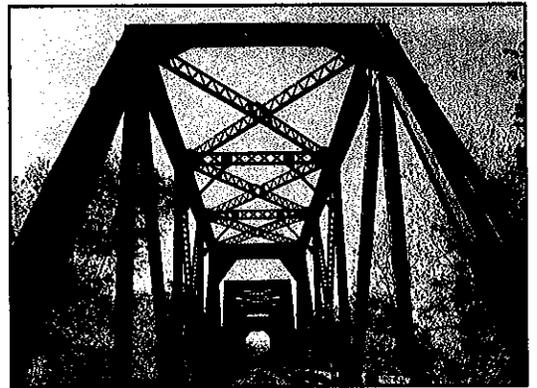
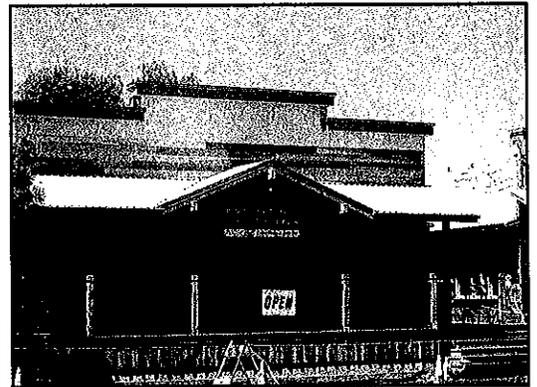
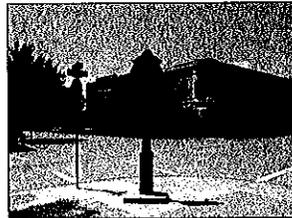
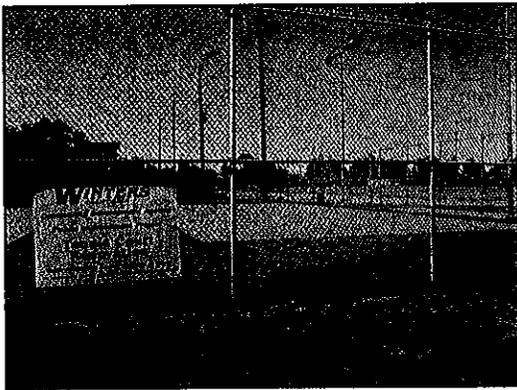




Comprehensive Annual Financial Report For the Year Ended June 30, 2006





**Comprehensive Annual Financial Report
FOR THE YEAR ENDED JUNE 30, 2006**

Prepared by:
City of Winters Finance Department
Shelly A. Gunby, Director

CITY OF WINTERS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Fiscal Year Ended June 30, 2006

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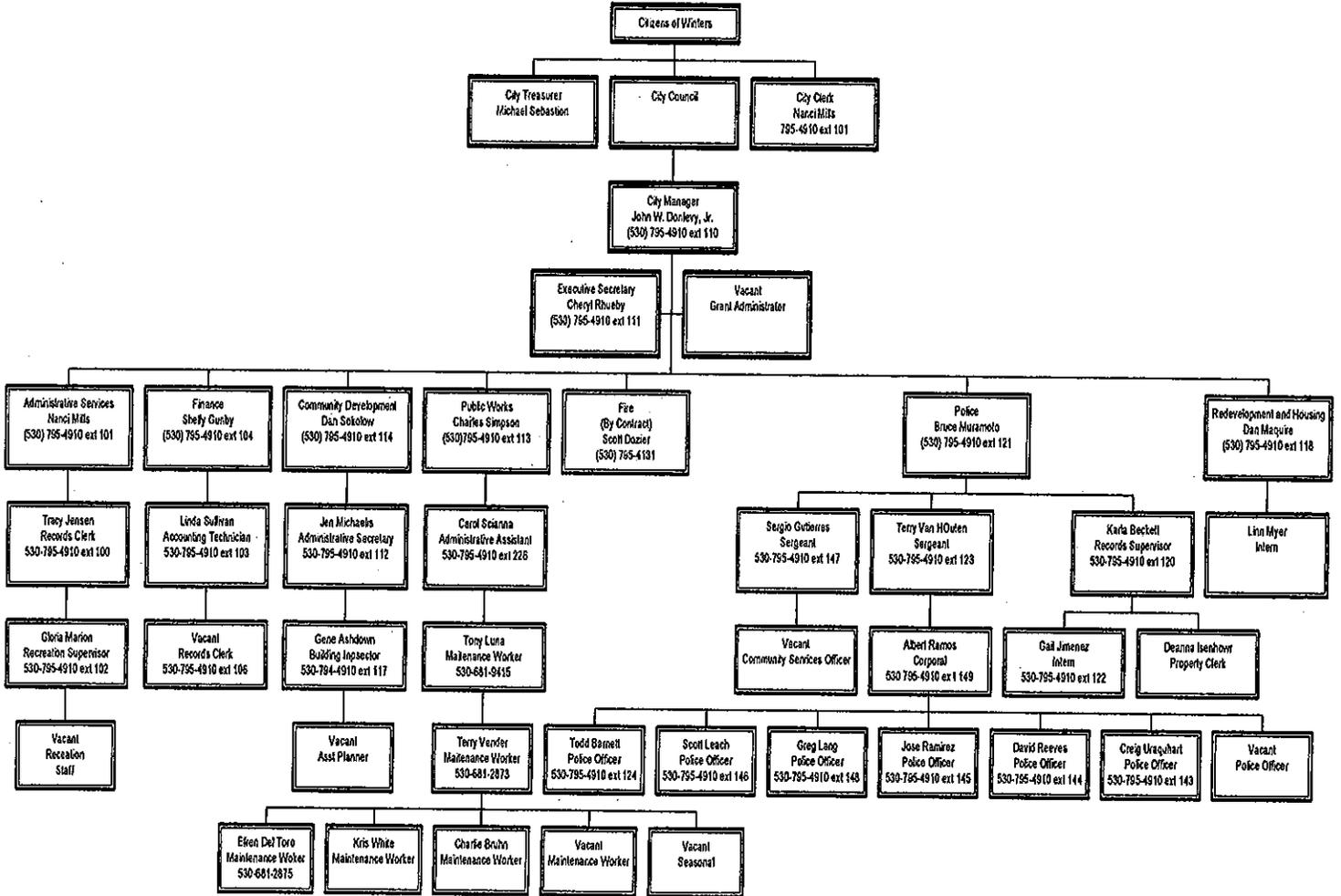
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Organizational Chart June 30, 2006





List of Elected and Appointed Officials June 30, 2006

Elected Officials

Mayor	Woody Fridae
Mayor Pro Tem	Mike Martin
Council Member	Cecilia Aguiar-Curry
Council Member	Harold Anderson
Council Member	Tom Stone

Appointed Officials

City Manager	John W. Donlevy Jr.
Police Chief	Bruce Muramoto
Director of Administrative Services	Nanci G. Mills
Director of Public Works	Charles Simpson
Director of Financial Management	Shelly A. Gunby
Director of Community Development	Dan Sokolow
Housing and Redevelopment Manager	Dan Maguire

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Winters California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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



President

Executive Director

*California Society of
Municipal Finance Officers*

Certificate of Award

Outstanding Financial Reporting 2004-05

Presented to the

City of Winters

*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

February 24, 2006

William A. Dand

**Bill Thomas, Chair
Professional & Technical Standards Committee**

Dedicated to Excellence in Municipal Financial Management



MOSS, LEVY & HARTZHEIM, LLP

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MUNICIPAL FINANCE OFFICERS
CALIFORNIA ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS

OFFICES: BEVERLY HILLS, CALIFORNIA
SANTA MARIA, CALIFORNIA

Independent Auditor's Report

The Honorable Members of the City Council of the
City of Winters
Winters, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Winters, California (City) as of and for the fiscal year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Winters, California, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund and the Housing Set-Aside Special Revenue Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 of the Notes to Basic Financial Statements, the City adopted Governmental Accounting Standards Board (GASB) Statements No. 44, *Economic Condition Reporting: The Statistical Section* and No. 46, *Restricted Net Assets by Enabling Legislation*, effective July 1, 2005.

In accordance with Government Auditing Standards, we have also issued a report dated September 8, 2006, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Managements discussion and analysis on pages 15 through 33 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Moss, Levy & Hartzheim, LLP
Beverly Hills, California
September 8, 2006

Management's Discussion and Analysis

As management of the City of Winters, we offer readers of the City of Winters financial statements this narrative overview and analysis of the financial activities of the City of Winters for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to the basic financial statements.

The financial statements presented herein include all financial activities of the City and its component units in accordance with Governmental Accounting Standards Board Statement No.34, "Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Government" (GASB 34).

The Government-Wide Financial Statements present the financial position of the City using the economic resources measurement focus and the accrual basis of accounting. These statements present governmental activities and business-type activities separately. Also, these statements include all assets of the City, as well as all liabilities, including long-term debt. Additionally, in accordance with GASB 34, certain eliminations have been made related to interfund activity, payables and receivables.

The Fund Financial Statements include governmental, proprietary and fiduciary funds. The governmental funds are prepared using the current financial resources measurement and focus and the modified accrual basis of accounting. The proprietary funds are prepared using the economic resources measurement focus and the modified accrual basis of accounting. The fiduciary funds consist of agency funds, which only report a balance sheet and do not have a measurement focus. A reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach under GASB 34.

Financial Highlights

- The assets of the City of Winters exceeded its liabilities at the close of the most recent fiscal year by \$20,453,042 (net assets). Of this amount, \$15,889,908

(unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

- As of the close of the current fiscal year, the City of Winters governmental funds reported combined ending fund balances of \$16,642,673 a decrease of \$355,778 in comparison with the prior year. Approximately 74%, or \$12,278,941 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,702,209 or, 138% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Winters basic financial statements. The City of Winters basic financial statements comprise three components:

1. Government-wide financial statements
2. Fund Financial Statements
3. Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Winters finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* and the *Statement of Activities* report information about the City as a whole and its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector entities. Under the modified accrual basis of accounting, revenues are recognized in the period in which they become measurable, while expenses are recorded when incurred with the exception of the principal and the interest on long term debt, which is recorded when due.

The *Statement of Net Assets* reports the City's net assets and changes in them. Net assets are the differences between assets and liabilities, which is one way to measure

the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Thus, revenues are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected taxes, and earned but unused vacation leave.

Both of the government-wide financial statements distinguish functions of the City of Winters that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities.) The governmental activities of the City of Winters include; general government, public works, public safety, streets, community development, public transportation, and culture and recreation. The business type activities of the City of Winters include the Water and Sewer functions of the City of Winters.

The government-wide financial statements include not only the City of Winters itself, but also a legally separate City of Winters Community Development Agency for which the City of Winters is financially accountable.

Fund Financial Statements

The fund financial statements provide detailed information about the City's major funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Winters, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City of Winters can be divided into three (3) categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between the Governmental Fund Financial Statements and the Government-Wide Financial Statements are explained in a reconciliation following the Government-Wide Financial Statements.

The City of Winters adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds. When the City charges customers for services, whether to outside customers or to programs of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way in that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. The City's enterprise funds are the same as the business-type activities reported in the Government-Wide Financial Statements, but provide more detail and additional information, such as cash flows for each enterprise fund. The City also uses an internal service fund to report activities that provide supplies and services for the City's internal programs and activities.

Fiduciary funds. The City is the trustee, or fiduciary, for certain funds established to account for assets held by the City in a trustee capacity, or as an agent for individuals, private organizations, and other governmental units. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. These activities are excluded from the City's Government-Wide Financial Statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their purposes.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

Combining statements are presented following the notes to the financial statements.

Government-wide Financial Analysis

The government-wide financial statements provide long-term and short-term information about the City of Winters overall financial condition. This analysis addresses the financial statements of the City as a whole.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Winters, assets exceeded liabilities by \$20,453,042 at the close of the most recent fiscal year.

3.7% of the City's net assets reflects its investment in capital assets (e.g., land, buildings, and improvements other than buildings, equipment, infrastructure, and construction in progress); less any related debt, used to acquire those assets, that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City reports its sewer and water activities as business type activities and reports these activities in the government-wide statements.

An additional portion of the City of Winters net assets (18.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$15,889,908) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Winters is able to report positive balances in all three categories of net assets, governmental activities, business-type activities, as well as total activities.

City of Winters Net Assets						
	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$ 19,415,713	\$ 19,752,747	\$ 1,793,502	\$ 1,673,681	\$ 21,209,215	\$ 21,426,428
Capital Assets	5,779,924	3,700,107	1,849,858	1,899,986	7,629,782	5,600,093
Total Assets	25,195,637	23,452,854	3,643,360	3,573,667	28,838,997	27,026,521
Long-term Liabilities Outstanding	7,017,327	7,271,197	150,450	144,968	7,167,777	7,416,165
Other Liabilities	1,086,150	1,043,306	132,028	109,721	1,218,178	1,153,027
Total Liabilities	8,103,477	8,314,503	282,478	254,689	8,385,955	8,569,192
Net Assets:						
Invested in Capital Assets Net of related Debt	(997,447)	-	1,748,464	1,899,986	751,017	1,899,986
Restricted	3,812,117	3,933,274	-	-	3,812,117	3,933,274
Unrestricted	14,277,490	11,205,077	1,612,418	1,418,992	15,889,908	12,624,069
Total Net Assets	\$ 17,092,160	\$ 15,138,351	\$ 3,360,882	\$ 3,318,978	\$ 20,453,042	\$ 18,457,329

There was a decrease of \$121,157 in restricted net assets reported in connection with the City of Winters' Governmental Activities. This decrease is due to having no funds restricted as of June 30, 2006 for capital projects.

The government's net assets increased by \$1,995,713 during the fiscal year. 23% of this increase in net assets is due to the receipt of one-time grants that were not fully expended during the fiscal year. 6% is due to the increase of recurring revenues over the amount projected in the budget. 18% is from the increased investment revenues received during the fiscal year. The balance of the increase in net assets is due to expenditures that were budgeted for the fiscal year that were deferred due to project delays, or the conservative spending habits of city staff.

Governmental Activities

Governmental activities increased the City of Winters net assets by \$1,953,809, therefore accounting for 98% of the increase in total growth in net assets for the City of Winters.

The Cost of all governmental activities during 2005-2006 was \$5,394,136. Some of the cost of governmental activities was paid by those who directly benefited from the programs in the amount of \$ 737,125 or by other governmental agencies and organizations that subsidized certain programs with grants and contributions in the

amount of \$1,254,758 Overall, the city generated program revenues of \$1,991,883. The balance of the cost of governmental activities of \$3,402,253 was paid by the City of Winters sources of general revenues (taxes and general revenues).

The following table presents the changes in net assets for the year ended June 30, 2006.

