some of the presented periods
5. Reconciliations to other data in the CAFR, if necessary to resolve an apparent conflict
6. Explanations of unusual data.
7. Explanations to put the information in perspective.
8. Interpretations of the information for the reader.
9. Other explanations that might be helpful to an uninformed member of the public (what the data in the schedule is meant to communicate and how the data should impact the reader’s assessment of the economic condition of the reporting government).
10. Explanations to assist users unfamiliar with California reporting

## IV. REQUIREMENTS FOR SPECIFIC SCHEDULES

### **FINANCIAL TRENDS INFORMATION**

#### **Government-wide financial statement focus:**

#### **Net Asset information:**

1. Each of the 3 categories of net assets.
2. Government and Business type activities must be presented separately.
3. Totals must be shown for total primary government (including blended component units)

#### **Changes in Net Assets:**

- Summary of statement of activities
- Expenses by function (or program or activity)
- Program revenues by category (charges for services, operating grant and contributions, and capital grant and contributions)
- General revenues by type
- Charges for services by function (or program or activity).

#### **Governmental fund financial statement focus:**

##### **Fund Balances:**

- Show reserved and unreserved balances.
- Show separately for the general fund and all other governmental funds in the aggregate.
- Unreserved fund balance must be presented by fund type.

##### **Changes in Fund Balances:**

- Summary of revenues, expenditures, and other changes
- Principal and interest reported separately.
- Add a line for debt service as a percentage of non-capital expenditures.
- Non-capital expenditures are governmental fund expenditures less amounts that were reported as additions to capital assets in the government-wide financial statements.

#### **REVENUE CAPACITY INFORMATION**

1. Identify the entity's most significant source of own-source revenues.
2. Own-source revenues are revenues that are generated by the entity itself. Intergovernmental aid and shared revenues are not own-source revenues.
3. If the entity has a second own-source revenue that is nearly as significant, should consider presenting revenue capacity information for that revenue as well.
4. If the entity presents a second own-source revenue, must present all three schedules for that revenue.
5. Not permitted to present (in the "statistical section") revenue schedules for shared revenues.
6. Revenue capacity information relates to schedules displaying information about revenue base, revenue rates, and principal payers of that revenue.

##### **Revenue base:**

1. Breakdown base by major component.
2. Show individual rates applied by the entity and total direct rate (revenue divided by base)

If property tax revenue is one of the revenues presented:

1. Show assessed value by major type (residential, etc.).

2. Actual value of taxable property (if not available, explain relationship of assessed value to actual value).

## **DEBT CAPACITY INFORMATION**

### **Direct and overlapping rates:**

1. Show **separately** the individual rates applied to the base by the entity.
2. Show a **total** of the individual rates applied to the base by the entity.
3. Show the rate applied to the revenue base by each overlapping government.

### **Principal payers (most significant own-source):**

1. Identify ten largest payers (or enough to cover 50% of revenue)
2. Revenue base data (or amount paid) for those payers.
3. Percentage of total of base or revenue (for all payers, not just the ten).

If legally prohibited from presenting names of payers, then provide some other meaningful breakdown (type of payer, etc.).

Or list the ten largest without giving their names

### **Property tax levies:**

Only required if property tax is included as one of the presented revenues.

1. For each of the last ten years:
2. Amount levied for that year.
3. Amount of that year's levy collected through the final scheduled distribution.
4. Percentage of that collected amount to total levy.
5. Amount of that year's levy collected in subsequent periods.
6. Total collected to date.
7. Percentage of total collected amount to total levy.

### **Ratios of Outstanding Debt:**

1. Includes all debt.
2. Divided by governmental debt and business-type (enterprise) debt.
3. Within each group, separate columns by type of debt.
4. Grand total for the Entity.
5. Debt divided by personal income.
6. If personal income is not available, can use property values.
7. Also required to present total debt per capita (or divided by total rate payers).

### **Ratios of General Bonded Debt**

General bonded debt:

- All debt payable with general governmental resources
  - Plus GO bonds recorded in enterprise funds
1. Separate column for each type of debt with a total column
  2. Separate column for legally restricted resources for principal only.
  3. Net general bonded debt divided by actual value of taxable property (or other appropriate base)
  4. Per capital also required (or per rate payers, etc.).

**Direct and Overlapping Debt:**

1. Only required for debt attributable to governmental activities (exclude enterprise debt of the Entity and the overlapping jurisdictions).
2. Total outstanding.
3. Percentage of overlap between the reporting and overlapping governments.
4. Multiply debt by percentage of overlap.
5. Show separately total direct debt and total overlapping debt (also show a grand total).

**Legal debt margin:**

For current year only:

1. Identify the base (assessed valuation, etc.).
2. Debt limit (and explain how it is calculated – what percentage, etc.).
3. Debt applicable to limit (net of any applicable reserves).
4. Difference (“legal debt margin”).

For ten years:

1. Limit.
2. Debt applicable.
3. Margin.
4. Percentage of debt to limit (or alternative computation).

**Pledged revenue coverage:**

Financial ability to repay debt (not to demonstrate legal debt compliance).

1. Only applicable to debt secured by a pledge of specific revenue stream.
2. Separate column at least by type of debt.
3. Gross revenues.
4. Expenses (where specified in the pledge)
5. Net revenues (where specified in the pledge)
6. Principal and interest.
7. Coverage ratio.

The nature of the pledged revenues should be clear by the column heading or by a footnote.

**DEMOGRAPHIC AND ECONOMIC INFORMATION****Demographic and economic information:**

1. Population.
2. Total personal income.
3. Per capita personal income.
4. Unemployment rate.

Obtain data most specific to your entity. If not available, reasonable alternative indicators should be used.

**Principal Employers:**

For the ten largest employers (unless fewer are needed to account for 50%):

1. Number of employees for that employer
2. That employer's percentage of employment in your jurisdiction.

**Employees of the Entity:**

By department, program, activity, or function:

1. Number of employees.

**OPERATING INFORMATION****Operating Indicators:**

By department, program, activity, or function:

1. Demand or level of service.

**Capital asset statistics:**

By department, program, activity, or function:

1. Volume, usage, or nature.

V. COMMENTS REGARDING EXAMPLE STATISTICAL SCHEDULES FOR A TYPICAL CALIFORNIA CITY

Accompanying this white paper are example statistical schedules for a typical California city. These schedules display only the minimum requirements set forth by GASB No. 44. For those cities that wish to provide additional information in the statistical section, this is permitted to the extent that such additional information conforms to the five categories of information described in GASB No. 44.

These schedules may serve as a helpful “starting point” for California cities and other local governments. Consistent with the spirit of GASB No. 44, local governments are encouraged to tailor the format of these schedules to reflect circumstances relevant to that local government and the personal presentation style of the preparer. GASB No. 44 permits and encourages considerable discretion in the formatting and presentation of the schedules. Some preparers may, for example, prefer to start the multi-year schedules with the most recent year, rather than the earliest year.

Included in the *revenue capacity schedules* are a set of schedules for a typical California water district. Inclusion of these schedules is meant to illustrate how revenue capacity schedules would look for those local governments whose largest own source revenue is an enterprise use fee. Inclusion of these schedules in the accompanying example schedules is not meant to imply that they are required in all instances (or that a local government must include revenue schedules for more than its single largest revenue source).

As a reminder, GASB No. 44 permits implementation on a “go forward” basis, starting with the implementation year. Presentation of prior year columns for the multi-year schedules is encouraged, but by no means required to meet the requirements of GASB No. 44 (or those of the GFOA and CSMFO financial reporting award programs). In addition, different schedules may display a different number of prior periods depending on the different availability of data for prior periods from one schedule to another.