City of Winters Changes in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues						
Charges for Services	\$ 737,125	\$ 1,099,902	\$ 1,384,469	\$ 1,256,501	\$ 2,121,594	\$ 2,356,403
Operating Contributions and Grants	\$ 112,674	\$ 137,931			112,674	137,931
Capital Contributions and Grants	1,142,084	7,032			1,142,084	7,032
General Revenues						
Property Taxes	3,132,212	2,621,091	23,537	28,775	3,155,749	2,649,866
Other Taxes	1,357,200	1,552,911			1,357,200	1,552,911
Other	866,650	1,199,961	24,131	317,695	890,781	1,517,656
Total Revenues	7,347,945	6,618,828	1,432,137	1,602,971	8,780,082	8,221,799
Expenses:						
General Government	1,010,123	1,514,288			1,010,123	1,514,288
Public Works	291,343	622,305			291,343	622,305
Public Safety	1,805,197	1,631,247			1,805,197	1,631,247
Cultural and Recreation	209,039	302,299			209,039	302,299
Community Development	1,177,004	782,186			1,177,004	782,186
Parks	394,202	73,615			394,202	73,615
Streets and Highways	95,709	249,976			95,709	249,976
Public Transportation	122,406	110,276			122,406	110,276
Interest on Long Term Debt	289,113	292,755			289,113	292,755
Water			568,433	613,920	568,433	613,920
Sewer			821,800	783,042	821,800	783,042
Total Expenses	5,394,136	5,578,947	1,390,233	1,396,962	6,784,369	6,975,909
Increase in Net Assets	1,953,809	1,039,881	41,904	206,009	1,995,713	1,245,890
Net Assets 7/1/04	15,138,351	14,098,470	3,318,978	3,112,969	18,457,329	17,211,439
Net Assets 6/30/05	\$ 17,092,160	\$ 15,138,351	\$ 3,360,882	\$ 3,318,978	\$ 20,453,042	\$ 18,457,329

Property taxes increased by \$511,121 or 19.5% during the fiscal year. 16.4% or \$83,586 of the increase is due to the increase in assessed property values throughout the City, and 61.8% or \$316,122 of the increase is due to increased assessed property values in the Community Development Agency project area. 18% of the increase is due to increased revenue in the Property Tax in Lieu of VLF, the balance of the increase was in Property Tax Received in Lieu of Sales Tax.

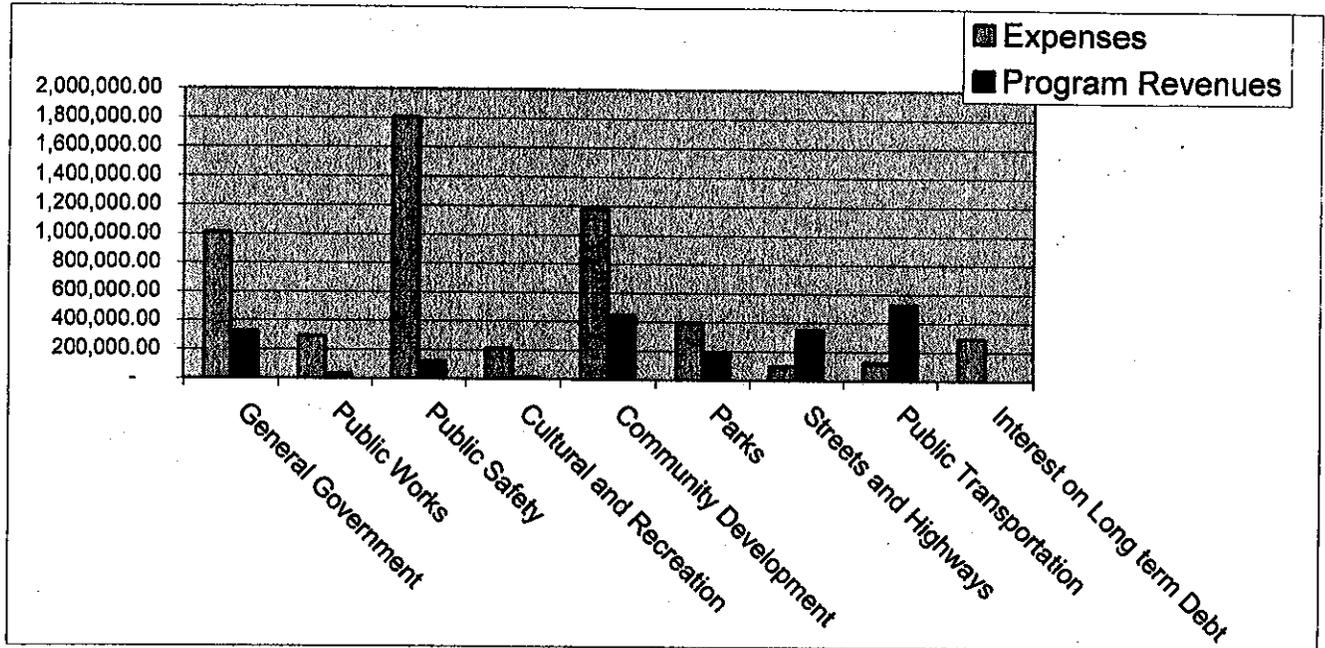
Operating Contributions and Grants have decreased by \$25,257 in 2005-2006 compared to 2004-2005. This is due the one time nature of such grants as the Workforce Housing Grants and the Jobs/Housing Balance Grants. The only grants that are consistently funded for multiple years is funding for Police staffing provided by the State of California, however, continued funding depends on the financial status of the State of California and could be discontinued at any time.

Capital Contributions and Grants have increased from 2004-2005 amounts by \$1,135,052. This is again, due to the one time nature of grants. Of particular note is the grant funding for the Trestle Bridge in the amount of \$356,000, the Transportation Development Act Fund Contributions of \$328,886 and the Federal and State Grants of \$325,516 received for the installation of the first traffic signal in the City of Winters. The balance of the funding received was various small park capital grants received throughout the fiscal year to add equipment to various parks throughout the city.

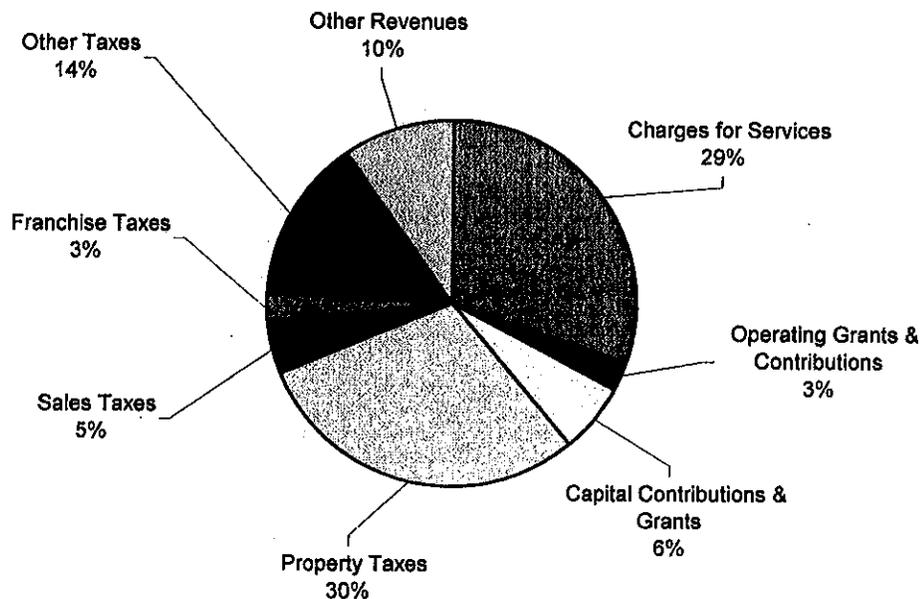
Charges for Services have decreased from the 2004-2005 fiscal year. The decrease is due to the lack of building activity within the City during the 2005-2006 fiscal year. Projects completed the review process during 2004-2005 and therefore planning application fees were reduced during 2005-2006. Only one new construction building permit was issued during the 2005-2006 fiscal year, therefore building permit fees, one of the major general fund service charges were not collected.

Other revenues decreased by \$333,311 from 2004-2005. In 2004-2005 the City received repayment of principal on First Time Homebuyer and Home Rehabilitation Loans issued in the past. Interest rates combined with increased housing values encouraged most of the homeowner's that had received housing assistance from the City in the past to sell or refinance their homes, and therefore remit the balance of the City first time homebuyer loans to the city in 2004-2005. These moneys were again loaned to first time homebuyers during 2004-2005, and the homeowner's have not experienced the increase in housing values to enable repayment of the current first time homebuyer loans in 2005-2006.

Expenses and Program Revenues-Governmental Activities



Revenues by Source- Governmental Activities



Governmental activity expenditures decreased by \$184,811 from those of 2004-2005 for the following reasons:

- The largest decrease in expenditures was in the Community Development Agency Capital Projects Fund. The position of Redevelopment and Housing Manager was vacant for a large portion of the fiscal year, and projects were

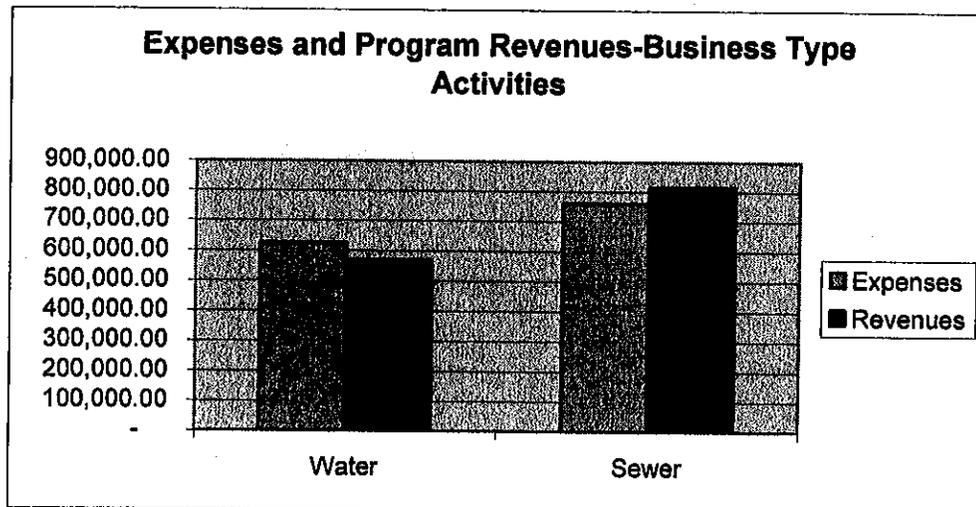
place on hold until the position was filled. Consultant contracts were also place on hold during the time the city position was vacant, further reducing expenditures in the Community Development Agency.

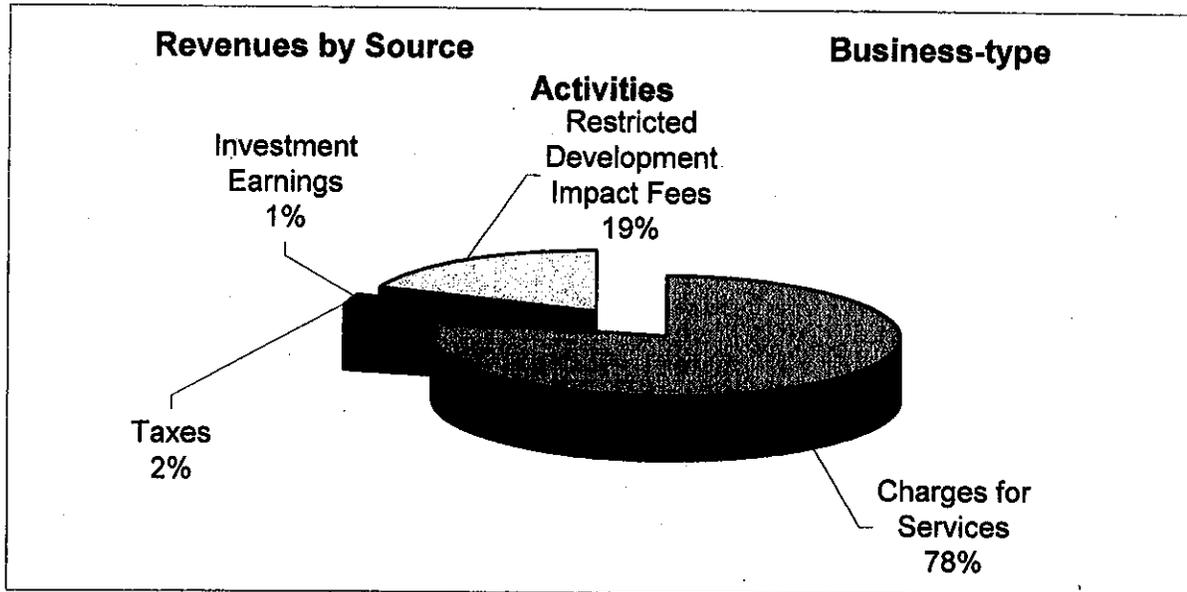
- The traffic signal was completed during 2004-2005, and therefore the Streets and Highways expenditures were decreased for the 2005-2006 fiscal year.

Business- Type Activities

Business-type activities increased the City of Winters net assets by \$41,904. Key elements of the increase in the net assets are as follows:

- The Water Service charge rate was increased in January 2006 per a consultant produced 7 year financial plan. This produced a positive change in net assets in the Water O & M fund for the first time in 3 years.
- The Sewer Service charge rate was increased in January 2006 per a consultant produced 7 year financial plan. Although the sewer fund experienced a negative change in net assets in the current fiscal year, it is part of an overall plan of spending for a 7 year time period.





Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City of Winters governmental funds is to provide information on near-term inflow, outflows and balances of spendable resources. Such information is useful in assessing the City of Winters financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Winters governmental funds reported combined ending fund balances of \$16,642,673, a decrease of \$355,778 in comparison with the prior year. Approximately 74%, or \$12,278,941 is available for spending at the government's discretion (unreserved fund balance). The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to the following:

- Advance to other funds-\$125,000
- Capital equipment -\$147,647
- Low and Moderate Income Housing-\$3,167,051
- Debt Service-\$605,360
- To liquidate contracts and purchase orders of the prior period-\$318,674

The general fund is the chief operating fund of the City of Winters, accounting for all financial resources traditionally associated with government activities that are not required legally to be accounted for in another fund.

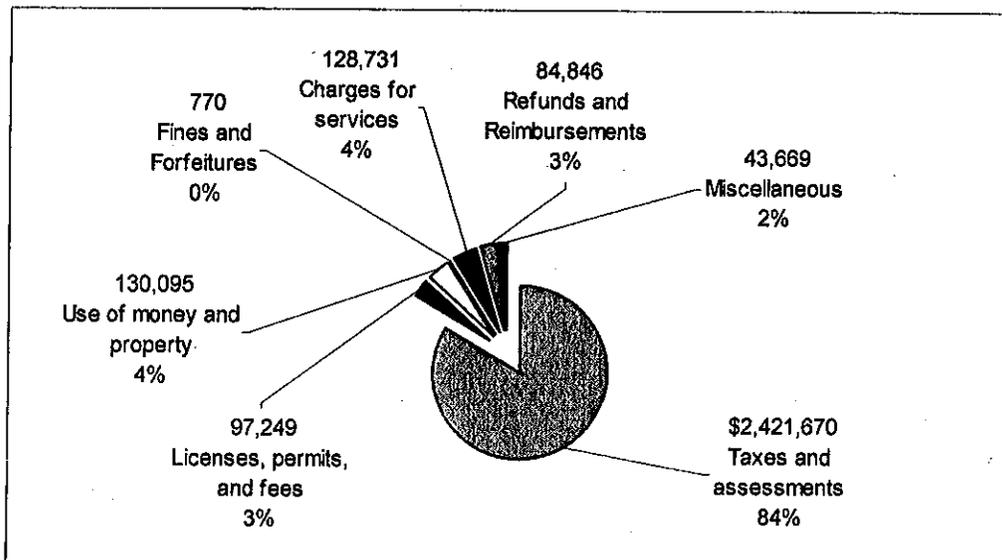
The General fund ended the fiscal year with a fund balance of \$3,862,211, which is an increase of \$92,096 as compared to the prior fiscal year. The fund balance is composed of two balances, designated for specific purposes by the City Council \$160,002, and unreserved, undesignated fund balance available for future operations \$3,702,209. The general fund showed a strong fund balance, which is well over the 25% of expenditures required by the City Council approved fiscal policies.