CITY OF EXAMPLE  
Net Assets by Component  
Last Four Fiscal Years  
(accrual basis of accounting)

|                                                    | Fiscal Year           |                    |                    |                    |
|----------------------------------------------------|-----------------------|--------------------|--------------------|--------------------|
|                                                    | 2003                  | 2004               | 2005               | 2006               |
| Governmental activities:                           |                       |                    |                    |                    |
| Invested in capital assets,<br>net of related debt | \$ 107,152,640        | 97,402,451         | 96,630,801         | 98,563,417         |
| Restricted                                         | 25,521,244            | 24,014,180         | 31,413,541         | 32,984,218         |
| Unrestricted                                       | <u>18,382,597</u>     | <u>27,475,486</u>  | <u>25,686,477</u>  | <u>24,402,153</u>  |
| Total governmental activities net assets           | <u>\$ 151,056,481</u> | <u>148,892,117</u> | <u>153,730,819</u> | <u>155,949,788</u> |
| Business-type activities:                          |                       |                    |                    |                    |
| Invested in capital assets,<br>net of related debt | \$ 84,162,332         | 94,767,436         | 93,597,622         | 95,469,574         |
| Restricted                                         | 4,208,117             | 4,738,372          | 4,679,881          | 4,913,875          |
| Unrestricted                                       | <u>5,423,226</u>      | <u>8,481,843</u>   | <u>12,898,058</u>  | <u>11,608,252</u>  |
| Total business-type activities net assets          | <u>93,793,675</u>     | <u>107,987,651</u> | <u>111,175,561</u> | <u>111,991,701</u> |
| Primary government:                                |                       |                    |                    |                    |
| Invested in capital assets,<br>net of related debt | \$ 191,314,972        | 192,169,887        | 190,228,423        | 194,032,991        |
| Restricted                                         | 29,729,361            | 28,752,552         | 36,093,422         | 37,898,093         |
| Unrestricted                                       | <u>23,805,823</u>     | <u>35,957,329</u>  | <u>38,584,535</u>  | <u>36,010,405</u>  |
| Total primary government net assets                | <u>\$ 244,850,156</u> | <u>256,879,768</u> | <u>264,906,380</u> | <u>267,941,489</u> |

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

CITY OF EXAMPLE  
Changes in Net Assets  
Last Four Fiscal Years  
(accrual basis of accounting)

|                                                 | Fiscal Year         |                        |                        |                     |
|-------------------------------------------------|---------------------|------------------------|------------------------|---------------------|
|                                                 | 2003                | 2004                   | 2005                   | 2006                |
| Expenses:                                       |                     |                        |                        |                     |
| Governmental activities:                        |                     |                        |                        |                     |
| General government                              | \$ 13,218,256       | 13,543,727             | 15,374,618             | 15,682,110          |
| Public safety                                   | 23,916,193          | 25,983,045             | 29,727,888             | 30,322,445          |
| Public works                                    | 15,073,298          | 18,345,163             | 17,601,738             | 17,953,772          |
| Community development                           | 8,461,793           | 7,626,609              | 7,820,688              | 7,779,141           |
| Interest on long-term debt                      | 5,091,203           | 6,695,622              | 8,073,271              | 8,476,934           |
| Total governmental activities expenses          | <u>65,760,743</u>   | <u>72,194,166</u>      | <u>78,598,203</u>      | <u>80,214,402</u>   |
| Business-type activities:                       |                     |                        |                        |                     |
| Water                                           | 6,987,327           | 8,953,350 <sup>1</sup> | 9,294,924              | 9,480,822           |
| Wastewater                                      | 4,339,653           | 4,357,601              | 3,959,845              | 4,039,041           |
| Golf Course                                     | 3,579,841           | 3,437,071              | 3,302,942              | 3,369,000           |
| Total business-type activities expenses         | <u>14,906,821</u>   | <u>16,748,022</u>      | <u>16,557,711</u>      | <u>16,888,863</u>   |
| Total primary government expenses               | <u>80,667,564</u>   | <u>88,942,188</u>      | <u>95,155,914</u>      | <u>97,103,265</u>   |
| Program revenues:                               |                     |                        |                        |                     |
| Governmental activities:                        |                     |                        |                        |                     |
| Charges for services:                           |                     |                        |                        |                     |
| General government                              | 1,742,460           | 2,665,919              | 3,545,708              | 2,879,192           |
| Public safety                                   | 1,385,647           | 1,679,105              | 1,838,317              | 1,875,083           |
| Public works                                    | 3,924,009           | 6,615,235              | 6,668,066              | 6,801,427           |
| Community development                           | 1,446,359           | 813,030                | 833,594                | 850,265             |
| Operating grants and contributions              | 5,965,966           | 5,951,289              | 6,068,499              | 6,070,314           |
| Capital grants and contributions                | 1,326,928           | 4,535,994              | 7,512,845 <sup>2</sup> | 4,309,194           |
| Total governmental activities program revenues  | <u>15,791,369</u>   | <u>22,260,572</u>      | <u>26,467,029</u>      | <u>22,785,475</u>   |
| Business-type activities:                       |                     |                        |                        |                     |
| Charges for services:                           |                     |                        |                        |                     |
| Water                                           | 6,502,760           | 8,707,335 <sup>1</sup> | 8,927,189              | 9,105,732           |
| Wastewater                                      | 4,948,238           | 4,753,565              | 3,924,349              | 4,002,835           |
| Golf Course                                     | 3,560,521           | 3,596,443              | 3,352,003              | 3,419,043           |
| Operating grants and contributions              | 275,877             | 262,975                | 275,031                | 280,531             |
| Capital grants and contributions                | 911,092             | 1,503,653              | 1,771,198              | 1,806,621           |
| Total business-type activities program revenues | <u>16,198,488</u>   | <u>18,823,971</u>      | <u>18,249,770</u>      | <u>18,614,762</u>   |
| Total primary government program revenues       | <u>31,989,857</u>   | <u>41,084,543</u>      | <u>44,716,799</u>      | <u>41,400,237</u>   |
| Net revenues (expenses):                        |                     |                        |                        |                     |
| Governmental activities                         | (49,969,374)        | (49,933,594)           | (52,131,174)           | (57,428,927)        |
| Business-type activities                        | <u>1,291,667</u>    | <u>2,075,949</u>       | <u>1,692,059</u>       | <u>1,725,899</u>    |
| Total net revenues (expenses)                   | <u>(48,677,707)</u> | <u>(47,857,645)</u>    | <u>(50,439,115)</u>    | <u>(55,703,028)</u> |

CITY OF EXAMPLE  
Changes in Net Assets  
Last Four Fiscal Years  
(accrual basis of accounting)

|                                                   | Fiscal Year         |                   |                   |                   |
|---------------------------------------------------|---------------------|-------------------|-------------------|-------------------|
|                                                   | 2003                | 2004              | 2005              | 2006              |
| General revenues and other changes in net assets: |                     |                   |                   |                   |
| Governmental activities:                          |                     |                   |                   |                   |
| Taxes:                                            |                     |                   |                   |                   |
| Property taxes                                    | 15,283,369          | 16,669,946        | 19,688,262        | 19,885,144        |
| Sales tax                                         | 9,179,359           | 7,866,291         | 8,376,432         | 8,795,253         |
| Transient occupancy taxes                         | 12,421,094          | 12,318,252        | 13,024,611        | 13,675,841        |
| Other taxes                                       | 7,440,380           | 8,364,752         | 10,794,451        | 11,010,340        |
| Motor vehicle in lieu, unrestricted               | 2,528,936           | 2,015,040         | 3,334,178         | 3,400,861         |
| Investment income                                 | 1,183,404           | 1,270,027         | 1,283,702         | 385,110           |
| Other general revenues                            | 2,407,261           | 1,675,968         | 3,068,240         | 2,454,592         |
| Transfers                                         | (200,000)           | (783,800)         | (500,000)         | (769,030)         |
| Total governmental activities                     | <u>50,243,803</u>   | <u>49,396,476</u> | <u>59,069,876</u> | <u>58,838,111</u> |
| Business-type activities:                         |                     |                   |                   |                   |
| Investment income                                 | 314,662             | 403,959           | 454,342           | 136,302           |
| Transfers                                         | 200,000             | 783,800           | 500,000           | 769,030           |
| Total business-type activities                    | <u>514,662</u>      | <u>1,187,759</u>  | <u>954,342</u>    | <u>905,332</u>    |
| Total primary government                          | <u>50,758,465</u>   | <u>50,584,235</u> | <u>60,024,218</u> | <u>59,743,443</u> |
| Changes in net assets                             |                     |                   |                   |                   |
| Governmental activities                           | 274,429             | (537,118)         | 6,938,702         | 1,409,184         |
| Business-type activities                          | <u>1,806,329</u>    | <u>3,263,708</u>  | <u>2,646,401</u>  | <u>2,631,231</u>  |
| Total primary government                          | <u>\$ 2,080,758</u> | <u>2,726,590</u>  | <u>9,585,103</u>  | <u>4,040,415</u>  |

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

<sup>1</sup> The increase in the Water Fund revenues and expenditures is due to a 30% increase in the Metropolitan Water District water rates, which were passed on to the customer.

<sup>2</sup> The City received a \$3 million grant in 2005 to finance a street widening project.

<sup>3</sup> Investment income for the year ended June 30, 2006 includes unrealized losses of \$892,606.

CITY OF EXAMPLE  
Fund Balances of Governmental Funds  
Last Four Fiscal Years  
(modified accrual basis of accounting)

|                                    | Fiscal Year          |                   |                   |                   |
|------------------------------------|----------------------|-------------------|-------------------|-------------------|
|                                    | 2003                 | 2004              | 2005              | 2006              |
| General fund:                      |                      |                   |                   |                   |
| Reserved                           | \$ 7,288,265         | 3,591,038         | 4,188,298         | 4,397,712         |
| Unreserved                         | <u>4,273,602</u>     | <u>5,626,137</u>  | <u>3,173,725</u>  | <u>3,332,411</u>  |
| Total general fund                 | <u>\$ 11,561,867</u> | <u>9,217,175</u>  | <u>7,362,023</u>  | <u>7,730,123</u>  |
| All other governmental funds:      |                      |                   |                   |                   |
| Reserved                           | \$ 24,551,917        | 52,388,735        | 36,382,269        | 38,201,382        |
| Unreserved, reported in:           |                      |                   |                   |                   |
| Special revenue funds              | 14,756,777           | 21,669,586        | 28,122,322        | 26,716,205        |
| Capital projects funds             | <u>2,913,866</u>     | <u>9,929,779</u>  | <u>7,861,848</u>  | <u>8,254,940</u>  |
| Total all other governmental funds | <u>\$ 42,222,560</u> | <u>83,988,100</u> | <u>72,366,439</u> | <u>73,172,527</u> |

*The City of Example has elected to show only four years of data for this schedule.*

<sup>1</sup> Reserved fund balance at June 30, 2004 includes unexpended bond proceeds from the 2004 Tax Allocation Bonds.

CITY OF EXAMPLE

Changes in Fund Balances of Governmental Funds

Last Four Fiscal Years  
(modified accrual basis of accounting)

|                                                                 | Fiscal Year        |                    |                    |                   |
|-----------------------------------------------------------------|--------------------|--------------------|--------------------|-------------------|
|                                                                 | 2003               | 2004               | 2005               | 2006              |
| Revenues:                                                       |                    |                    |                    |                   |
| Taxes                                                           | \$ 47,779,601      | 51,075,535         | 54,690,386         | 57,424,905        |
| Licenses and permits                                            | 2,782,782          | 4,470,867          | 5,876,989          | 5,583,139         |
| Fines and forfeitures                                           | 659,795            | 698,223            | 561,376            | 589,444           |
| Investment income                                               | 1,263,416          | 1,060,940          | 1,966,416          | 1,769,774         |
| Rental income                                                   | 472,794            | 473,116            | 488,433            | 498,201           |
| Intergovernmental                                               | 5,629,915          | 7,536,093          | 7,929,990          | 7,895,590         |
| Charges for services                                            | 4,483,641          | 5,276,081          | 6,518,315          | 6,192,399         |
| Other                                                           | 3,616,379          | 4,513,686          | 4,457,003          | 4,234,152         |
| Total revenues                                                  | <u>66,688,323</u>  | <u>75,104,541</u>  | <u>82,488,908</u>  | <u>84,187,604</u> |
| Expenditures                                                    |                    |                    |                    |                   |
| Current:                                                        |                    |                    |                    |                   |
| General government                                              | 15,646,659         | 16,702,911         | 18,972,719         | 17,538,056        |
| Public safety                                                   | 24,053,352         | 26,334,589         | 28,730,331         | 29,166,847        |
| Public works                                                    | 15,415,396         | 15,875,528         | 16,774,160         | 16,438,676        |
| Community development                                           | 9,898,201          | 10,353,821         | 7,388,442          | 8,127,286         |
| Debt service:                                                   |                    |                    |                    |                   |
| Principal retirement                                            | 3,348,662          | 3,390,898          | 3,604,210          | 3,784,420         |
| Interest and fiscal charges                                     | 6,567,593          | 7,146,398          | 8,562,899          | 8,658,527         |
| Total expenditures                                              | <u>74,929,863</u>  | <u>79,804,145</u>  | <u>84,032,761</u>  | <u>83,713,812</u> |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>(8,241,540)</u> | <u>(4,699,604)</u> | <u>(1,543,853)</u> | <u>473,792</u>    |
| Other financing sources (uses):                                 |                    |                    |                    |                   |
| Transfers in                                                    | 9,062,949          | 11,218,927         | 14,891,974         | 14,947,375        |
| Transfers out                                                   | (8,012,949)        | (11,518,927)       | (15,391,974)       | (14,622,375)      |
| Issuance of bonds                                               | 8,000,000          | 40,000,000         | 2,500,000          | -                 |
| Payment to bond escrow agent                                    | -                  | (29,312,819)       | -                  | -                 |
| Total other financing<br>sources (uses)                         | <u>9,050,000</u>   | <u>10,387,181</u>  | <u>2,000,000</u>   | <u>325,000</u>    |
| Net change in fund balances                                     | <u>\$ 808,460</u>  | <u>5,687,577</u>   | <u>456,147</u>     | <u>798,792</u>    |
| Debt service as a percentage of<br>noncapital expenditures      | 15.0%              | 16.7%              | 18.5%              | 22.3%             |

*The City of Example has elected to show only four years of data for this schedule.*