General fund revenues for the fiscal year ended June 30, 2006 were \$2,907,030 and comprised of the following:

General Fund Revenues

Taxes and assessments	\$ 2,421,670
Licenses, permits, and fees	97,249
Use of money and property	130,095
Fines and Forfeitures	770
Charges for services	128,731
Refunds and Reimbursements	84,846
Miscellaneous	43,669
	\$ 2,907,030

General Fund Revenues by Source

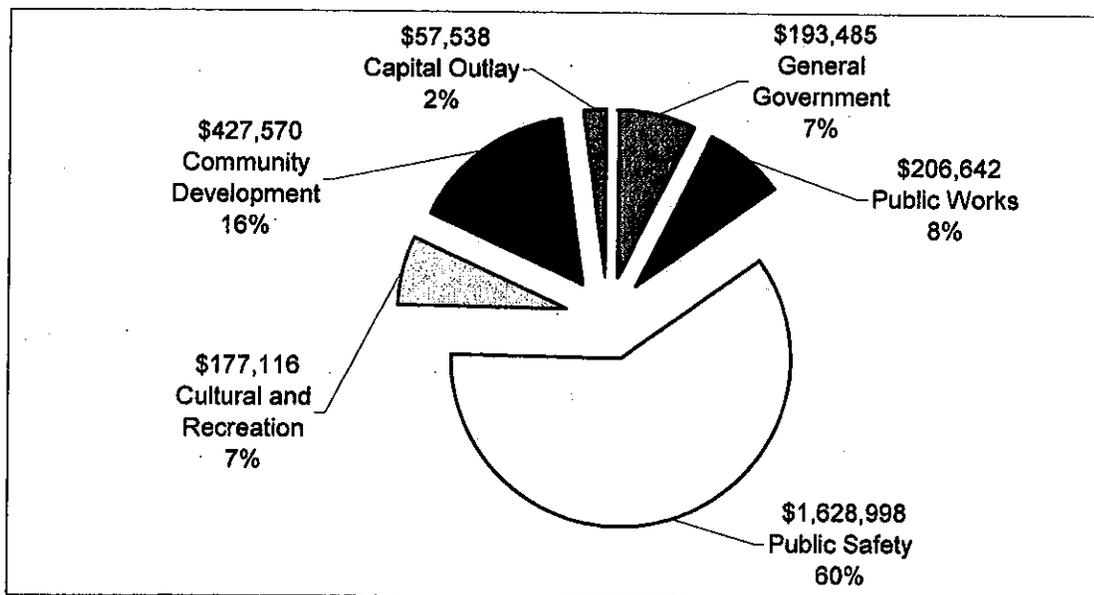


General Fund expenditures for the fiscal year ended June 30, 2006 were \$2,691,349 and comprised of the following:

General Fund Expenditures

General Government	\$ 193,485
Public Works	206,642
Public Safety	1,628,998
Cultural and Recreation	177,116
Community Development	427,570
Capital Outlay	57,538
	<hr/>
	\$ 2,691,349
	<hr/>

General Fund Expenditures by Activity



Other Major Funds

Community Development Capital Projects Fund:

The Community Development Agency issued tax allocation bonds for the first time in March 2004, of which \$3,815,957 was transferred to the Capital Projects Fund from the Debt Service Fund. Property tax increment for the year was \$1,428,481. Total expenditures for the year were \$2,017,954. Expenditures are for pass through agreements, agency staff, and capital projects financed with tax increment or tax allocation bond proceeds as well as debt service of \$343,484.

Housing Set-Aside Special Revenue Fund:

The Housing Set-Aside Fund is used to account for the production of low and moderate income housing within the City of Winters. The tax increment received by this fund was \$357,120. Total expenditures were \$464,162 for staffing, community outreach, and a loan used in production of a low-income apartment complex within the agency's project area, and for debt service on the tax allocation bonds issued in March 2004.

Community Development Agency Debt Service Fund:

Expenditures in this fund are for debt service on the tax allocation bonds issued in March 2004; revenues are investment earnings on the amount set aside as a reserve for the payment of debt service.

Proprietary Funds

The City of Winters proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer funds at the end of the year amounted to \$131,101 and \$1,379,923 respectively. The Water fund had an increase in net assets during the fiscal year of \$64,644; however, the Sewer fund had a decrease in net assets for the year (\$22,740). Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Winters business-type activities.

General fund Budgetary Highlights

The City's annual budget is the legally adopted expenditure control document of the City. Budgets are prepared on a modified accrual basis consistent with GAAP, except that for budgetary purposes:

- Revenues are recorded when received.
- Interfund loans and repayments are recorded as revenues and expenditures.
- Capital expenses are budgeted as an expense.
- Encumbrances are included in budgeted expenditures.

Unexpended appropriations lapse at year-end. The City Council reauthorizes appropriations for continuing projects and activities. The City Council has the legal

authority to amend the budget of any fund at any time during the fiscal year. The budget is adopted at the fund and department level. The City Manager is authorized to make transfers between account codes and departments within each fund, except for contingencies. City Council approval is required for transfers between funds, except those inter-fund transfers approved in the budget and must authorize any revisions which alter total expenditures of the city.

There were differences between the original budget and the final amended budget for increased revenues in taxes and assessments based on information received after the original budget was prepared. There were also increased expenditures approved in the areas of general government in the amount of \$59, 207 for purchase of GIS Software, Consultant for Solid Waste Collection Service Procurement, and Consultant for election feasibility study. Increased budgeted expenditures were approved for funding the Winters Fire Protection District under the Public Safety category, and the funding for the purchase of a new dump truck was approved in the final amended budget.

Actual Revenues were higher than budget amounts in total, however the sources of revenue is as follow:

- ❖ Taxes and Assessments –Revenues received were actually less than budgeted by \$859 due to the adjustment in the Property Tax in Lieu of Sales tax. 2004-2005 was the first year for this new revenue, and it was based on a state estimate, the estimate was reconciled to actual figures for sales tax and the adjustment for the City of Winters was a negative adjustment for 2005-2006.
- ❖ Licenses and Permits
 - License and Permit fee revenue received was less than the amount budgeted by \$61,973, due to the lack of new construction building permits. Approved subdivisions did not begin construction as anticipated in the budget, and therefore only one new construction building permit was issued in 2005-2006.
- ❖ Use of Money and property
 - Interest rates on the Local Agency Investment Fund (LAIF) increased during the 2005-2006 fiscal year. The City invests funds not immediately needed to pay operating expenses in LAIF. Actual receipts were \$92,049 higher than budgeted.

❖ **Charges for Services**

- Planning and Recreation services fees had revenues higher than budgeted in the 2005-2006 fiscal year, including, Planning Application Fees, Miscellaneous Recreation Fees, Basketball Program, Swim Program, and the Community Center Rental.

❖ **Refunds and Reimbursements**

- Developer reimbursement for costs related to processing their individual applications was higher than budgeted in 2005-2006

Expenditures were lower than budgeted throughout the organization in 2005-2006. An explanation for lower expenditures follows:

❖ **General Government**

- Salaries and Benefits were budgeted at a higher rate than the amount negotiated after the budget was approved.
- Conservative spending by staff resulted in less expenditures than budgeted.

❖ **Police Department**

- Salaries and benefits were less than budgeted due to vacancies in the department throughout the year.
- Conservative spending by staff resulted in less expenditures than budgeted.

❖ **Community Development**

- Salaries and benefits were budgeted at a higher rate than the amount negotiated after the budget was approved.
- Conservative spending by staff resulted in less expenditures than budgeted.

❖ **Public Works**

- Salaries and benefits were less than budgeted due to vacancies in the department throughout the year.
- Engineering Consultant services were not required at the budgeted levels, therefore expenditures were less than the budgeted amount.
- Conservative spending by staff resulted in less expenditures than budgeted.

Capital Asset and Debt Administration

Capital Assets.

The City of Winters investment for capital assets for its governmental and business type activities as of June 30, 2006, amounts to \$7,629,782 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, water wells and distribution and sewer plant and collection facilities.

City of Winters Capital Assets (Net of Depreciation)

	Governmental Activities		BusinessType Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 611,494	\$ 611,494	\$ 682,979	\$ 682,979	\$ 1,294,473	\$ 1,294,473
Buildings	1,151,800	1,100,145			1,151,800	1,100,145
Vehicles & Equipment	354,290	365,249			354,290	365,249
Infrastructure	3,009,160	1,073,316	414,093	422,643	3,423,253	1,495,959
Machinery & Equipemnt			109,893	132,376	109,893	132,376
Sewer Plant & Pipes			642,893	661,988	642,893	661,988
Construction in Progress.	653,180	549,903			653,180	549,903
Total	\$ 5,779,924	\$ 3,700,107	\$ 1,849,858	\$ 1,899,986	\$ 7,629,782	\$ 5,600,093

Capital asset additions during 2005-2006 include the following:

- Shade Structure built at the Community Center.
- Property and Evidence Software purchased for the Police Department.
- Police Car purchased.
- Purchase of an F550 Dump Truck
- Installation of Traffic Signal at Grant Avenue and Railroad Avenue.

Additional information on the City of Winters capital assets can be found in note 7 of the Notes to Basic Financial Statements.

Long-term Debt

At June 30, 2006, the City of Winters had \$7,468,085 in tax allocation bonds, general obligation bonds, and water system loan and compensated absences, compared to \$7,686,165 on June 30, 2005.

The following table provides a breakdown of the City's outstanding indebtedness as of June 30, 2006

City of Winters Outstanding Debt

	Governmental Activities		Business Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Tax Allocation Bonds	\$ 7,145,000	\$ 7,410,000			\$ 7,145,000	\$ 7,410,000
Compensated Absences	163,697	126,197	39,388	24,968	203,085	151,165
General Obligation Bonds			120,000	125,000	120,000	125,000
	<u>\$ 7,308,697</u>	<u>\$ 7,536,197</u>	<u>\$ 159,388</u>	<u>\$ 149,968</u>	<u>\$ 7,468,085</u>	<u>\$ 7,686,165</u>

The tax allocation bonds are paid from the receipt of incremental property taxes levied within the City's redevelopment area. These redevelopment project areas are accounted for by the Winters Community Development Agency. The tax allocation bonds were issued in March 2004. For more information on the tax allocation bonds please see note 8b of this report.

The General obligation bonds are paid from the sewer enterprise fund. These funds were used to expand the sewer plant in 1979.

Economic Factors and Next Years Budgets and Rates

- Slow growth rate (both residential and commercial).
- Passage of Proposition 1A protected most revenue sources that could be taken away by the State of California
- Implementation of 3%@55 safety retirement plan.
- Implementation of Water and Sewer service rate increases.
- Employee Retention programs

All of the above factors were considered in the preparation of the City of Winters 2006-2007 budget. In prior years, when the retirement system was experiencing favorable growth in revenues, employer rates were reduced. This reduction in employer

retirement rates was included in the unreserved, but designated fund balance of the general fund in the amount of \$355,628. The implementation of the 3%@55 safety retirement plan did cause significant increases in the employer rate for 2005-2006, however, unanticipated revenues were sufficient that the designated fund balance of \$355,628 was unaffected by the increase in the employer retirement rates. For 2006-2007 the designated fund balance will be used to offset \$160,000 of the projected increase in employer cost for the retirement system.

The water and sewer fund rates were increased in the 2006-2007 budget. The water rates were increased 32% and the sewer rates were increased 14%. The rate increases are necessary to continue to maintain an aging infrastructure. The water system is of particular concern, the rates charged to customers in the past failed to provide the revenues necessary to maintain an aging system. In 2005-2006 a water rate study was undertaken to provide the City of Winters with the information necessary to make informed decisions on the proper rates needed to provide revenues in sufficient amounts to adequately maintain the water system. The rates that were recommended by the study were implemented in January 2006; and the budgeted revenues are based on those rates.

Requests for Information

This management's discussion and analysis is designed to provide the City's residents, taxpayers, customer, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Financial Management, 318 First St., Winters, CA 95694

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CITY OF WINTERS
STATEMENT OF NET ASSETS
June 30, 2006

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 17,201,552	\$ 733,167	\$ 17,934,719
Restricted cash and investments with fiscal agents	549,111		549,111
Accounts receivable	418,188	37,757	455,945
Interest receivable	190,973	6,021	196,994
Notes receivable	1,704,817		1,704,817
Internal balances	(1,016,557)	1,016,557	
Deferred charges, net of accumulated amortization	367,629		367,629
Capital assets not being depreciated	1,264,674	682,979	1,947,653
Capital assets, net of accumulated depreciation	4,515,250	1,166,879	5,682,129
Total assets	25,195,637	3,643,360	28,838,997
LIABILITIES			
Accounts payable	446,646	88,129	534,775
Accrued expenses	83,513		83,513
Accrued interest payable	91,726		91,726
Deposits payable	172,895	34,961	207,856
Noncurrent liabilities:			
Due within one year	291,370	8,938	300,308
Due in more than one year	7,017,327	150,450	7,167,777
Total liabilities	8,103,477	282,478	8,385,955
NET ASSETS			
Invested in capital assets, net of related debt	(997,447)	1,748,464	751,017
Restricted for:			
Debt service	465,012		465,012
Housing	3,347,105		3,347,105
Unrestricted	14,277,490	1,612,418	15,889,908
Total net assets	\$ 17,092,160	\$ 3,360,882	\$ 20,453,042

See Notes to Basic Financial Statements

CITY OF WINTERS
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental Activities:				
General government	\$ 1,010,123	\$ 238,085	\$ -	\$ 84,048
Public works	291,343	30,890		
Public safety	1,805,197	15,389	100,000	3,364
Cultural and recreation	209,039	12,222		
Community development	1,177,004	440,539		5,000
Parks	394,202		12,674	176,000
Streets and highways	95,709			347,892
Public transportation	122,406			525,780
Interest on long-term debt	289,113			
Total governmental activities	5,394,136	737,125	112,674	1,142,084
Business-type Activities:				
Water	568,433	624,342		
Sewer	821,800	760,127		
Total business-type activities	1,390,233	1,384,469		
Total primary government	\$ 6,784,369	\$ 2,121,594	\$ 112,674	\$ 1,142,084

General Revenues:

Taxes:

Property taxes

Sales taxes

Franchise taxes

Other taxes

Motor vehicle in lieu, unrestricted

Use of money and property

Miscellaneous

Total general revenues

Change in net assets

Net assets at beginning of fiscal year

Net assets at end of fiscal year

See Notes to Basic Financial Statement

Net (Expense) Revenue and Changes in Net Assets

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (687,990)	\$ -	\$ (687,990)
(260,453)		(260,453)
(1,686,444)		(1,686,444)
(196,817)		(196,817)
(731,465)		(731,465)
(205,528)		(205,528)
252,183		252,183
403,374		403,374
(289,113)		(289,113)
<u>(3,402,253)</u>		<u>(3,402,253)</u>
	55,909	55,909
	(61,673)	(61,673)
	(5,764)	(5,764)
<u>(3,402,253)</u>	<u>(5,764)</u>	<u>(3,408,017)</u>
3,132,212	23,537	3,155,749
315,794		315,794
191,511		191,511
849,895		849,895
22,002		22,002
706,759	24,131	730,890
137,889		137,889
<u>5,356,062</u>	<u>47,668</u>	<u>5,403,730</u>
1,953,809	41,904	1,995,713
<u>15,138,351</u>	<u>3,318,978</u>	<u>18,457,329</u>
<u>\$ 17,092,160</u>	<u>\$ 3,360,882</u>	<u>\$ 20,453,042</u>