CITY OF EXAMPLE  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(in thousands of dollars)

| Fiscal Year<br>Ended | City         |           |                                  |                              | Redevelopment Agency |           |                                  |                              | Total<br>Direct Tax<br>Rate |
|----------------------|--------------|-----------|----------------------------------|------------------------------|----------------------|-----------|----------------------------------|------------------------------|-----------------------------|
|                      | Secured      | Unsecured | Less:<br>Exemptions <sup>1</sup> | Taxable<br>Assessed<br>Value | Secured              | Unsecured | Less:<br>Exemptions <sup>1</sup> | Taxable<br>Assessed<br>Value |                             |
| June 30              |              |           |                                  |                              |                      |           |                                  |                              |                             |
| 1997                 | \$ 2,472,904 | 218,647   | (52,523)                         | 2,639,028                    | 2,720,194            | 217,615   | (54,403)                         | 2,883,406                    | 0.149%                      |
| 1998                 | 2,458,189    | 223,367   | (53,856)                         | 2,627,700                    | 2,949,826            | 235,986   | (58,996)                         | 3,126,816                    | 0.149%                      |
| 1999                 | 2,489,307    | 223,222   | (72,937)                         | 2,639,592                    | 3,236,099            | 258,887   | (64,721)                         | 3,430,265                    | 0.149%                      |
| 2000                 | 2,610,045    | 236,182   | (71,238)                         | 2,774,989                    | 3,654,063            | 292,325   | (73,081)                         | 3,873,307                    | 0.149%                      |
| 2001                 | 2,860,275    | 254,745   | (77,950)                         | 3,037,070                    | 4,004,385            | 320,350   | (80,087)                         | 4,244,648                    | 0.147%                      |
| 2002                 | 2,979,689    | 254,788   | -                                | 3,234,477                    | 4,171,564            | 292,009   | -                                | 4,463,573                    | 0.146%                      |
| 2003                 | 3,282,202    | 294,806   | -                                | 3,577,008                    | 4,595,082            | 298,680   | -                                | 4,893,762                    | 0.146%                      |
| 2004                 | 3,549,015    | 303,005   | -                                | 3,852,020                    | 4,968,621            | 322,960   | -                                | 5,291,581                    | 0.146%                      |
| 2005                 | 3,847,636    | 314,786   | -                                | 4,162,422                    | 5,386,690            | 323,201   | -                                | 5,709,891                    | 0.146%                      |
| 2006                 | 4,257,027    | 345,665   | -                                | 4,602,692                    | 5,959,837            | 357,590   | -                                | 6,317,427                    | 0.146%                      |

<sup>1</sup> Beginning with the fiscal year ended June 30, 2002, exemptions are netted directly against the individual property categories.

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Notes to preparer:

*The "total direct rate shown above can be computed by dividing the amount of total property tax revenue recognized in the financial statements by the total base (assessed valuation). This is mathematically the same result as adding together the "weighted average of the individual direct rates" that are included in the "total direct rate".*

*Some preparers may wish to present in the above schedule separate columns for the "direct rate" of the city and the "direct rate" of the redevelopment agency. In that instance, a "total direct rate" would also be shown for combination of the two rates, computed as described above. [This total would not represent the mathematical addition of the two separate rates (because of the two different bases).]*

*Separate schedules can be used for redevelopment agency property tax (tax increment) data and city property tax data if so desired by the preparer, as long as all ad valorem tax data for the primary government (including component units) is presented.*

Source: Example County Assessor's Office

CITY OF EXAMPLE  
Direct and Overlapping Property Tax Rates  
(Rate per \$100 of assessed value)  
Last Ten Fiscal Years

|                                       | <u>1997</u>    | <u>1998</u>  | <u>1999</u>  | <u>2000</u>  | <u>2001</u>  | <u>2002</u>  | <u>2003</u>  | <u>2004</u>  | <u>2005</u>  | <u>2006</u>  |
|---------------------------------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| City Direct Rates:                    |                |              |              |              |              |              |              |              |              |              |
| City basic rate                       | \$0.123        | 0.123        | 0.123        | 0.123        | 0.122        | 0.121        | 0.121        | 0.121        | 0.121        | 0.121        |
| Redevelopment agency                  | <u>0.026</u>   | <u>0.026</u> | <u>0.026</u> | <u>0.026</u> | <u>0.025</u> | <u>0.025</u> | <u>0.025</u> | <u>0.025</u> | <u>0.025</u> | <u>0.025</u> |
| Total City Direct Rate                | 0.149          | 0.149        | 0.149        | 0.149        | 0.147        | 0.146        | 0.146        | 0.146        | 0.146        | 0.146        |
| Overlapping Rates:                    |                |              |              |              |              |              |              |              |              |              |
| Example Water District                | 0.009          | 0.009        | 0.009        | 0.009        | 0.009        | 0.009        | 0.008        | 0.007        | 0.006        | 0.006        |
| Example Sanitary District             | 0.003          | 0.003        | 0.003        | 0.003        | 0.003        | 0.003        | 0.003        | 0.003        | 0.003        | 0.003        |
| Example Unified School District       | 0.003          | 0.001        | 0.002        | 0.001        | 0.004        | 0.008        | 0.008        | 0.010        | 0.013        | 0.012        |
| Example Unified School District Bonds | 0.010          | 0.012        | 0.011        | 0.011        | 0.006        | 0.002        | 0.002        | 0.008        | 0.006        | 0.007        |
| County of Example                     | <u>0.836</u>   | <u>0.838</u> | <u>0.837</u> | <u>0.838</u> | <u>0.837</u> | <u>0.834</u> | <u>0.835</u> | <u>0.834</u> | <u>0.832</u> | <u>0.833</u> |
| Total Direct Rate                     | <u>\$1.010</u> | <u>1.012</u> | <u>1.011</u> | <u>1.011</u> | <u>1.006</u> | <u>1.002</u> | <u>1.002</u> | <u>1.008</u> | <u>1.006</u> | <u>1.007</u> |

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 the Example Unified School District bonds.

Source: Example County Assessor's Office

CITY OF EXAMPLE  
Principal Property Tax Payers  
Current Year and Nine Years Ago

| Taxpayer                               | 2006                         |                                                          | 1997                         |                                                          |
|----------------------------------------|------------------------------|----------------------------------------------------------|------------------------------|----------------------------------------------------------|
|                                        | Taxable<br>Assessed<br>Value | Percent of<br>Total City<br>Taxable<br>Assessed<br>Value | Taxable<br>Assessed<br>Value | Percent of<br>Total City<br>Taxable<br>Assessed<br>Value |
| Alta Vista Partners LLC                | \$ 11,535,390                | 0.11%                                                    | -                            | 0.00%                                                    |
| Home Depot USA Inc                     | 8,917,002                    | 0.08%                                                    | -                            | 0.00%                                                    |
| Carriage Inn                           | 7,600,000                    | 0.07%                                                    | 7,600,000                    | 0.14%                                                    |
| Drummond Medical Group, Inc            | 6,912,625                    | 0.06%                                                    | 6,640,084                    | 0.12%                                                    |
| Wal-Mart Stores Inc                    | 6,627,126                    | 0.06%                                                    | 6,839,579                    | 0.12%                                                    |
| Ridgecrest Heritage Inn                | 6,211,243                    | 0.06%                                                    | 6,687,363                    | 0.12%                                                    |
| Albertsons, Inc                        | 5,009,033                    | 0.05%                                                    | 5,885,308                    | 0.11%                                                    |
| Ridgecrest Capital Limited Partnership | 4,626,402                    | 0.04%                                                    | 4,632,441                    | 0.08%                                                    |
| Dayton Hudson Corporation              | 4,557,996                    | 0.04%                                                    | -                            | 0.00%                                                    |
| Heritage Center LLC                    | 4,118,638                    | 0.04%                                                    | -                            | 0.00%                                                    |
| William Harrison Trust                 | -                            | 0.00%                                                    | 4,904,792                    | 0.09%                                                    |
| Mervyns                                | -                            | 0.00%                                                    | 4,492,793                    | 0.08%                                                    |
| First Berkshire Properties LLC         | -                            | 0.00%                                                    | 4,350,000                    | 0.08%                                                    |
| Ridgecrest Healthcare Investment       | -                            | 0.00%                                                    | 3,842,939                    | 0.07%                                                    |
|                                        | <u>\$ 66,115,455</u>         | <u>0.61%</u>                                             | <u>55,875,299</u>            | <u>1.01%</u>                                             |

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Source: Example County Assessor's Office

CITY OF EXAMPLE  
Property Tax Levies and Collections  
Last Ten Fiscal Years

| Fiscal<br>Year Ended<br>June 30 | Taxes Levied<br>for the<br>Fiscal Year | Collected within the<br>Fiscal Year of Levy |                    | Collections in<br>Subsequent<br>Years | Total Collections to Date |                    |
|---------------------------------|----------------------------------------|---------------------------------------------|--------------------|---------------------------------------|---------------------------|--------------------|
|                                 |                                        | Amount                                      | Percent<br>of Levy |                                       | Amount                    | Percent<br>of Levy |
| 1997                            | \$9,348,379                            | 9,235,614                                   | 98.79%             | 327,947                               | 9,563,561                 | 102.30%            |
| 1998                            | 9,337,804                              | 9,263,205                                   | 99.20%             | 257,630                               | 9,520,835                 | 101.96%            |
| 1999                            | 7,684,452                              | 7,593,383                                   | 98.81%             | 103,349                               | 7,696,732                 | 100.16%            |
| 2000                            | 8,184,611                              | 7,797,963                                   | 95.20%             | 94,421                                | 7,892,384                 | 96.40%             |
| 2001                            | 9,611,137                              | 9,386,921                                   | 97.67%             | 194,126                               | 9,581,047                 | 99.69%             |
| 2002                            | 11,354,546                             | 11,138,314                                  | 98.10%             | 228,028                               | 11,366,342                | 100.10%            |
| 2003                            | 12,103,606                             | 11,516,653                                  | 95.15%             | 188,043                               | 11,704,696                | 96.70%             |
| 2004                            | 13,836,882                             | 13,412,596                                  | 96.93%             | 237,488                               | 13,650,084                | 98.65%             |
| 2005                            | 15,305,359                             | 15,143,845                                  | 98.95%             | 299,444                               | 15,443,289                | 100.91%            |
| 2006                            | 16,559,037                             | 21,306,966                                  | 128.67%            | 216,894                               | 21,523,860                | 129.98%            |

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Source: Example County Auditor Controller's Office

CITY OF EXAMPLE  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

| Fiscal Year<br>Ended<br>June 30 | Governmental Activities        |                                         |            |                                     |
|---------------------------------|--------------------------------|-----------------------------------------|------------|-------------------------------------|
|                                 | General<br>Obligation<br>Bonds | Tax<br>Allocation<br>Bonds <sup>1</sup> | Loans      | Total<br>Governmental<br>Activities |
| 1997                            | \$ 3,165,000                   | 12,450,000                              | 8,540,000  | 24,155,000                          |
| 1998                            | 3,095,000                      | 11,827,500                              | 8,113,000  | 23,035,500                          |
| 1999                            | 3,075,000                      | 11,236,000                              | 7,500,000  | 21,811,000                          |
| 2000                            | 3,050,000                      | 16,236,000                              | 6,750,000  | 26,036,000                          |
| 2001                            | 3,025,000                      | 15,424,000                              | 6,075,000  | 24,524,000                          |
| 2002                            | 2,995,000                      | 14,652,000                              | 5,467,000  | 23,114,000                          |
| 2003                            | 2,965,000                      | 13,186,000                              | 13,467,000 | 16,432,000                          |
| 2004                            | 2,930,000                      | 23,186,000                              | 12,130,000 | 38,246,000                          |
| 2005                            | 2,895,000                      | 23,436,000                              | 10,917,000 | 37,248,000                          |
| 2006                            | 2,855,000                      | 23,356,000                              | 9,825,500  | 36,036,500                          |

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

<sup>1</sup> The City issued over \$87 million of new tax allocation bonds in 2003.

<sup>2</sup> These ratios are calculated using personal income and population for the prior calendar year.

| Business-type Activities  |                                  |                                      | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income <sup>2</sup> | Debt<br>Per<br>Capita <sup>2</sup> |
|---------------------------|----------------------------------|--------------------------------------|--------------------------------|--------------------------------------------------|------------------------------------|
| Water<br>Revenue<br>Bonds | Certificates of<br>Participation | Total<br>Business-type<br>Activities |                                |                                                  |                                    |
| 3,665,000                 | 2,535,000                        | 6,200,000                            | 30,355,000                     | 2.14%                                            | 651                                |
| 3,620,000                 | 3,859,940                        | 7,479,940                            | 30,515,440                     | 2.12%                                            | 645                                |
| 3,570,000                 | 2,190,000                        | 5,760,000                            | 27,571,000                     | 1.81%                                            | 571                                |
| 3,520,000                 | 4,545,000                        | 8,065,000                            | 34,101,000                     | 2.13%                                            | 692                                |
| 3,460,000                 | 3,090,000                        | 6,550,000                            | 31,074,000                     | 1.82%                                            | 618                                |
| 3,400,000                 | 3,355,000                        | 6,755,000                            | 29,869,000                     | 1.55%                                            | 569                                |
| 3,335,000                 | 3,370,000                        | 6,705,000                            | 23,137,000                     | 1.12%                                            | 421                                |
| 3,265,000                 | 3,140,000                        | 6,405,000                            | 44,651,000                     | 1.91%                                            | 736                                |
| 3,190,000                 | 3,040,000                        | 6,230,000                            | 43,478,000                     | 1.84%                                            | 689                                |
| 3,110,000                 | 2,805,000                        | 5,915,000                            | 41,951,500                     | 1.68%                                            | 642                                |

# CITY OF EXAMPLE

## Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years  
(In Thousands, except Per Capita)

| Fiscal Year<br>Ended<br>June 30 | Outstanding General Bonded Debt |                            |        | Percent of<br>Assessed<br>Value <sup>1</sup> | Per<br>Capita |
|---------------------------------|---------------------------------|----------------------------|--------|----------------------------------------------|---------------|
|                                 | General<br>Obligation<br>Bonds  | Tax<br>Allocation<br>Bonds | Total  |                                              |               |
| 1997                            | \$ 3,165                        | 12,450                     | 15,615 | 0.28%                                        | 68            |
| 1998                            | 3,095                           | 11,828                     | 14,923 | 0.26%                                        | 65            |
| 1999                            | 3,075                           | 11,236                     | 14,311 | 0.24%                                        | 64            |
| 2000                            | 3,050                           | 16,236                     | 19,286 | 0.29%                                        | 62            |
| 2001                            | 3,025                           | 15,424                     | 18,449 | 0.25%                                        | 60            |
| 2002                            | 2,995                           | 14,652                     | 17,647 | 0.23%                                        | 57            |
| 2003                            | 2,965                           | 13,186                     | 16,151 | 0.19%                                        | 54            |
| 2004                            | 2,930                           | 23,186                     | 26,116 | 0.29%                                        | 48            |
| 2005                            | 2,895                           | 23,436                     | 26,331 | 0.27%                                        | 46            |
| 2006                            | 2,855                           | 23,356                     | 26,211 | 0.24%                                        | 44            |