CITY OF WINTERS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	General Fund	Community Development Capital Projects Fund	Housing Set - Aside Special Revenue Fund
ASSETS			
Cash and investments	\$ 3,332,079	\$ 4,868,702	\$ 3,258,039
Restricted cash and investments with fiscal agents			
Accounts receivable	229,360	124,991	31,248
Interest receivable	29,828	58,208	36,355
Notes receivable	24,124		180,054
Due from other funds	675,303		
Advances to other funds			
Total assets	\$ 4,290,694	\$ 5,051,901	\$ 3,505,696
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 157,540	\$ 92,644	\$ 158,591
Accrued expenditures	83,513		
Deposits payable	163,306		
Due to other funds			
Deferred revenue	24,124		180,054
Advances from other funds			
Total liabilities	428,483	92,644	338,645
Fund balances:			
Reserved:			
Advances to other funds			
Capital equipment	147,647		
Low and moderate income housing			3,167,051
Debt service			
Encumbrances	12,355	232,258	
Unreserved reported in:			
General fund	3,702,209		
Special revenue funds			
Capital projects funds		4,726,999	
Total fund balances	3,862,211	4,959,257	3,167,051
Total liabilities and fund balances	\$ 4,290,694	\$ 5,051,901	\$ 3,505,696

See Notes to Basic Financial Statements

Community Development Debt Service Fund	General Plan 1992 Capital Projects Fund	Sewer Impact Fees Capital Projects Fund	Other Governmental Funds	Totals
\$ -	\$ -	\$ 640,353	\$ 5,096,500	\$ 17,195,673
549,111				549,111
			32,589	418,188
7,627		6,583	52,372	190,973
	5,090		1,495,549	1,704,817
			29,070	704,373
			125,000	125,000
<u>\$ 556,738</u>	<u>\$ 5,090</u>	<u>\$ 646,936</u>	<u>\$ 6,831,080</u>	<u>\$ 20,888,135</u>
\$ -	\$ -	\$ 313	\$ 29,219	\$ 438,307
				83,513
			9,589	172,895
	616,187	1,016,557	88,186	1,720,930
	5,090		1,495,549	1,704,817
			125,000	125,000
	<u>621,277</u>	<u>1,016,870</u>	<u>1,747,543</u>	<u>4,245,462</u>
				125,000
				147,647
				3,167,051
556,738			48,622	605,360
		102	73,959	318,674
				3,702,209
			783,604	783,604
	(616,187)	(370,036)	4,052,352	7,793,128
<u>556,738</u>	<u>(616,187)</u>	<u>(369,934)</u>	<u>5,083,537</u>	<u>16,642,673</u>
<u>\$ 556,738</u>	<u>\$ 5,090</u>	<u>\$ 646,936</u>	<u>\$ 6,831,080</u>	<u>\$ 20,888,135</u>

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CITY OF WINTERS
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2006

Fund balances of governmental funds	\$ 16,642,673
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of accumulated depreciation have not been included as financial resources in governmental funds.	5,779,924
Certain notes receivable are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds	1,704,817
Long-term debt and compensated absences have not been included in the governmental funds.	
Long-term debt	(7,145,000)
Compensated absences	(163,697)
Deferred charges, net of accumulated amortization of \$30,454 for debt issuance costs and discounts on long-term debt, have not been reported in the governmental funds.	367,629
Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.	(91,726)
Internal service funds are used by management to charge the costs of certain activities, such as equipment replacement, to individual funds. The assets and liabilities of the internal service fund must be added to the statement of net assets.	<u>(2,460)</u>
Net assets of governmental activities	<u>\$ 17,092,160</u>

See Notes to Basic Financial Statements

CITY OF WINTERS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2006

	General Fund	Community Development Capital Projects Fund	Housing Set- Aside Special Revenue Fund
REVENUES			
Taxes and assessments	\$ 2,421,670	\$ 1,428,481	\$ 357,120
Licenses, permits, and fees	97,249		
Fines and forfeitures	770		
Program income			
Use of money and property	130,095	186,890	122,193
Intergovernmental revenues			
Charges for services	128,731		
Refunds and reimbursements	84,846		
Miscellaneous	43,669	7,060	
Total revenues	2,907,030	1,622,431	479,313
EXPENDITURES			
Current:			
General government	193,485	196,360	55,278
Public works	206,642		
Public safety	1,628,998		
Cultural and recreation	177,116		
Community development	427,570	143,966	209,541
Parks			
Streets and highways			
Public transportation			
Pass-through agreements		438,180	
Capital outlay	57,538	895,964	
Debt service:			
Principal		200,000	65,000
Interest		143,484	134,343
Total expenditures	2,691,349	2,017,954	464,162
Excess of revenues over (under) expenditures	215,681	(395,523)	15,151
OTHER FINANCING SOURCES (USES)			
Transfers in		22,978	
Transfers out	(123,585)		
Total other financing sources (uses)	(123,585)	22,978	
Excess of revenues and other financing sources over (under) expenditures and other financing uses	92,096	(372,545)	15,151
Fund Balances - July 1, 2005	3,770,115	5,331,802	3,151,900
Fund Balances - June 30, 2006	\$ 3,862,211	\$ 4,959,257	\$ 3,167,051

Community Development Debt Service Fund	General Plan 1992 Capital Projects Fund	Sewer Impact Fees Capital Projects Fund	Other Governmental Funds	Totals
\$ -	\$ -	\$ -	\$ 321,037	\$ 4,528,308
		13,160	63,086	173,495
			7,047	7,817
			35,020	35,020
29,373		23,918	214,290	706,759
			1,237,864	1,237,864
				128,731
				84,846
			2,314	53,043
<u>29,373</u>		<u>37,078</u>	<u>1,880,658</u>	<u>6,955,883</u>
			42,117	487,240
			315	206,957
			138,985	1,767,983
				177,116
			5,317	786,394
			394,202	394,202
			95,709	95,709
			122,406	122,406
				438,180
		16,069	1,323,076	2,292,647
				265,000
				<u>277,827</u>
		<u>16,069</u>	<u>2,122,127</u>	<u>7,311,661</u>
<u>29,373</u>		<u>21,009</u>	<u>(241,469)</u>	<u>(355,778)</u>
	2,374		275,136	300,488
<u>(22,978)</u>			<u>(153,925)</u>	<u>(300,488)</u>
<u>(22,978)</u>	<u>2,374</u>		<u>121,211</u>	
6,395	2,374	21,009	(120,258)	(355,778)
<u>550,343</u>	<u>(618,561)</u>	<u>(390,943)</u>	<u>5,203,795</u>	<u>16,998,451</u>
<u>\$ 556,738</u>	<u>\$ (616,187)</u>	<u>\$ (369,934)</u>	<u>\$ 5,083,537</u>	<u>\$ 16,642,673</u>

CITY OF WINTERS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2006**

Net change in fund balances - total governmental funds \$ (355,778)

Amounts reported for governmental activities in the statement of activities differ because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period. 2,079,817

Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. When the note is collected it is reflected in revenue. This amount is the net change between notes receivable collected and issued. 13,817

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is an other financing source and repayment of bond principal is an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net assets.

Repayment of bond principal 265,000

Debt issuance costs are expenditures in the governmental funds, but these costs are capitalized on the statement of net assets. This is the amount of amortization of debt issuance costs in the current period. (13,052)

Accrued interest payable is interest due on long-term debt. This is the net change in accrued interest in the current period. 1,766

Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period. (37,500)

Internal service funds are used by management to charge the costs of certain activities, such as equipment replacement, to individual funds. The net revenues (expenses) of the internal service funds is reported under governmental activities. (261)

Change in net assets of governmental activities \$ 1,953,809

See Notes to Basic Financial Statements

General Fund

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

CITY OF WINTERS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes and assessments	\$ 2,310,510	\$ 2,422,529	\$ 2,421,670	\$ (859)
Licenses, permits, and fees	159,222	159,222	97,249	(61,973)
Fines and forfeitures			770	770
Use of money and property	38,046	38,046	130,095	92,049
Charges for services	74,641	77,641	128,731	51,090
Refunds and reimbursements	6,900	8,500	84,846	76,346
Miscellaneous	63,100	63,100	43,669	(19,431)
Total revenues	2,652,419	2,769,038	2,907,030	137,992
EXPENDITURES				
Current:				
General government	191,141	250,348	193,485	56,863
Public works	342,684	342,634	206,642	135,992
Public safety	1,638,213	1,683,213	1,628,998	54,215
Cultural and recreation	200,057	200,057	177,116	22,941
Community development	459,936	459,936	427,570	32,366
Capital outlay	61,940	89,950	57,538	32,412
Total expenditures	2,893,971	3,026,138	2,691,349	334,789
Excess of revenues over (under) expenditures	(241,552)	(257,100)	215,681	472,781
OTHER FINANCING SOURCES (USES)				
Transfers in	160,000	154,827		(154,827)
Transfers out			(123,585)	(123,585)
Total other financing sources (uses)	160,000	154,827	(123,585)	(278,412)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(81,552)	(102,273)	92,096	194,369
Fund Balance - July 1, 2005	3,770,115	3,770,115	3,770,115	
Fund Balance - June 30, 2006	<u>\$ 3,688,563</u>	<u>\$ 3,667,842</u>	<u>\$ 3,862,211</u>	<u>\$ 194,369</u>

See Notes to Basic Financial Statements

CITY OF WINTERS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOUSING SET-ASIDE SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes and assessments	\$ 356,118	\$ 356,118	\$ 357,120	\$ 1,002
Use of money and property	3,900	3,900	122,193	118,293
Total Revenues	360,018	360,018	479,313	119,295
EXPENDITURES				
Current:				
General government	57,162	57,162	55,278	1,884
Community development	40,000	40,000	209,541	(169,541)
Capital outlay	2,500,000	2,500,000		2,500,000
Debt service:				
Principal	65,000	65,000	65,000	
Interest	134,343	134,343	134,343	
Total Expenditures	2,796,505	2,796,505	464,162	2,332,343
Excess of revenues over (under) expenditures	(2,436,487)	(2,436,487)	15,151	2,451,638
Fund Balance - July 1, 2005	3,151,900	3,151,900	3,151,900	
Fund Balance - June 30, 2006	\$ 715,413	\$ 715,413	\$ 3,167,051	\$ 2,451,638

See Notes to Basic Financial Statements

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Enterprise Funds and Internal Service Fund

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the City Council of the City of Winters is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Water Fund – This fund is used to account for the water operations and maintenance activities of the City of Winters.

Sewer Fund – This fund is used to account for the sewer operations and maintenance activities of the City of Winters.

The Internal Service Fund accounts for financial transactions related to the City's billing and collections. These services are provided to other departments of the City on a cost reimbursement basis.

CITY OF WINTERS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006

	Business-type Activities -			Governmental
	Enterprise Funds			Internal
	Water	Sewer	Totals	Service Fund
ASSETS				
Current Assets:				
Cash and investments	\$ 210,626	\$ 522,541	\$ 733,167	\$ 5,879
Accounts receivable, net	15,562	22,195	37,757	
Interest receivable	650	5,371	6,021	
Due from other funds		1,016,557	1,016,557	
Total current assets	<u>226,838</u>	<u>1,566,664</u>	<u>1,793,502</u>	<u>5,879</u>
Noncurrent Assets:				
Capital assets not being depreciated	150,000	532,979	682,979	
Capital assets, net of accumulated depreciation	<u>195,092</u>	<u>971,787</u>	<u>1,166,879</u>	
Total noncurrent assets	<u>345,092</u>	<u>1,504,766</u>	<u>1,849,858</u>	
Total assets	<u>571,930</u>	<u>3,071,430</u>	<u>3,643,360</u>	<u>5,879</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	35,072	53,057	88,129	8,339
Deposits payable	34,961		34,961	
Current portion of long-term obligations	<u>2,570</u>	<u>6,368</u>	<u>8,938</u>	
Total current liabilities	<u>72,603</u>	<u>59,425</u>	<u>132,028</u>	<u>8,339</u>
Noncurrent liabilities:				
Compensated absences	23,134	12,316	35,450	
Bonds payable		<u>115,000</u>	<u>115,000</u>	
Total noncurrent liabilities	<u>23,134</u>	<u>127,316</u>	<u>150,450</u>	
Total liabilities	<u>95,737</u>	<u>186,741</u>	<u>282,478</u>	<u>8,339</u>
NET ASSETS				
Invested in capital assets, net of related debt	345,092	1,504,766	1,849,858	
Unrestricted	<u>131,101</u>	<u>1,379,923</u>	<u>1,511,024</u>	<u>(2,460)</u>
Total net assets	<u>\$ 476,193</u>	<u>\$ 2,884,689</u>	<u>\$ 3,360,882</u>	<u>\$ (2,460)</u>

See Notes to Basic Financial Statements

CITY OF WINTERS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Water	Sewer	Totals	Internal Service Fund
Operating Revenues:				
Charges for services (net of refunds)	\$ 619,947	\$ 760,127	\$ 1,380,074	\$ 427,082
Late fees	4,395		4,395	
Total operating revenues	624,342	760,127	1,384,469	427,082
Operating Expenses:				
Cost of sales	371,526	461,458	832,984	
Material, supplies, and miscellaneous	14,867	21,225	36,092	99,256
Insurance				100,926
Administration	106,054	215,326	321,380	
Fuels, lubricants, and maintenance	19,023	22,509	41,532	39,944
Contract services	38,357	63,510	101,867	145,988
Utilities				41,229
Depreciation	18,606	31,522	50,128	
Total operating expenses	568,433	815,550	1,383,983	427,343
Operating income (loss)	55,909	(55,423)	486	(261)
Non-Operating Revenues (Expenses):				
Interest income	8,735	15,396	24,131	
Interest expense		(6,250)	(6,250)	
Property taxes		23,537	23,537	
Total non-operating revenues (expenses)	8,735	32,683	41,418	
Changes in net assets	64,644	(22,740)	41,904	(261)
Total Net Assets - July 1, 2005	411,549	2,907,429	3,318,978	(2,199)
Total Net Assets - June 30, 2006	\$ 476,193	\$ 2,884,689	\$ 3,360,882	\$ (2,460)

See Notes to Basic Financial Statements

CITY OF WINTERS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2006

	Business-type Activities -			Governmental Activities-
	Enterprise Funds			Internal Service Fund
	Water	Sewer	Totals	
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 613,742	\$ 753,033	\$ 1,366,775	\$ 427,082
Cash paid to suppliers for goods and services	(269,871)	(594,815)	(864,686)	(446,280)
Cash paid to employees for services	(259,202)	(170,238)	(429,440)	
Net cash provided (used) by operating activities	84,669	(12,020)	72,649	(19,198)
Cash Flows from Non-Capital Financing Activities:				
Property taxes		23,537	23,537	
Net cash provided (used) by non-capital financing activities		23,537	23,537	
Cash Flows from Capital and Related Financing Activities:				
Principal paid on debt		(5,000)	(5,000)	
Interest paid on debt		(6,250)	(6,250)	
Net cash provided (used) by capital and related financing activities		(11,250)	(11,250)	
Cash Flows from Investing Activities:				
Interest received	9,817	13,589	23,406	
Net cash provided (used) by investing activities	9,817	13,589	23,406	
Net increase (decrease) in cash and cash equivalents	94,486	13,856	108,342	(19,198)
Cash and Cash Equivalents at Beginning of Fiscal Year	116,140	508,685	624,825	25,077
Cash and Cash Equivalents at End of Fiscal Year	\$ 210,626	\$ 522,541	\$ 733,167	\$ 5,879
Reconciliation to Statement of Net Assets:				
Cash and investments	\$ 210,626	\$ 522,541	\$ 733,167	\$ 5,879
	\$ 210,626	\$ 522,541	\$ 733,167	\$ 5,879

(Continued)

See Notes to Basic Financial Statements

CITY OF WINTERS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2006

(Continued)

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Water	Sewer	Totals	Internal Service Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 55,909	\$ (55,423)	\$ 486	\$ (261)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	18,606	31,522	50,128	
(Increase) decrease in accounts receivable	(3,660)	(7,094)	(10,754)	
Increase (decrease) in accounts payable	12,775	13,905	26,680	(18,937)
Increase (decrease) in accrued liabilities	(1,371)		(1,371)	
Increase (decrease) in compensated absences	9,350	5,070	14,420	
Increase (decrease) in deposits payable	(6,940)		(6,940)	
Total adjustments	28,760	43,403	72,163	(18,937)
Net cash provided by (used by) operating activities	\$ 84,669	\$ (12,020)	\$ 72,649	\$ (19,198)

See Notes to Basic Financial Statements

CITY OF WINTERS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2006

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 515,807
Interest receivable	<u>5,304</u>
Total Assets	<u>\$ 521,111</u>
Liabilities:	
Accounts payable	900
Deposits payable	<u>520,211</u>
Total Liabilities	<u>\$ 521,111</u>

See Notes to Basic Financial Statements

Notes to Basic Financial Statements

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The City of Winters was incorporated in 1898 under the general laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities.