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

<sup>1</sup> Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

CITY OF EXAMPLE  
Direct and Overlapping Debt  
June 30, 2005

|                                                                    |                                       |                             |                                              |
|--------------------------------------------------------------------|---------------------------------------|-----------------------------|----------------------------------------------|
| City Assessed Valuation                                            |                                       | \$ 4,602,692                |                                              |
| Redevelopment Agency Incremental Valuation                         |                                       | <u>6,317,427</u>            |                                              |
| Total Assessed Valuation                                           |                                       | <u>\$ 10,920,119</u>        |                                              |
|                                                                    | Percentage<br>Applicable <sup>1</sup> | Outstanding<br>Debt 6/30/05 | Estimated<br>Share of<br>Overlapping<br>Debt |
| Overlapping Debt Repaid with Property Taxes:                       |                                       |                             |                                              |
| Example Unified School District General Obligation Bonds           | 8.264%                                | \$ 11,319,201               | 935,419                                      |
| Example Community College District                                 | 3.914%                                | 2,754,551                   | 107,813                                      |
| Example Unified School District Lease Tax Obligations              | 8.264%                                | 1,848,243                   | 152,739                                      |
| Example County Water District, I.D. No. 54                         | 25.322%                               | 1,185,070                   | 300,083                                      |
| Example County Water District, I.D. No. 55                         | 2.103%                                | <u>13,722,100</u>           | <u>288,576</u>                               |
| Total overlapping debt repaid with property taxes                  |                                       | <u>30,829,165</u>           | <u>1,784,630</u>                             |
| Overlapping Other Debt:                                            |                                       |                             |                                              |
| Example County Capital Leases                                      | 0.801%                                | \$ 4,977,010                | 39,866                                       |
| Example County Board of Education Certificates of Participation    | 0.801%                                | 9,784,200                   | 78,371                                       |
| Example Unified School District Certificates of Participation      | 8.264%                                | 1,220,180                   | 100,836                                      |
| Example County Water District Certificates of Participation        | 5.541%                                | 5,280,570                   | 292,596                                      |
| Example Recreation and Park District Certificates of Participation | 6.975%                                | <u>1,858,840</u>            | <u>129,654</u>                               |
| Total overlapping other debt                                       |                                       | <u>23,120,800</u>           | <u>641,323</u>                               |
| Total overlapping debt                                             |                                       | <u>\$ 23,120,800</u>        | 641,323                                      |
| City direct debt                                                   |                                       |                             | <u>36,036,500</u>                            |
| Total direct and overlapping debt                                  |                                       |                             | <u>\$36,677,823</u>                          |

Notes:

<sup>1</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

CITY OF EXAMPLE  
Legal Debt Margin Information  
Last Ten Fiscal Years

|                                                                     | Fiscal Year           |                    |                    |                    |
|---------------------------------------------------------------------|-----------------------|--------------------|--------------------|--------------------|
|                                                                     | 1997                  | 1998               | 1999               | 2000               |
| Assessed valuation                                                  | \$ 4,602,692,853      | 4,786,800,567      | 4,978,272,590      | 5,177,403,494      |
| Conversion percentage                                               | <u>25%</u>            | <u>25%</u>         | <u>25%</u>         | <u>25%</u>         |
| Adjusted assessed valuation                                         | \$ 1,150,673,213      | 1,196,700,142      | 1,244,568,148      | 1,294,350,873      |
| Debt limit percentage                                               | <u>15%</u>            | <u>15%</u>         | <u>15%</u>         | <u>15%</u>         |
| Debt limit                                                          | 172,600,982           | 179,505,021        | 186,685,222        | 194,152,631        |
| Total net debt applicable to limit:<br>General obligation bonds     | <u>3,158,670</u>      | <u>3,079,525</u>   | <u>3,059,625</u>   | <u>3,034,750</u>   |
| Legal debt margin                                                   | <u>\$ 169,442,312</u> | <u>176,425,496</u> | <u>183,625,597</u> | <u>191,117,881</u> |
| Total debt applicable to the limit<br>as a percentage of debt limit | 1.8%                  | 1.7%               | 1.6%               | 1.6%               |

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 computations 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 Finance Department  
Example County Tax Assessor's Office

| Fiscal Year        |                    |                    |                    |                    |                    |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 2001               | 2002               | 2003               | 2004               | 2005               | 2006               |
| 5,384,499,634      | 5,599,879,619      | 5,823,874,804      | 6,056,829,796      | 6,299,102,988      | 6,551,067,107      |
| <u>25%</u>         | <u>25%</u>         | <u>25%</u>         | <u>25%</u>         | <u>25%</u>         | <u>25%</u>         |
| 1,346,124,908      | 1,399,969,905      | 1,455,968,701      | 1,514,207,449      | 1,574,775,747      | 1,637,766,777      |
| <u>15%</u>         | <u>15%</u>         | <u>15%</u>         | <u>15%</u>         | <u>15%</u>         | <u>15%</u>         |
| 201,918,736        | 209,995,486        | 218,395,305        | 227,131,117        | 236,216,362        | 245,665,017        |
| <u>3,009,875</u>   | <u>2,980,025</u>   | <u>2,950,175</u>   | <u>2,915,350</u>   | <u>2,889,210</u>   | <u>2,855,000</u>   |
| <u>198,908,861</u> | <u>207,015,461</u> | <u>215,445,130</u> | <u>224,215,767</u> | <u>233,327,152</u> | <u>242,810,017</u> |
| 1.5%               | 1.4%               | 1.4%               | 1.3%               | 1.2%               | 1.2%               |

CITY OF EXAMPLE  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(In Thousands)

| Fiscal Year<br>Ended<br>June 30 | Water Revenue Bonds |                               |                             |              |          |          |
|---------------------------------|---------------------|-------------------------------|-----------------------------|--------------|----------|----------|
|                                 | Water<br>Revenue    | Less<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |          | Coverage |
|                                 |                     |                               |                             | Principal    | Interest |          |
| 1997                            | \$ -                | -                             | -                           | -            | -        | -        |
| 1998                            | -                   | -                             | -                           | -            | -        | -        |
| 1999                            | -                   | -                             | -                           | -            | -        | -        |
| 2000                            | -                   | -                             | -                           | -            | -        | -        |
| 2001                            | -                   | -                             | -                           | -            | -        | -        |
| 2002                            | -                   | -                             | -                           | -            | -        | -        |
| 2003                            | 30,521              | 13,734                        | 16,787                      | 710          | 1,577    | 7.34     |
| 2004                            | 31,124              | 14,006                        | 17,118                      | 735          | 1,550    | 7.49     |
| 2005                            | 31,685              | 14,258                        | 17,427                      | 765          | 1,522    | 7.62     |
| 2006                            | 30,903              | 13,906                        | 16,997                      | 795          | 1,493    | 7.43     |

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation expenses.