The City is governed by a city council of five members. As required by accounting principles generally accepted in the United States of America, these basic financial statements present the City of Winters (the primary government) and its component unit. The component unit discussed in Note B is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

B. Individual Component Unit Disclosures

Blended Component Unit. The Winters Community Development Agency (the "Agency"), was created in 1990 and is governed by the City Council of the City of Winters. Although it is legally separate from the City, the Agency is reported as if it were part of the primary government because the City Council is the governing board, and is able to impose its will on the Agency. The Agency is reported as separate funds in the Capital Projects, Special Revenue, and Debt Service Funds. To receive a copy of the Winters Community Development Agency's financial statement, please contact: Shelly Gunby, City of Winters, 318 First St., Winters CA 95694.

Discretely Presented Component Units. There are no entities which meet the Governmental Accounting Standards Board (GASB) Statement No.14 as amended by GASB Statement No.39, criteria for discrete disclosure within these financial statements.

C. Accounting Policies

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants (AICPA).

D. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 – Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

General Fund – The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

Housing Set-Aside Special Revenue Fund – This fund accounts for the portion of City tax increment funds received for redevelopment related purposes and set aside for low-and-moderate-income housing.

Community Development Capital Projects Fund – This fund accounts for redevelopment projects and capital outlays.

Community Development Debt Service Fund – This fund accounts for debt service payments on the Community Development Agency’s long-term debt issue.

General Plan 1992 Capital Projects Fund – This fund accounts for the activity related to the 1992 General Plan.

Sewer Impact Fees Capital Projects Fund – This fund accounts for the collection and spending of sewer impact fees.

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 – Summary of Significant Accounting Policies (Continued)

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

The City reports the following major proprietary funds:

The Water Enterprise Fund – This fund accounts for the operation and maintenance of the City's water distribution system.

The Sewer Enterprise Fund – This fund accounts for the operation and maintenance of the City's wastewater collection system including operating costs of the wastewater treatment facility.

Additionally, the City reports the following fund types:

The Internal Service Fund accounts for financial transactions related to the City's billing and collections. These services are provided to other departments of the City on a cost reimbursement basis.

The Agency Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment, and remittance of fiduciary resources to individuals, and private organizations. These funds are not included in the government-wide financial statements.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). For proprietary fund type activities, the City has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for the Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

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

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

F. Assets, Liabilities, Net Assets or Equity

Cash and Investments

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on month-end balances and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

The City's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. LAIF determines the fair value of its portfolio quarterly and reports a factor to the City; the City applies that factor to convert its share of LAIF from amortized cost to fair value. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as interfund receivables/interfund payables (i.e., the current portion of interfund loans) or advances to/from other funds (the noncurrent portion of interfund loans).

All other outstanding balances between funds are reported as interfund receivables or interfund payables. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

All trade and tax receivables are shown net of an allowance for uncollectible accounts if applicable, and estimated refunds due.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities, Net Assets or Equity (Continued)

Property Taxes

Assessed values for purposes of property taxes are determined on an annual basis for the period July 1 to June 30 by the Yolo County Assessor as of January 1. Taxes are levied annually on July 1 and become a lien on real property at January 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively, at which time applicable penalties and interest are assessed. Unsecured taxes become delinquent if not paid by August 31.

Restricted Assets

Certain proceeds of the City's long-term debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

In the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, these bond monies may be invested in accordance with the ordinance; resolutions and indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the City's general investment policy. In no instance have additional types of investments been authorized that are not permitted by the City's general investment policy.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, street lights, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2006.

Buildings and improvements are depreciated using the straight-line method over estimated useful lives of 50 years. Infrastructure is depreciated over 50 years using the straight-line method. Machinery and equipment is depreciated over 10 years, while vehicles are depreciated over 5 years.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities, Net Assets or Equity (Continued)

Capital Assets (Continued)

The capitalization policy of the City is as follows:

<u>Type</u>	<u>Cost</u>
Infrastructure	\$ 200,000 or more
Utility Systems	\$ 200,000 or more
Vehicles, Equipment, and Machinery	\$ 5,000 or more
Improvements	\$ 5,000 or more
Land and Buildings	\$ 50,000 or more

Compensated Absences

A liability is calculated for all the costs of compensated absences based upon benefits earned by employees in the current period for which there is a probability of payment at termination. The salary and related payroll costs are those in effect at June 30, 2006. Accumulated unpaid vacation and sick pay are accrued when earned. The amounts accrued for financial statement purposes represent 100% of the vacation pay liability and a qualifying amount of the sick pay liability at June 30, 2006.

The City offers no post-employment benefits to the employees at this time.

Short-Term Obligations

The City has no short-term debt transactions to report for the fiscal year.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method (which approximates the effective interest method). Bond issuance costs, including deferred refunding amounts and underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding is included in interest expense.

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

NOTE 1 – Summary of Significant Accounting Policies (Continued)

F. Assets, Liabilities, Net Assets or Equity (Continued)

Net Assets and Fund Equity

In the government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statement, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. All other net assets are considered unrestricted.

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

G. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

H. Allowance for Uncollectible Utility Accounts

The City has not established a provision for uncollectible accounts receivables, which are recorded in the Enterprise Funds, as all delinquent accounts are submitted to Yolo County for inclusion as additions to the tax rolls and are considered fully collectible. The City exercises an aggressive collection procedure on delinquent accounts throughout the year.

I. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, are employed as an extension of formal budgetary integration in the governmental fund types.

J. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to June 30, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public meetings are conducted to obtain taxpayer comments.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

J. Budgets and Budgetary Accounting (Continued)

- (3) Prior to July 1, the budget is legally approved by the City Council.
- (4) The City Manager is authorized to transfer budgeted amounts between line items within any department and budget amounts between departments; however, City Council is authorized to transfer budgeted amounts between funds and any revisions which alter total expenditures of the City.
- (5) Formal budgetary integration is employed as a management control device during the year for all funds.
- (6) Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All unexpended appropriations lapse at the end of the fiscal year. There were no budgets prepared for the Flood Assessment District Special Revenue Fund, Emergency Plan Special Revenue Fund, Electric Vehicle Grant Special Revenue Fund, HOME 98-347 Grant Special Revenue Fund, EDBG 96-405 Grant Special Revenue Fund, Program RLF Special Revenue Fund, or Small Business RLF Special Revenue Fund.

K. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 44

For the fiscal year ended June 30, 2006, the City adopted GASB Statement No. 44, “*Economic Condition Reporting: The Statistical Section*”. This Statement is effective for the City for the fiscal period beginning after June 15, 2005. This Statement enhances and updates the statistical section that accompanies a local government’s basic financial statements to reflect the significant changes that have taken place in the government. The statistical section comprises schedules presenting trend information about revenues and expenses, trend information about the government’s significant revenue source, outstanding debt, economics and demographics, and operating information. Implementation of GASB Statement No. 44 did not have an impact on the City’s financial statements for the fiscal year ended June 30, 2006, but required additional disclosures in the statistical section of the Comprehensive Annual Financial Report.

The City also adopted GASB Statement No. 46 “*Restricted Net Assets by Enabling Legislation*” during the fiscal year ended June 30, 2006. This Statement restricts net assets by enabling legislation.

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

NOTE 2 – Stewardship, Compliance, and Accountability

Deficit Fund Balances/Net Assets

As of June 30, 2006 the following funds had a deficit fund balance or net assets:

Major Funds:	
General Plan 1992 Fund	\$ 616,187
Sewer Impact Fees Fund	369,934
Nonmajor Special Revenue Funds:	
Proposition 40 Fund	44,000
Park Grant Fund	4,003
STBG 96-1043 Grant Fund	27,796
EDBG 96-405 Grant Fund	1,274
Nonmajor Capital Projects Funds:	
Flood Control Study Fund	123,870
Internal Service Fund	2,460

Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations in individual funds are as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
Major Funds:	
Housing Set-Aside Special Revenue Fund	
Community development	\$ 169,541
Community Development Capital Projects Fund	
Pass through agreements	335,728
Nonmajor Special Revenue Funds:	
COPS More Grant Fund	686
Park Grant Fund	8,486
Traffic Grant Fund	90
Trestle Bridge Fund	784
Nonmajor Capital Projects Funds:	
Solano MTC Fund	30,000
Raja Storm Drain Fund	315
Street Impact Fees Fund	624,585
Storm Drain Impact Fees Fund	9,359
General Facilities Impact Fees Fund	87
Water Impact Fees Fund	5,687

NOTE 3 - Reconciliation of Government-wide and Governmental Funds Financial Statements

1. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets

The governmental funds balance sheet includes a reconciliation between fund balances-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets.

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The capital assets reported in the *Statement of Net Assets* are as follows:

Land	\$ 611,494
Construction in progress	<u>653,180</u>
Capital Assets not being depreciated	<u>\$ 1,264,674</u>
Buildings and improvements	\$ 2,382,043
Vehicles and equipment	1,273,157
Infrastructure	3,089,493
Less: accumulated depreciation	<u>(2,229,443)</u>
Capital assets, net of accumulated depreciation	<u>\$ 4,515,250</u>

Deferred charges are not available to pay for current-period expenditures and therefore are not reported as governmental fund assets. These deferred charges net of accumulated amortization are as follows:

Deferred issuance costs, net of accumulated amortization of \$30,454	<u>\$ 367,629</u>
--	-------------------

Certain liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds. These liabilities are as follows:

Tax allocation bonds payable	\$ (7,145,000)
Compensated absences payable	<u>(163,697)</u>
	<u>\$ (7,308,697)</u>

2. Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and *changes in net assets* of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

NOTE 3 - Reconciliation of Government-wide and Governmental Funds Financial Statements
(Continued)

2. Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (Continued)

Capital outlay capitalized for fiscal year	\$ 2,250,889
Current fiscal year depreciation	(171,072)
	<u>\$ 2,079,817</u>

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds”. The details of this adjustment are as follows:

Repayment of bond principal	\$ 265,000
Amortization of deferred charges	(13,052)
Change in accrued interest payable	1,766
Change in compensated absences	(37,500)
Total long-term debt adjustment	<u>\$ 216,214</u>

NOTE 4 – Cash and Investments

Statement of Net Assets:	
Cash and investments	\$ 17,934,719
Restricted cash and investments	549,111
Statement of Fiduciary Net Assets:	
Cash and investments	<u>515,807</u>
Total	<u>\$ 18,999,637</u>

Cash and investments as of June 30, 2006 consist of the following:

Cash on hand	\$ 500
Deposits with financial institutions	185,687
Investments	<u>18,813,450</u>
Total	<u>\$ 18,999,637</u>

Investments Authorized by the California Government Code and the City’s Investment Policy

The table below identifies the **investment types** that are authorized for the City of Winters by the California Government Code (or the City’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City’s investment policy, where more restrictive) that address **interest rate risk, credit risk, and concentration of credit risk**. This table does not

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

NOTE 4 - Cash and Investments (Continued)

address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the Agency's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	\$40 million	\$40 million
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	None	None
Insured Deposits with Banks and Savings and Loans	N/A	None	15%
Repurchase Agreements	90 days	None	15%
Bankers Acceptance (must be dollar denominated)	9 months	40%	15%
Commercial Paper	6 months	15%	15%
Negotiable Time Certificates of Deposit	5 years	30%	15%
Medium Term Corporate Notes	5 years	30%	10%

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the **investment types** that are authorized for investments held by bond trustee. The table also identifies certain provisions of the these debt agreements that address **interest rate risk, credit risk, and concentration of credit risk.**

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	270 days	40%	15%
Commercial Paper	180 days	15%	15%
Guaranteed Investment Contracts	N/A	None	None
Money Market Funds	N/A	None	None

Per the City's investment policy, if special circumstances arise that necessitate the purchase of securities beyond the five year limitation, the requests must be approved by the Council prior to purchase.

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

NOTE 4 - Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Totals	Remaining Maturity (in Months)					
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More Than 60 Months
State Investment Pool	\$ 18,271,087	\$ 18,271,087	\$ -	\$ -	\$ -	\$ -	\$ -
Held by bond trustees:							
Money market funds	95	95					
Guaranteed investment contracts							
IXIS	542,268						542,268
	<u>\$ 18,813,450</u>	<u>\$ 18,271,182</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 542,268</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments (including investments held by bond trustees) do not include any investments that are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
State Investment Pool	\$ 18,271,087	N/A	\$ -	\$ -	\$ -	\$ -	\$ 18,271,087
Held by bond trustees:							
Money market funds	95	N/A					95
Investment contracts	542,268	N/A					542,268
Total	<u>\$ 18,813,450</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,813,450</u>

NOTE 4 - Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There are no investments that represent 5% or more of **total City investments**.

Custodial Credit Risk

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

As of June 30, 2006, \$504,586 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

Investment in State Investment Pool

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

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

NOTE 5 – Notes Receivable

Notes receivable from mortgage loans for housing and commercial property rehabilitation and construction:

	<u>Amount</u>
Housing Set-Aside	\$ 180,054
STBG 700 Housing	64,260
STBG 96-1043	44,735
HOME 93-347	201,582
EDBG 99-688	200,829
EDBG 96-405	222,989
RLF - Housing Rehabilitation	94,350
RLF - HOME Program	277,043
RLF - First Time Homebuyer	<u>373,091</u>
Total housing and property rehabilitation and construction notes receivable	<u>1,658,933</u>

Notes receivable for building permits:

General fund	24,124
Park and recreation impact fees	5,406
Police impact fees	4,661
Fire impact fees	4,661
General facilities impact fees	1,942
General plan 1992	<u>5,090</u>
Total building permits note receivable	<u>45,884</u>
Total notes receivable	<u>\$ 1,704,817</u>

NOTE 6 – Interfund Transactions

A. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The following presents a summary of current interfund balances at June 30, 2006.

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Fund:		Nonmajor Funds:	
General	\$ 675,303	Gas Tax	\$ 13,311
		Park Grant	531
Nonmajor Funds:		Proposition 40	44,000
Housing Rehabilitation RLF	11,643	STBG 96-1043	29,070
First Time Homebuyer RLF	17,427	EDBG 96-405 Grant	1,274
		General Plan 1992	616,187
Major Enterprise Fund:		Sewer Impact Fees	<u>1,016,557</u>
Sewer	<u>1,016,557</u>		
Totals	<u>\$ 1,720,930</u>		<u>\$ 1,720,930</u>

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

NOTE 6 – Interfund Transactions (Continued)

B. Long-term Interfund Advances

At June 30, 2006, the funds below have made/received advances that were not expected to be repaid within one year. These advances were for a flood solution study for North Winters.

Receivable Fund	Amount	Payable Fund	Amount
Nonmajor Funds:		Nonmajor Fund:	
Street Impact Fees	\$ 95,000	Flood Control Study	\$ 125,000
Storm Drain Impact Fees	30,000		
	<u> </u>		<u> </u>
Totals	<u>\$ 125,000</u>		<u>\$ 125,000</u>

C. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made an expenditure on behalf of another fund, less often, a transfer may be made to open or close a fund. Transfers totaled \$300,488 in the governmental funds financial statements.

Funds	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ -	\$ (123,585)
Community Development Capital Projects Fund	22,978	
Community Development Debt Service Fund		(22,978)
General Plan 1992 Fund	2,374	
Nonmajor Funds:		
City Wide Assessment Fund	123,586	
Gas Tax Fund	117,663	
Transportation Development Act Fund		(57,500)
STBG 700 Housing Grant Fund		(8,924)
STBG 96-1043 Grant Fund		(7,450)
EDBG 99-688 Grant Fund		(16,240)
EDBG 96-405 Grant Fund		(1,274)
Housing Rehabilitation RLF Fund	3,860	
First Time Homebuyer RLF Fund	5,790	
Small Business RLF Fund	24,237	
Monitoring Fee Fund		(2,374)
Street Impact Fees Fund		(60,163)
	<u> </u>	<u> </u>
	<u>\$ 300,488</u>	<u>\$ (300,488)</u>

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

NOTE 7 – Capital Assets

A. Governmental Activities

Capital assets governmental activity for the fiscal year ended June 30, 2006, was as follows:

	Balance at July 1, 2005	Additions	Transfers	Balance at June 30, 2006
Capital Assets, not being depreciated:				
Land	\$ 611,494		\$ -	\$ 611,494
Construction in progress	549,903	476,814	(373,537)	653,180
Total	<u>1,161,397</u>	<u>476,814</u>	<u>(373,537)</u>	<u>1,264,674</u>
Capital Assets, being depreciated:				
Buildings and improvements	2,288,616	83,650	9,777	2,382,043
Vehicles and equipment	1,192,365	80,792		1,273,157
Infrastructure	1,116,100	1,609,633	363,760	3,089,493
Total	<u>4,597,081</u>	<u>1,774,075</u>	<u>373,537</u>	<u>6,744,693</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,188,471)	(41,772)		(1,230,243)
Vehicles and equipment	(827,116)	(91,751)		(918,867)
Infrastructure	(42,784)	(37,549)		(80,333)
Total	<u>(2,058,371)</u>	<u>(171,072)</u>		<u>(2,229,443)</u>
Total, net of accumulated depreciation	<u>2,538,710</u>	<u>1,603,003</u>	<u>373,537</u>	<u>4,515,250</u>
Total Capital Assets, Net	<u>\$ 3,700,107</u>	<u>\$ 2,079,817</u>	<u>\$ -</u>	<u>\$ 5,779,924</u>

Depreciation expense was charged to functions/programs of the City's governmental activities as follows:

General government	\$ 35,032
Public safety	37,214
Public works	65,636
Cultural and recreation	31,923
Community development	1,267
Total	<u>\$ 171,072</u>

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

NOTE 7 – Capital Assets (Continued)

B. Business-type activities

Capital assets business-type activity for the fiscal year ended June 30, 2006 was as follows:

Capital Assets Business-type Activity				
	Balance at July 1, 2005	Additions	Disposals	Balance at June 30, 2006
Water Fund:				
Capital assets, not being depreciated:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Total	150,000			150,000
Capital assets, being depreciated:				
Water pipes	7,597,400			7,597,400
Machinery and equipment	159,230			159,230
Infrastructure	126,791			126,791
Total	7,883,421	-		7,883,421
Less accumulated depreciation for:				
Water pipes	(7,597,400)			(7,597,400)
Machinery and equipment	(72,323)	(16,070)		(88,393)
Infrastructure		(2,536)		(2,536)
Total	(7,669,723)	(18,606)		(7,688,329)
Total net of accumulated depreciation	213,698	(18,606)		195,092
Water Fund Capital Assets, net	\$ 363,698	\$ (18,606)	\$ -	\$ 345,092
Sewer Fund:				
Capital assets, not being depreciated:				
Land	\$ 532,979	\$ -	\$ -	\$ 532,979
Total	532,979			532,979
Capital assets, being depreciated:				
Infrastructure	300,714			300,714
Sewer plant and pipes	6,496,559			6,496,559
Machinery and equipment	71,928			71,928
Total	6,869,201	-		6,869,201
Less accumulated depreciation for:				
Infrastructure	(4,862)	(6,014)		(10,876)
Sewer plant and pipes	(5,834,571)	(19,095)		(5,853,666)
Machinery and equipment	(26,459)	(6,413)		(32,872)
Total	(5,865,892)	(31,522)		(5,897,414)
Total net of accumulated depreciation	1,003,309	(31,522)		971,787
Sewer Fund Capital Assets, net	\$ 1,536,288	\$ (31,522)	\$ -	\$ 1,504,766
Total Capital Assets, net	\$ 1,899,986	\$ (50,128)	\$ -	\$ 1,849,858

Depreciation expense was charged to functions/programs of the City's business-type activities as follows:

Business-Type Activities:

Water	\$ 18,606
Sewer	31,522
Total	<u>\$ 50,128</u>

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

NOTE 8 – Long-term Liabilities

- a. The following is a summary of changes in the City’s long-term liabilities for the fiscal year ended June 30, 2006:

	Balance at July 1, 2005	Additions	Repayments	Balance at June 30, 2006	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 126,197	\$ 164,951	\$ 127,451	\$ 163,697	\$ 16,370
Tax allocation bonds payable	7,410,000		265,000	7,145,000	275,000
Total	<u>\$ 7,536,197</u>	<u>\$ 164,951</u>	<u>\$ 392,451</u>	<u>\$ 7,308,697</u>	<u>\$ 291,370</u>
Business-type Activities:					
Water Utility Fund:					
Compensated absences	\$ 16,354	\$ 38,487	\$ 29,137	\$ 25,704	\$ 2,570
Sewer Fund:					
Compensated absences	8,614	20,519	15,449	13,684	1,368
General obligation bonds payable	125,000		5,000	120,000	5,000
Total	<u>\$ 149,968</u>	<u>\$ 59,006</u>	<u>\$ 49,586</u>	<u>\$ 159,388</u>	<u>\$ 8,938</u>

- b. **Governmental Activities – Tax Allocation Bonds Payable**

Tax Allocation Bonds – Series 2004

On February 27, 2004, the Agency issued \$7,820,000 of Tax Allocation Bonds bearing interest between 2.00% and 4.63% and payable semi-annually on March 1 and September 1. These bonds will provide funds to aid in the financing of redevelopment in the project area. The Bonds are special obligations of the Agency and are payable as to principal, interest, and any premiums upon redemption at any time exclusively from the pledged tax revenues of the Agency. The outstanding principal balance of the 2004 Series bonds at June 30, 2006, is \$7,145,000.

The scheduled annual minimum debt service requirements at June 30, 2006, is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2007	\$ 275,000	\$ 272,426	\$ 547,426
2008	280,000	266,877	546,877
2009	280,000	261,276	541,276
2010	220,000	256,002	476,002
2011	230,000	251,367	481,367
2012-2016	1,040,000	1,157,439	2,197,439
2017-2021	915,000	992,965	1,907,965
2022-2026	1,130,000	771,720	1,901,720
2027-2031	1,400,000	485,704	1,885,704
2032-2035	1,375,000	131,145	1,506,145
Totals	<u>\$ 7,145,000</u>	<u>\$ 4,846,921</u>	<u>\$ 11,991,921</u>

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

NOTE 8 – Long-term Liabilities (Continued)

c. **Business Type Activities – General Obligation Bonds Payable**

The following is a schedule of payment obligation bonds outstanding at June 30, 2006, which are backed by the full faith and credit of the City of Winters. The bonds bear interest at the rate of 5% per annum and are due July, 2019. The total amount authorized for the 1979 Sewer Plant Issue was \$500,000 of which \$250,000 was issued.

The scheduled annual minimum debt service requirements at June 30, 2006 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2007	\$ 5,000	\$ 6,000	\$ 11,000
2008	5,000	5,750	10,750
2009	10,000	5,500	15,500
2010	10,000	5,000	15,000
2011	10,000	4,500	14,500
2012-2016	50,000	15,000	65,000
2017-2020	30,000	3,000	33,000
Total	<u>\$ 120,000</u>	<u>\$ 44,750</u>	<u>\$ 164,750</u>

NOTE 9 – City Employees Retirement Plan (Defined Benefit Pension Plan)

Plan Description

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

Funding Policy - Miscellaneous

Participants are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the fiscal year ended June 30, 2006 was 14.04% for miscellaneous employees. Benefit provisions and all other requirements are established by State statute and City contract with employee bargaining groups.

Annual Pension Cost – Miscellaneous

For the fiscal year ended June 30, 2006, the City's annual pension cost (employer contribution) of \$127,259 for miscellaneous employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2003, actuarial valuation using the entry age normal actuarial cost method.

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

NOTE 9 – City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Annual Pension Cost – Miscellaneous (Continued)

The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) .25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. PERS has combined the prior service unfunded liability and current service unfunded liability into single initial unfunded liability.

Funding Policy – Safety

Participants are required to contribute 9% of their annual covered salary. The City is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the fiscal year ended June 30, 2006 was 25.61% for safety employees. Benefit provisions and all other requirements are established by State statute and City contract with employee bargaining groups.

Annual Pension Cost – Safety

For the fiscal year ended June 30, 2006, the City's annual pension cost (employer contribution) of \$162,827 for safety employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2003, actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) .25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a four-year period (smoothed market value).

Three year Trend Information for PERS – Miscellaneous Plan

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/04	\$ -	100%	\$ -
6/30/05	106,840	100%	-
6/30/06	127,259	100%	-

Schedule of Funding Progress for PERS – Miscellaneous Plan (Risk Pool)

<u>Actuarial Valuation Date</u>	<u>Normal Accrued Liability (A)</u>	<u>Actuarial Value of Assets (B)</u>	<u>(Excess Assets) (A-B)</u>	<u>Funded Status (B/A)</u>	<u>Annual Covered Payroll (C)</u>	<u>* UAAL as a % of Covered Payroll (A-B/C)</u>
6/30/2003	\$ 2,596,966,545	\$ 2,372,879,034	\$ 224,087,511	91.4%	\$ 725,020,458	30.9%
6/30/2004	2,746,095,668	2,460,944,656	285,151,012	89.6%	743,691,970	38.3%
6/30/2005	2,891,460,651	2,588,713,000	302,747,651	89.5%	755,046,679	40.1%

*UAAL – Unfunded actuarial accrued liability

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

NOTE 9 – City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Three year Trend Information for PERS – Safety Plan

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2004	\$ -	100%	\$ -
6/30/2005	131,101	100%	-
6/30/2006	162,827	100%	-

Schedule of Funding Progress for PERS – Safety Plan

<u>Actuarial Valuation Date</u>	<u>Entry Age Normal Accrued Liability (A)</u>	<u>Actuarial Value of Assets (B)</u>	<u>Unfunded Liability (Excess Assets) (A-B)</u>	<u>Funded Status (B/A)</u>	<u>Annual Covered Payroll (C)</u>	<u>UAAL *as a % of Covered Payroll (A-B/C)</u>
6/30/2003	\$ 1,248,172,736	\$ 1,045,895,860	\$ 202,276,876	83.8%	\$ 154,384,703	131.0%
6/30/2004	1,252,474,736	1,026,500,742	225,973,994	82.0%	154,903,754	145.9%
6/30/2005	1,325,510,754	1,105,298,221	220,212,533	83.4%	161,446,071	136.4%

*UAAL – Unfunded actuarial accrued liability

NOTE 10 – Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) solely the property and rights of the employees. Accordingly, the plan/trust assets have been excluded from the City's reported assets.

NOTE 11 – Joint Venture (Joint Powers Agreement)

The City participates in a joint venture under a joint powers agreement (JPA). The relationship between the City of Winters and the JPA is such that the JPA is not a component unit of the City for financial reporting purposes.

Winters Fire Protection District – Fire Protection is provided by an intergovernmental agreement between the City of Winters and the Winters Fire Protection District (District). The agreement transferred all fire protection property of the City to the District. The District Board consists of five members – two appointed by City Council, two appointed by County Board of Supervisors, and one appointed by the other 4 members. The District appoints its own management and approves its own budget.

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

NOTE 12 – Risk Management (Joint Powers Agreement)

A. Yolo County Public Agency Risk Management Insurance Authority

The City is a member of the Yolo County Public Agency Risk Management Insurance Authority, a joint-powers agreement which provides coverage against the following types of loss risks:

<u>Type of Coverage (Deductible)</u>	<u>Coverage Limits</u>
Liability (\$2,000, except for errors & omissions, which is \$15,000 with a limit of \$500,000)	\$ 25,000,000
Auto - Physical damage (\$5,000 for all vehicles)	up to stated value
Worker's compensation (\$1,000)	\$ 5,000,000
All risk fire & property (various up to \$10,000)	replacement costs
Boiler & machinery (\$1,000)	\$ 100,000,000

The Authority is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the Authority, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board. The City's deposits with the Authority are in accordance with formulas established by the Authority. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Financial statements may be obtained from YCPARMIA, 77 W. Lincoln Ave. Woodland, CA 95695. Audit condensed financial information for the Authority for the most recent period available (for the fiscal year ended June 30, 2005) as audited by other auditors, is presented below:

Statement of Net Assets

Total assets	\$ 16,228,737
Total liabilities	11,714,654
Net Assets	<u>\$ 4,514,083</u>

Statement of Revenues, Expenses, and Changes in Net Assets

Total income	\$ 8,824,349
Total expenses	7,951,940
Increase in Net Assets	<u>\$ 872,409</u>

B. Liability for Uninsured Claims – Adoption of GASB Statement No. 10

The Governmental Accounting Standards Board (GASB) is requiring municipalities to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims. GASB Statement No. 10, "Financial Reporting for Risk Financing and Related Insurance Issues" requires that this amount be separately identified and recorded as a liability instead of a designation of fund balance.