Tax Allocation Bonds

| Tax<br>Increment | Debt Service |          | Coverage |
|------------------|--------------|----------|----------|
|                  | Principal    | Interest |          |
| 9,172            | 1,300        | 6,963    | 1.11     |
| 9,088            | 1,400        | 6,862    | 1.10     |
| 7,757            | 1,530        | 6,722    | 0.94     |
| 7,829            | 1,690        | 6,595    | 0.95     |
| 7,996            | 1,880        | 6,363    | 0.97     |
| 7,531            | 2,100        | 6,131    | 0.92     |
| 8,444            | 2,350        | 5,888    | 1.03     |
| 8,568            | 2,630        | 5,648    | 1.04     |
| 8,688            | 2,940        | 5,334    | 1.05     |
| 8,625            | 3,280        | 4,971    | 1.05     |

CITY OF EXAMPLE  
Demographic and Economic Statistics  
Last Ten Calendar Years

| Calendar<br>Year | Population<br>(1) | Personal<br>Income<br>(in thousands) (2) | Per<br>Capita<br>Personal<br>Income (2) | Unemployment<br>Rate<br>(3) |
|------------------|-------------------|------------------------------------------|-----------------------------------------|-----------------------------|
| 1996             | 46,600            | \$ 1,418,085                             | 30,431                                  | 3.7%                        |
| 1997             | 47,305            | 1,439,964                                | 30,440                                  | 3.6%                        |
| 1998             | 48,250            | 1,526,389                                | 31,635                                  | 2.1%                        |
| 1999             | 49,253            | 1,599,885                                | 32,483                                  | 1.9%                        |
| 2000             | 50,302            | 1,702,723                                | 33,850                                  | 2.0%                        |
| 2001             | 52,455            | 1,921,532                                | 36,632                                  | 2.0%                        |
| 2002             | 54,919            | 2,062,044                                | 37,547                                  | 3.2%                        |
| 2003             | 60,701            | 2,343,726                                | 38,611                                  | 3.1%                        |
| 2004             | 63,100            | 2,367,512                                | 37,520                                  | 2.5%                        |
| 2005             | 65,338            | 2,493,102                                | 38,157                                  | 3.0%                        |

Sources: (1) State Department of Finance  
(2) Office of Economic Development  
(3) State of California Employment Development Department (data shown is for the County)

CITY OF EXAMPLE  
Principal Employers  
Current Year and Nine Years Ago

| Employer                    | 2006                   |                                   | 1997                   |                                   |
|-----------------------------|------------------------|-----------------------------------|------------------------|-----------------------------------|
|                             | Number of<br>Employees | Percent of<br>Total<br>Employment | Number of<br>Employees | Percent of<br>Total<br>Employment |
| Kaiser Permanente           | 1,100                  | 3.70%                             | 950                    | 3.20%                             |
| ICU Medical                 | 604                    | 2.03%                             | 590                    | 1.99%                             |
| Martin Hospital             | 320                    | 1.08%                             | -                      | 0.00%                             |
| Albertson's Grocery         | 267                    | 0.90%                             | 210                    | 0.71%                             |
| Wal-Mart                    | 245                    | 0.81%                             | -                      | 0.00%                             |
| Smidt Institute Diagnostics | 245                    | 0.81%                             | 100                    | 0.34%                             |
| The Home Depot              | 240                    | 0.79%                             | 205                    | 0.69%                             |
| City of Example             | 238                    | 0.78%                             | 141                    | 0.49%                             |
| Lenton International        | 210                    | 0.71%                             | 230                    | 0.77%                             |
| The Fish House              | 195                    | 0.66%                             | -                      | 0.00%                             |
| Hamilton Technology         | -                      | 0.00%                             | 150                    | 0.51%                             |
| Ralph's Grocery             | -                      | 0.00%                             | 210                    | 0.71%                             |
| Boone Inc.                  | -                      | 0.00%                             | 520                    | 1.75%                             |

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: State Department of Commerce  
City of Example  
InfoUSA

CITY OF EXAMPLE  
Full-time and Part-time City Employees  
by Function  
Last Ten Fiscal Years

| Function                   | Full-Time and Part-time Employees as of June 30 |             |             |             |             |             |             |             |             |             |
|----------------------------|-------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                            | <u>1997</u>                                     | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| General government         | 34                                              | 29          | 26          | 26          | 27          | 28          | 28          | 28          | 28          | 30          |
| Public safety <sup>1</sup> | 12                                              | 12          | 106         | 106         | 107         | 112         | 113         | 113         | 113         | 109         |
| Public works               | 23                                              | 24          | 16          | 16          | 18          | 19          | 19          | 18          | 19          | 19          |
| Community<br>development   | 20                                              | 19          | 18          | 19          | 20          | 22          | 22          | 22          | 22          | 23          |
| Water                      | 15                                              | 12          | 16          | 16          | 16          | 20          | 23          | 23          | 23          | 23          |
| Wastewater                 | 20                                              | 20          | 16          | 13          | 13          | 15          | 17          | 17          | 17          | 18          |
| Golf Course                | <u>17</u>                                       | <u>17</u>   | <u>16</u>   | <u>16</u>   | <u>16</u>   | <u>16</u>   | <u>16</u>   | <u>16</u>   | <u>16</u>   | <u>16</u>   |
| Total                      | <u>141</u>                                      | <u>133</u>  | <u>214</u>  | <u>212</u>  | <u>217</u>  | <u>232</u>  | <u>238</u>  | <u>237</u>  | <u>238</u>  | <u>238</u>  |

<sup>1</sup> Police and fire services were provided by the County prior to 1999.

Source: City Budget Office

CITY OF EXAMPLE  
Operating Indicators  
by Function  
Last Ten Fiscal Years

|                                                          | Fiscal Year |        |        |        |         |
|----------------------------------------------------------|-------------|--------|--------|--------|---------|
|                                                          | 1997        | 1998   | 1999   | 2000   | 2001    |
| Police:                                                  |             |        |        |        |         |
| Arrests                                                  | \$ 11,427   | 11,542 | 11,016 | 11,127 | 11,471  |
| Parking citations issued                                 | 17,025      | 17,984 | 18,287 | 18,311 | 23,298  |
| Fire:                                                    |             |        |        |        |         |
| Number of emergency calls                                | 1,540       | 1,399  | 1,583  | 1,593  | 1,610   |
| Inspections                                              | 1,954       | 1,726  | 2,521  | 2,342  | 2,900   |
| Public works:                                            |             |        |        |        |         |
| Street resurfacing (miles)                               | 20.71       | 22.60  | 25.93  | 27.51  | 28.29   |
| Parks and recreation:                                    |             |        |        |        |         |
| Number of recreation classes                             | 42          | 69     | 210    | 298    | 429     |
| Number of facility rentals                               | 825         | 942    | 1,262  | 1,200  | 1,242   |
| Water:                                                   |             |        |        |        |         |
| New connections                                          | 268         | 267    | 213    | 331    | 114     |
| Average daily consumption<br>(thousands of gallons)      | 6,972       | 7,097  | 7,290  | 7,912  | 8,905   |
| Sewer:                                                   |             |        |        |        |         |
| New connections                                          | 285         | 226    | 198    | 309    | 119     |
| Average daily sewage treatment<br>(thousands of gallons) | 4,058       | 4,219  | 4,320  | 4,630  | 4,410   |
| Golf course:                                             |             |        |        |        |         |
| Golf rounds played <sup>1</sup>                          | \$ -        | -      | -      | -      | 100,887 |

<sup>1</sup> The Example Municipal Golf Course was constructed in 2000.

| Fiscal Year |         |         |         |         |
|-------------|---------|---------|---------|---------|
| 2002        | 2003    | 2004    | 2005    | 2006    |
| 11,587      | 11,704  | 12,192  | 12,701  | 13,517  |
| 21,128      | 24,347  | 22,742  | 21,947  | 23,623  |
| 1,713       | 1,689   | 1,937   | 2,262   | 2,324   |
| 2,969       | 3,051   | 3,481   | 3,923   | 3,375   |
| 31.90       | 40.38   | 40.83   | 45.46   | 48.94   |
| 934         | 1,289   | 2,187   | 3,221   | 3,704   |
| 2,572       | 3,469   | 3,173   | 3,208   | 3,414   |
| 344         | 547     | 320     | 186     | 95      |
| 8,519       | 9,398   | 9,127   | 9,226   | 9,602   |
| 311         | 584     | 243     | 265     | 117     |
| 4,380       | 4,360   | 4,430   | 4,450   | 4,660   |
| 109,884     | 111,027 | 108,800 | 119,210 | 115,547 |