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2006

NOTE 12 – Risk Management (Joint Powers Agreement) (Continued)

The City’s liability for uninsured claims was computed as follows:

<u>General Fund</u>	
Beginning balance	\$ 10,000
Liability for additional uninsured deductible	<u> </u>
Ending balance	<u>\$ 10,000</u>

NOTE 13 – Net Assets and Fund Balances

a. Net Assets

Net assets are divided into three captions under GASB Statement No. 34. These captions apply to net assets as determined at the government-wide level and the fiduciary funds, and are described below:

Invested in Capital Assets, net of related debt describes the portion of net assets which is represented by the current net book value of the City’s capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include debt service requirements, and redevelopment funds restricted to low and moderate income housing purposes.

Unrestricted describes the portion of net assets which is not restricted as to use.

b. Fund Balances

Fund Balances consist of reserved and unreserved amounts. Reserved fund balances represent that portion of fund balance which is legally segregated.

NOTE 14 – Net Assets – Governmental and Business-type Activities

The government-wide statement of net assets includes three equity categories entitled net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The invested in capital assets, net of related debt category presents the City’s equity interest in capital assets less outstanding principal of related debt. The restricted net assets category is designed to reflect net assets that are subject to restrictions beyond the City’s control (externally imposed or imposed by law). The unrestricted net assets category equals any remaining balance and can be subdivided into designated and undesignated portions. Designations reflect the City’s self-imposed limitations on the use of otherwise available current financial resources. Detail of the three categories is as follows:

CITY OF WINTERS
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006

NOTE 14 – Net Assets – Governmental and Business-type Activities (Continued)

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES - NET ASSETS
AS OF JUNE 30, 2006

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Net Assets			
Invested in capital assets, net of related debt:			
Total capital assets, net of accumulated depreciation	\$ (997,447)	\$ 1,748,464	\$ 751,017
Invested in capital assets, net of related debt	<u>(997,447)</u>	<u>1,748,464</u>	<u>751,017</u>
Restricted for:			
Housing	3,347,105		3,347,105
Debt service	465,012		465,012
Total Restricted	<u>3,812,117</u>		<u>3,812,117</u>
Unrestricted, designated for:			
Capital projects	350,000		350,000
Future PERS	355,628		355,628
Unrestricted	<u>13,571,862</u>	<u>1,612,418</u>	<u>15,184,280</u>
Total unrestricted	<u>14,277,490</u>	<u>1,612,418</u>	<u>15,889,908</u>
Total net assets	<u>\$ 17,092,160</u>	<u>\$ 3,360,882</u>	<u>\$ 20,453,042</u>

NOTE 15 – Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The City is subject to various lawsuits and claims involving public liability and other actions incidental to the ordinary course of City operations. In the aggregate, those claims seek monetary damages in significant amounts. To the extent the outcome of such litigation may be determined to result in financial loss to the City, in the opinion of City management, any potential liability for these actions is adequately provided for in the basic financial statements. The timing of potential payment of such losses cannot presently be determined.

During 1992 the City closed the Landfill that was formerly operated by the City. Since 1992, the City has incurred post closure costs. During the 2005-06 fiscal year, the City incurred monitoring costs of \$11,941, and is expected to maintain the monitoring of the closed landfill in the near future. The City has plans to build sports fields on the former landfill location in the distant future.

CITY OF WINTERS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes and assessments	\$ 1,423,655	\$ 1,423,655	\$ 1,428,481	\$ 4,826
Use of money and property	53,000	58,000	186,890	128,890
Miscellaneous			7,060	7,060
Total Revenues	1,476,655	1,481,655	1,622,431	140,776
EXPENDITURES				
Current:				
General government	290,251	300,531	196,360	104,171
Community development	747,780	1,018,848	143,966	874,882
Pass through agreements		102,452	438,180	(335,728)
Capital outlay	2,375,000	2,327,670	895,964	1,431,706
Debt service:				
Principal	200,000	200,000	200,000	
Interest	143,484	143,484	143,484	
Total Expenditures	3,756,515	4,092,985	2,017,954	2,075,031
Excess of revenues over (under) expenditures	(2,279,860)	(2,611,330)	(395,523)	2,215,807
OTHER FINANCING SOURCES (USES)				
Transfers in			22,978	22,978
Total other financing sources (uses)			22,978	22,978
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(2,279,860)	(2,611,330)	(372,545)	2,238,785
Fund Balance - July 1, 2005	5,331,802	5,331,802	5,331,802	
Fund Balance - June 30, 2006	\$ 3,051,942	\$ 2,720,472	\$ 4,959,257	\$ 2,238,785

CITY OF WINTERS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL PLAN 1992 CAPITAL PROJECTS FUND

For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total Revenues				
EXPENDITURES				
Current:				
Parks				
Total Expenditures				
Excess of revenues over (under) expenditures				
Other Financing Sources (Uses):				
Transfer in	17,332	17,332	2,374	(14,958)
Total Other Financing Sources (Uses)	17,332	17,332	2,374	(14,958)
Excess of revenues and other sources over (under) expenditures and other uses	17,332	17,332	2,374	(14,958)
Fund Balance (Deficit) - July 1, 2005	(618,561)	(618,561)	(618,561)	
Fund Balance (Deficit) - June 30, 2006	\$ (601,229)	\$ (601,229)	\$ (616,187)	\$ (14,958)

CITY OF WINTERS**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****SEWER IMPACT FEES CAPITAL PROJECTS FUND**

For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Licenses and permits	\$ 93,584	\$ 93,584	\$ 13,160	\$ (80,424)
Use of money and property	6,700	6,700	23,918	17,218
Total Revenues	100,284	100,284	37,078	(63,206)
EXPENDITURES				
Capital outlay	900,000	911,800	16,069	895,731
Total Expenditures	900,000	911,800	16,069	895,731
Excess of revenues over (under) expenditures	(799,716)	(811,516)	21,009	832,525
Fund Balance (Deficit) - July 1, 2005	<u>(390,943)</u>	<u>(390,943)</u>	<u>(390,943)</u>	
Fund Balance (Deficit) - June 30, 2006	<u>\$ (1,190,659)</u>	<u>\$ (1,202,459)</u>	<u>\$ (369,934)</u>	<u>\$ 832,525</u>

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CITY OF WINTERS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular programs.

City Wide Assessment Fund – This fund is used to account for assessments on property that are specifically restricted to the maintenance of City parks and street lighting.

Flood Assessment District Fund – This fund is used to account for donations used to assess the effects of flooding on the City.

Gas Tax Fund – This fund is used to account for the City's share of motor fuel tax revenues that are legally restricted to the maintenance of streets and roads within the City's boundaries.

First Time Homebuyers Fund – This fund is used to account for contributions for first time homebuyer programs donated by developers as a condition of development agreements.

Emergency Plan Fund – This fund is used to account for expenditures from the Emergency Plan Update Grant received by the City of Winters.

State COPS 1913 Fund – This fund is used to account for grant funds received by the State of California to support front line police services. These funds are legally restricted to be used to supplement current public safety funding.

Workforce Grant Fund – This fund is used to account for the one-time grant for capital purchases that included computer equipment for the community development department and fire department, a new dump truck for the public works department and new chairs for the City Council chambers.

COPS MORE Grant Fund – This fund is used to account for revenues and expenditures related to the Federal 1996 COPS MORE Grant. These revenues are used by a Joint Venture to provide a new records system throughout the Yolo County area.

Traffic Congestion Fund – This fund is used to account for Prop 42 funds for the repair of local streets.

CITY OF WINTERS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

Proposition 40 Grant Fund – This fund is used to account for expenditures from the Prop 40 Parks Grant. These funds are required to be accounted for separately.

Park Grant Fund – This fund is used to account for grant funds from the State of California to construct interpretive nature trails with park amenities along the Putah Creek.

Traffic Safety Fund – This fund is used to account for parking violation revenues and the expenditures that are legally restricted to the enforcement of parking codes.

Asset Forfeiture Fund – This fund is used to account for revenues related to the sale of seized assets from illegal activities. These expenditures are legally restricted for the payment of the City's share of the YONET organization's administrative cost.

Traffic Grant Fund – This fund is used to account for expenditures for the prevention of traffic violations.

Vehicle Theft Deterrent Fund – This fund is used to account for revenues and expenditures to deter automobile theft throughout Yolo County.

Beverage Recycling Grant Fund – This fund is used to account for funds received from the State of California under the Beverage Container Recycling Act. Revenues may be expended for the purchase of recycling materials.

STIP and STP Fund – This fund is used to account for grant funds received and expenditures of those funds that are legally restricted to street rehabilitation and reconstruction.

Electric Vehicle Grant Fund – This fund is used to account for revenues from the State of California to be used to lease and insure electric vehicles for City use in an effort to reduce pollution emissions from governmental vehicles.

Transportation Development Act Fund – This fund is used to account for the City's share of revenues and expenditures related to providing public transportation to the citizens of the City of Winters. These funds are received from the Sacramento Area Council of Governments per the Transportation Development Act.

STBG – 700 Grant Fund – This fund is used to account for the housing rehabilitation loans that the City of Winters made available to the citizens of the City of Winters utilizing Block Grant Funds from the State of California. These funds are required to be accounted for separately.

CITY OF WINTERS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds (Continued)

STBG 96-1043 Fund – This fund is used to account for funds expended for public works projects and housing rehabilitation loans made available through Block Grant Funds from the State of California. These funds are required to be accounted for separately.

HOME 98-347 Fund – This fund is used to account for the housing rehabilitation loans that the City of Winters made available to the citizens of the City of Winters utilizing Block Grant Funds from the State of California. These funds are required to be accounted for separately.

EDBG 99-688 Fund – This fund is used to account for small business assistance loans made available through Economic Development Block Grant funds for the rehabilitation of the Buckhorn Café. These funds are required to be accounted for separately.

EDBG 96-405 Fund – This fund is used to account for small business assistance loans made available through Economic Development Block Grant funds for the rehabilitation of the empty Cradwick Building for use as business suites. These funds are required to be accounted for separately.

First Time Homebuyer RLF Fund – This fund is used to account for 60% of loan repayments on the housing rehabilitation grants. These funds are restricted to be spent for first time homebuyer assistance per the Program Income Use Policy of the City of Winters.

HOME Program RLF Fund – This fund is used to account for HOME Program loan repayments. These funds are restricted to be spent for housing rehabilitation per the Program Income Use Policy of the City of Winters.

Housing Rehabilitation RLF Fund – This fund is used to account for 40% of loan repayments on the housing rehabilitation grants. These funds are restricted to be spent for first time homebuyer assistance per the Program Income Use Policy of the City of Winters.

Small Business RLF Fund – This fund is used to account for the loan repayments on Economic Development Block Grants. These funds are restricted for the use of small business assistance per the Program Income Use Policy of the City of Winters.

Trestle Bridge Grant Fund – This fund is used to account for expenditures of a grant of \$30,000 from the Yolo Solano Air Quality Management District for rehabilitation of the Railroad Trestle Bridge that spans Putah Creek on the southern edge of the City.

CITY OF WINTERS

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Fund

Debt Service Funds are used to account for the accumulation of resources and payment of general obligation principal and interest from governmental resources.

General Debt Service Fund – This fund is used to account for payments on long-term compensated absences debt.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The City has four (4) different types of Capital Projects Funds, which are described below.

Special Capital Funds – These funds are used to account for revenues and expenditures for specifically identified programs that are funded from specific revenue streams.

Impact Fee Funds – These funds are used to collect and expend funds pursuant to the City of Winters Capital Facilities Development Study per the AB1600 legislation, as codified by California Government Section 66000 *et seq.*. These funds are collected for development and are expended for expansion of services required due to the development.

Other Capital Funds – These funds are used for expenditures for replacement and renovation of existing infrastructure, and renovation and building of new city facilities. The revenues for these funds are generated from operations over expenditures for those operations.

Miscellaneous Capital Funds – These funds are collected for use in the development of oversized facilities by developers, which require eventual reimbursement to the installing developer. As a part of project approvals, some developers may be required to install facilities which will eventually serve other projects, thus creating a reimbursable expense. The City enters into “reimbursement agreements” which are then collected in the form of impact fees to developers whose projects are benefited by the improvement, then dispersed to the installing developer as reimbursements based on the agreements.

CITY OF WINTERS

NONMAJOR GOVERNMENTAL FUNDS

Capital Projects Funds (Continued)

The following is a list of the specific Capital Project Funds in order of presentation in the financial statements:

Monitoring Fee Fund – Special
Solano MTC Fund - Special
Flood Control Study Fund – Special
RAJA Storm Drain Fund – Miscellaneous
Street Impact Fees Fund – Impact Fee
Capital Asset Replacement Fund – Other
Storm Drain Impact Fees Fund – Impact Fee
Park and Recreation Impact Fees Fund – Impact Fee
Police Impact Fees Fund – Impact Fee
Fire Impact Fees Fund – Impact Fee
General Facilities Impact Fees – Impact Fee
Water Impact Fees Fund – Impact Fee
General Fund Capital Fund – Other
Landfill Capital Fund – Other
Parks and Recreation Capital Fund – Other

CITY OF WINTERS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006

	Special Revenue Funds			
	City Wide Assessment	Flood Assessment District	Gas Tax	First Time Homebuyers
ASSETS				
Cash and investments	\$ 65,560	\$ 3,303	\$ -	\$ 72,860
Accounts receivable	14,102		13,683	
Interest receivable		34		749
Notes receivable				
Due from other funds				
Advances to other funds				
Total assets	<u>\$ 79,662</u>	<u>\$ 3,337</u>	<u>\$ 13,683</u>	<u>\$ 73,609</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,409	\$ -	\$ 372	\$ -
Deposits payable				
Due to other funds			13,311	
Deferred revenue				
Advances from other funds				
Total liabilities	<u>9,409</u>		<u>13,683</u>	
Fund balances:				
Reserved:				
Debt service				
Advances to other funds				
Encumbrances			193	
Unreserved:				
Designated	70,253			
Undesignated		3,337	(193)	73,609
Total fund balances	<u>70,253</u>	<u>3,337</u>		<u>73,609</u>
Total liabilities and fund balances	<u>\$ 79,662</u>	<u>\$ 3,337</u>	<u>\$ 13,683</u>	<u>\$ 73,609</u>

Special Revenue Funds

<u>Emergency Plan</u>	<u>State COPS 1913</u>	<u>Workforce Grant</u>	<u>COPS More Grant</u>	<u>Traffic Congestion</u>
\$ -	\$ 172,342	\$ 13,902	\$ 1,475	\$ 22,601
	1,733		15	232
<u>\$ -</u>	<u>\$ 174,075</u>	<u>\$ 13,902</u>	<u>\$ 1,490</u>	<u>\$ 22,833</u>
\$ -	\$ -	\$ -	\$ -	\$ -
	<u>174,075</u>	<u>13,902</u>	<u>1,490</u>	<u>22,833</u>
	<u>174,075</u>	<u>13,902</u>	<u>1,490</u>	<u>22,833</u>
<u>\$ -</u>	<u>\$ 174,075</u>	<u>\$ 13,902</u>	<u>\$ 1,490</u>	<u>\$ 22,833</u>

(Continued)

CITY OF WINTERS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006

(Continued)