CITY OF EXAMPLE  
Capital Asset Statistics  
by Function  
Last Ten Fiscal Years

|                                                            | Fiscal Year |        |        |        |        |
|------------------------------------------------------------|-------------|--------|--------|--------|--------|
|                                                            | 1997        | 1998   | 1999   | 2000   | 2001   |
| Police:                                                    |             |        |        |        |        |
| Stations                                                   | 1           | 1      | 1      | 1      | 1      |
| Fire:                                                      |             |        |        |        |        |
| Fire stations                                              | 3           | 3      | 3      | 3      | 3      |
| Public works:                                              |             |        |        |        |        |
| Streets (miles)                                            | 121.20      | 121.20 | 122.08 | 122.08 | 122.08 |
| Streetlights                                               | 2,706       | 2,706  | 2,810  | 2,842  | 2,915  |
| Traffic signals                                            | 34          | 35     | 36     | 38     | 44     |
| Parks and recreation:                                      |             |        |        |        |        |
| Parks                                                      | 17          | 17     | 17     | 18     | 18     |
| Community centers                                          | 1           | 1      | 1      | 1      | 1      |
| Water:                                                     |             |        |        |        |        |
| Water mains (miles)                                        | 156.70      | 158.40 | 158.90 | 161.44 | 166.44 |
| Maximum daily capacity<br>(thousands of gallons)           | 12,500      | 12,500 | 12,500 | 12,500 | 12,500 |
| Wastewater:                                                |             |        |        |        |        |
| Sanitary sewers (miles)                                    | 166.00      | 167.70 | 167.80 | 171.32 | 175.82 |
| Storm sewers (miles)                                       | 36.60       | 38.10  | 38.30  | 42.30  | 49.30  |
| Maximum daily treatment capacity<br>(thousands of gallons) | 6,976       | 6,976  | 6,976  | 6,976  | 6,976  |
| Golf Course:                                               |             |        |        |        |        |
| Municipal golf courses                                     | -           | -      | -      | -      | 1      |

Source: City of Example

| Fiscal Year |        |        |        |        |
|-------------|--------|--------|--------|--------|
| 2002        | 2003   | 2004   | 2005   | 2006   |
| 1           | 1      | 1      | 1      | 1      |
| 3           | 3      | 3      | 3      | 3      |
| 122.08      | 127.14 | 131.76 | 132.60 | 133.10 |
| 2,956       | 2,967  | 3,039  | 3,183  | 3,185  |
| 44          | 48     | 51     | 58     | 69     |
| 18          | 19     | 19     | 19     | 21     |
| 1           | 2      | 2      | 2      | 2      |
| 167.90      | 170.60 | 172.50 | 172.90 | 172.90 |
| 12,500      | 12,500 | 12,500 | 12,500 | 12,500 |
| 176.90      | 178.40 | 179.15 | 179.15 | 179.15 |
| 51.40       | 53.50  | 57.60  | 57.60  | 57.60  |
| 6,976       | 6,976  | 6,976  | 6,976  | 6,976  |
| 1           | 1      | 1      | 1      | 1      |

EXAMPLE WATER DISTRICT

Water Sold by Type of Customer

Last Ten Fiscal Years

(in millions of gallons)

|                                        | Fiscal Year |         |         |         |         |         |         |         |         |         |
|----------------------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                        | 1997        | 1998    | 1999    | 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    |
| Type of Customer:                      |             |         |         |         |         |         |         |         |         |         |
| Residential                            | 1,857.3     | 1,912.1 | 2,151.6 | 2,237.4 | 2,233.4 | 2,340.0 | 2,425.3 | 2,553.2 | 2,769.8 | 2,859.1 |
| Industrial                             | 1,347.5     | 1,351.3 | 1,471.7 | 1,483.3 | 1,453.4 | 1,543.2 | 1,600.3 | 1,633.6 | 1,716.5 | 1,745.3 |
| Commercial                             | 351.9       | 394.6   | 436.1   | 458.0   | 418.3   | 375.9   | 335.2   | 366.5   | 385.5   | 381.8   |
| Military                               | 56.1        | 56.9    | 71.3    | 73.1    | 86.6    | 85.0    | 95.2    | 111.4   | 117.1   | 137.3   |
| Government                             | 15.8        | 16.2    | 22.1    | 21.5    | 25.2    | 27.6    | 35.2    | 42.2    | 40.4    | 46.0    |
| Total                                  | 3,628.6     | 3,731.1 | 4,152.8 | 4,273.3 | 4,216.9 | 4,371.7 | 4,491.2 | 4,706.9 | 5,029.3 | 5,169.5 |
| Total direct rate<br>per 1,000 gallons | \$ 1.35     | 1.35    | 1.35    | 1.38    | 1.41    | 1.45    | 1.45    | 1.45    | 1.48    | 1.48    |

Source: Example Water District, Finance Department

# EXAMPLE WATER DISTRICT

## Water Rates

### Last Ten Fiscal Years

| <u>Fiscal<br/>Year Ended<br/>June 30</u> | <u>Monthly<br/>Base<br/>Rate</u> | <u>Rate per<br/>1,000<br/>Gallons</u> |
|------------------------------------------|----------------------------------|---------------------------------------|
| 1997                                     | \$ 7.03                          | 2.35                                  |
| 1998                                     | 7.03                             | 2.35                                  |
| 1999                                     | 7.03                             | 2.38                                  |
| 2000                                     | 7.03                             | 2.41                                  |
| 2001                                     | 7.04                             | 2.41                                  |
| 2002                                     | 7.04                             | 2.41                                  |
| 2003                                     | 7.21                             | 2.47                                  |
| 2004                                     | 7.21                             | 2.47                                  |
| 2005                                     | 7.21                             | 2.47                                  |
| 2006                                     | 7.39                             | 2.53                                  |

#### NOTE:

Rates are based on 5/8" meter, which is the standard household meter size. The District charges an excess-use rate above normal demand.

EXAMPLE WATER DISTRICT  
Water Customers  
Current Year and Nine Years Ago

| Water Customer                | 2006              |                                 | 1997           |                                 |
|-------------------------------|-------------------|---------------------------------|----------------|---------------------------------|
|                               | Water Charges     | Percent of Total Water Revenues | Water Charges  | Percent of Total Water Revenues |
| Embassy Suites                | \$ 58,638         | 0.77%                           | -              | 0.00%                           |
| Pederson Properties, LLC      | 58,170            | 0.76%                           | -              | 0.00%                           |
| Growers Nursery               | 57,008            | 0.75%                           | 56,530         | 1.15%                           |
| Residence Inn                 | 52,903            | 0.69%                           | 53,687         | 1.10%                           |
| Lake Shores Golf Resort       | 49,626            | 0.65%                           | 48,395         | 0.99%                           |
| First Pacifica                | 45,402            | 0.59%                           | 47,363         | 0.97%                           |
| Toyota Motor Credit           | 23,807            | 0.31%                           | 45,308         | 0.92%                           |
| Example County Fire Authority | 20,640            | 0.27%                           | 32,441         | 0.66%                           |
| United Parcel Service         | 18,646            | 0.24%                           | -              | 0.00%                           |
| Best Western                  | 16,479            | 0.22%                           | -              | 0.00%                           |
| Marriott Suites               | -                 | 0.00%                           | 24,792         | 0.51%                           |
| University of Example         | -                 | 0.00%                           | 22,939         | 0.47%                           |
|                               | <u>\$ 401,319</u> | <u>5.25%</u>                    | <u>331,455</u> | <u>6.77%</u>                    |

Source: District Customer Services Department