	Special Revenue Funds			
	Proposition 40	Park Grant	Traffic Safety	Asset Forfeiture
ASSETS				
Cash and investments	\$ -	\$ -	\$ 157,185	\$ 13,008
Accounts receivable				
Interest receivable			1,616	134
Notes receivable				
Due from other funds				
Advances to other funds				
Total assets	\$ -	\$ -	\$ 158,801	\$ 13,142
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 3,472	\$ 4,378	\$ -
Deposits payable				
Due to other funds	44,000	531		
Deferred revenue				
Advances from other funds				
Total liabilities	44,000	4,003	4,378	
Fund balances:				
Reserved:				
Debt service				
Advances to other funds				
Encumbrances				
Unreserved:				
Designated				
Undesignated	(44,000)	(4,003)	154,423	13,142
Total fund balances	(44,000)	(4,003)	154,423	13,142
Total liabilities and fund balances	\$ -	\$ -	\$ 158,801	\$ 13,142

Special Revenue Funds

Traffic Grant	Vehicle Theft Deterrent	Beverage Recycling Grant	STIP and STP	Electric Vehicle Grant
\$ -	\$ 26,349	\$ 12,265	\$ -	\$ -
	271	126		
<u>\$ -</u>	<u>\$ 26,620</u>	<u>\$ 12,391</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
	26,620	12,391		
	26,620	12,391		
<u>\$ -</u>	<u>\$ 26,620</u>	<u>\$ 12,391</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

CITY OF WINTERS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006

(Continued)

	Special Revenue Funds			
	Transportation Development Act	STBG 700 Housing Grant	STBG 96-1043	HOME 98-347 Grant
ASSETS				
Cash and investments	\$ 136,223	\$ -	\$ 1,274	\$ -
Accounts receivable	4,804			
Interest receivable	1,575			
Notes receivable		64,260	44,735	201,582
Due from other funds				
Advances to other funds				
Total assets	\$ 142,602	\$ 64,260	\$ 46,009	\$ 201,582
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,179	\$ -	\$ -	\$ -
Deposits payable				
Due to other funds			29,070	
Deferred revenue		64,260	44,735	201,582
Advances from other funds				
Total liabilities	3,179	64,260	73,805	201,582
Fund balances:				
Reserved:				
Debt service				
Advances to other funds				
Encumbrances	50			
Unreserved:				
Designated				
Undesignated	139,373		(27,796)	
Total fund balances	139,423		(27,796)	
Total liabilities and fund balances	\$ 142,602	\$ 64,260	\$ 46,009	\$ 201,582

Special Revenue Funds

EDBG 99-688 Grant	EDBG 96-405 Grant	Housing Rehabilitation RLF	HOME Program RLF	First Time Homebuyer RLF
\$ -	\$ -	\$ 23,704	\$ -	\$ 21,371
		244		205
200,829	222,989	94,350	277,043	373,091
		11,643		17,427
<u>200,829</u>	<u>222,989</u>	<u>129,941</u>	<u>277,043</u>	<u>412,094</u>
\$ -	\$ -	\$ -	\$ -	\$ -
	1,274			
200,829	222,989	94,350	277,043	373,091
<u>200,829</u>	<u>224,263</u>	<u>94,350</u>	<u>277,043</u>	<u>373,091</u>
	(1,274)	35,591		39,003
	(1,274)	35,591		39,003
<u>200,829</u>	<u>222,989</u>	<u>129,941</u>	<u>277,043</u>	<u>412,094</u>

(Continued)

CITY OF WINTERS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds
	Small Business RLF	Trestle Bridge	General	Monitoring Fee
ASSETS				
Cash and investments	\$ 139,541	\$ -	\$ 48,127	\$ -
Accounts receivable				
Interest receivable	1,450		495	
Notes receivable				
Due from other funds				
Advances to other funds				
Total assets	\$ 140,991	\$ -	\$ 48,622	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable				
Due to other funds				
Deferred revenue				
Advances from other funds				
Total liabilities				
Fund balances:				
Reserved:				
Debt service			48,622	
Advances to other funds				
Encumbrances				
Unreserved:				
Designated				
Undesignated	140,991			
Total fund balances	140,991		48,622	
Total liabilities and fund balances	\$ 140,991	\$ -	\$ 48,622	\$ -

Capital Projects Funds

Solano MTC	Flood Control Study	RAJA Storm Drain	Street Impact Fees	Capital Asset Replacement
\$ -	\$ 1,118	\$ 33,712	\$ 1,082,957	\$ 49,321
	12	345	11,808	507
			95,000	
<u>\$ -</u>	<u>\$ 1,130</u>	<u>\$ 34,057</u>	<u>\$ 1,189,765</u>	<u>\$ 49,828</u>
\$ -	\$ -	\$ -	\$ -	\$ -
		9,589		
	125,000			
	125,000	9,589		
		50	95,000 776	
	(123,870)	24,418	1,093,989	49,828
	(123,870)	24,468	1,189,765	49,828
<u>\$ -</u>	<u>\$ 1,130</u>	<u>\$ 34,057</u>	<u>\$ 1,189,765</u>	<u>\$ 49,828</u>

(Continued)

CITY OF WINTERS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006

(Continued)

	Capital Projects Funds			
	Storm Drain Impact Fees	Park and Recreation Impact Fees	Police Impact Fees	Fire Impact Fees
ASSETS				
Cash and investments	\$ 128,857	\$ 813,932	\$ 239,375	\$ 173,327
Accounts receivable				
Interest receivable	1,325	8,360	2,462	1,782
Notes receivable		5,406	4,661	4,661
Due from other funds				
Advances to other funds	30,000			
Total assets	\$ 160,182	\$ 827,698	\$ 246,498	\$ 179,770
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 2,725	\$ 469	\$ 469
Deposits payable				
Due to other funds				
Deferred revenue		5,406	4,661	4,661
Advances from other funds				
Total liabilities		8,131	5,130	5,130
Fund balances:				
Reserved:				
Debt service				
Advances to other funds	30,000			
Encumbrances		72,416	141	141
Unreserved:				
Designated				
Undesignated	130,182	747,151	241,227	174,499
Total fund balances	160,182	819,567	241,368	174,640
Total liabilities and fund balances	\$ 160,182	\$ 827,698	\$ 246,498	\$ 179,770

Capital Projects Funds

General Facilities Impact Fees	Water Impact Fees	General Fund Capital	Landfill Capital	Parks and Recreation Capital
\$ 228,860	\$ 438,416	\$ 497,294	\$ 350,257	\$ 127,984
2,354	4,508	5,114	3,600	1,316
1,942				
<u>\$ 233,156</u>	<u>\$ 442,924</u>	<u>\$ 502,408</u>	<u>\$ 353,857</u>	<u>\$ 129,300</u>
\$ -	\$ 31	\$ -	\$ 4,715	\$ -
1,942				
<u>1,942</u>	<u>31</u>		<u>4,715</u>	
141	51			
<u>231,073</u>	<u>442,842</u>	<u>502,408</u>	<u>349,142</u>	<u>129,300</u>
<u>231,214</u>	<u>442,893</u>	<u>502,408</u>	<u>349,142</u>	<u>129,300</u>
<u>\$ 233,156</u>	<u>\$ 442,924</u>	<u>\$ 502,408</u>	<u>\$ 353,857</u>	<u>\$ 129,300</u>

(Continued)

CITY OF WINTERS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006

(Continued)

	Total Nonmajor Governmental Funds
	<u> </u>
ASSETS	
Cash and investments	\$ 5,096,500
Accounts receivable	32,589
Interest receivable	52,372
Notes receivable	1,495,549
Due from other funds	29,070
Advances to other funds	<u>125,000</u>
 Total assets	 <u>\$ 6,831,080</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 29,219
Deposits payable	9,589
Due to other funds	88,186
Deferred revenue	1,495,549
Advances from other funds	<u>125,000</u>
 Total liabilities	 <u>1,747,543</u>
Fund balances:	
Reserved:	
Debt service	48,622
Advances to other funds	125,000
Encumbrances	73,959
Unreserved:	
Designated	70,253
Undesignated	<u>4,765,703</u>
 Total fund balances	 <u>5,083,537</u>
 Total liabilities and fund balances	 <u>\$ 6,831,080</u>

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CITY OF WINTERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2006

	Special Revenue Funds			
	City Wide Assessment	Flood Assessment District	Gas Tax	First Time Homebuyers
REVENUES				
Taxes and assessments	\$ 185,758	\$ -	\$ 135,279	\$ -
Fines and forfeitures				
Licenses and permits				
Program income				
Use of money and property		123	1	2,724
Intergovernmental revenues				
Miscellaneous	112			
Total revenues	185,870	123	135,280	2,724
EXPENDITURES				
Current:				
General government	13,256		26,777	
Public safety				
Public works				
Community development			45	
Parks	247,889			
Streets and highways			83,695	
Public transportation				
Capital outlay				
Total expenditures	261,145		110,517	
Excess of revenues over (under) expenditures	(75,275)	123	24,763	2,724
OTHER FINANCING SOURCES (USES)				
Transfers in	123,586		117,663	
Transfers out				
Total other financing sources (uses)	123,586		117,663	
Excess of revenues and other financing sources over (under) expenditures and other financing uses	48,311	123	142,426	2,724
Fund Balances (Deficit) - beginning of fiscal year	21,942	3,214	(142,426)	70,885
Fund Balances (Deficit) - end of fiscal year	<u>\$ 70,253</u>	<u>\$ 3,337</u>	<u>\$ -</u>	<u>\$ 73,609</u>

Special Revenue Funds

Emergency Plan	State COPS 1913	Workforce Grant	COPS More Grant	Traffic Congestion
\$ -	\$ -	\$ -	\$ -	\$ -
16	7,694 100,000	84,048	74	457 22,376
16	107,694	84,048	74	22,833
1,997	136,775	2,938	1,286	
		67,208		
1,997	136,775	70,146	1,286	
(1,981)	(29,081)	13,902	(1,212)	22,833
(1,981)	(29,081)	13,902	(1,212)	22,833
1,981	203,156		2,702	
\$ -	\$ 174,075	\$ 13,902	\$ 1,490	\$ 22,833

(Continued)

CITY OF WINTERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2006

(Continued)

	Special Revenue Funds			
	Proposition 40	Park Grant	Traffic Safety	Asset Forfeiture
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures			7,047	
Licenses and permits				
Program income				
Use of money and property			5,689	428
Intergovernmental revenues	176,000	12,674		3,364
Miscellaneous				
Total revenues	176,000	12,674	12,736	3,792
EXPENDITURES				
Current:				
General government				
Public safety			368	
Public works				
Community development and recreation				
Parks		8,486		
Streets and highways				
Public transportation				
Capital outlay	119,621		11,610	
Total expenditures	119,621	8,486	11,978	
Excess of revenues over (under) expenditures	56,379	4,188	758	3,792
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				
Total other financing sources (uses)				
Excess of revenues and other financing sources over (under) expenditures and other financing uses	56,379	4,188	758	3,792
Fund Balances (Deficit) - beginning of fiscal year	(100,379)	(8,191)	153,665	9,350
Fund Balances (Deficit) - end of fiscal year	\$ (44,000)	\$ (4,003)	\$ 154,423	\$ 13,142

Special Revenue Funds

Traffic Grant	Vehicle Theft Deterrent	Beverage Recycling Grant	STIP and STP	Electric Vehicle Grant
\$ -	\$ -	\$ -	\$ -	\$ -
221	985	564 5,000	325,516	
221	985	5,564	325,516	
8,146		4,730	216,056	
8,146		4,730	216,056	
(7,925)	985	834	109,460	
(7,925)	985	834	109,460	
7,925	25,635	11,557	(109,460)	
\$ -	\$ 26,620	\$ 12,391	\$ -	\$ -

(Continued)

CITY OF WINTERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2006

(Continued)

	Special Revenue Funds			
	Transportation Development Act	STBG 700 Housing Grant	STBG 96-1043 Grant	HOME 98-347 Grant
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures				
Licenses and permits				
Program income		7,755	7,263	
Use of money and property	3,350	1,169	1,461	
Intergovernmental revenues	328,886			
Miscellaneous	2,202			
Total revenues	334,438	8,924	8,724	
EXPENDITURES				
Current:				
General government				
Public safety				
Public works				
Community development				
Parks				
Streets and highways	12,014			
Public transportation	122,406			
Capital outlay	16,813			
Total expenditures	151,233			
Excess of revenues over (under) expenditures	183,205	8,924	8,724	
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out	(57,500)	(8,924)	(7,450)	
Total other financing sources (uses)	(57,500)	(8,924)	(7,450)	
Excess of revenues and other financing sources over (under) expenditures and other financing uses	125,705		1,274	
Fund Balances (Deficit) - beginning of fiscal year	13,718		(29,070)	
Fund Balances (Deficit) - end of fiscal year	\$ 139,423	\$ -	\$ (27,796)	\$ -

Special Revenue Funds

EDBG 99-688 Grant	EDBG 96-405 Grant	Housing Rehabilitation RLF	HOME Program RLF	First Time Homebuyer RLF
\$ -	\$ -	\$ -	\$ -	\$ -
6,002				14,000
10,238		830		1,732
<u>16,240</u>		<u>830</u>		<u>15,732</u>
<u>16,240</u>		<u>830</u>		<u>15,732</u>
(16,240)	(1,274)	3,860		5,790
<u>(16,240)</u>	<u>(1,274)</u>	<u>3,860</u>		<u>5,790</u>
	(1,274)	4,690		21,522
		30,901		17,481
<u>\$ -</u>	<u>\$ (1,274)</u>	<u>\$ 35,591</u>	<u>\$ -</u>	<u>\$ 39,003</u>

(Continued)

CITY OF WINTERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2006

(Continued)

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds
	Small Business RLF	Trestle Bridge	General	Monitoring Fee
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures				
Licenses and permits				2,374
Program income				
Use of money and property	3,511	248	1,800	
Intergovernmental revenues				
Miscellaneous				
Total revenues	3,511	248	1,800	2,374
EXPENDITURES				
Current:				
General government				
Public safety				
Public works				
Community development				
Parks				
Streets and highways				
Public transportation				
Capital outlay		30,784		
Total expenditures		30,784		
Excess of revenues over (under) expenditures	3,511	(30,536)	1,800	2,374
OTHER FINANCING SOURCES (USES)				
Transfers in	24,237			
Transfers out				(2,374)
Total other financing sources (uses)	24,237			(2,374)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	27,748	(30,536)	1,800	
Fund Balances (Deficit) - beginning of fiscal year	113,243	30,536	46,822	
Fund Balances (Deficit) - end of fiscal year	\$ 140,991	\$ -	\$ 48,622	\$ -

Capital Projects Funds

Solano MTC	Flood Control Study	RAJA Storm Drain	Street Impact Fees	Capital Asset Replacement
\$	\$ -	\$ -	\$ -	\$ -
			14,784	5,388
180,000	42	1,267	52,731	1,842
180,000	42	1,267	67,515	7,230
		315		2,334
180,000			625,585	
180,000		315	625,585	2,334
	42	952	(558,070)	4,896
			(60,163)	
			(60,163)	
	42	952	(618,233)	4,896
	(123,912)	23,516	1,807,998	44,932
\$ -	\$ (123,870)	\$ 24,468	\$ 1,189,765	\$ 49,828

(Continued)

CITY OF WINTERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2006

(Continued)

	Capital Projects Funds			
	Storm Drain Impact Fees	Park and Recreation Impact Fees	Police Impact Fees	Fire Impact Fees
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures				
Licenses and permits	572	11,322	3,006	4,566
Program income				
Use of money and property	4,885	30,809	9,128	6,389
Intergovernmental revenues				
Miscellaneous				
Total revenues	5,457	42,131	12,134	10,955
EXPENDITURES				
Current:				
General government				
Public safety				556
Public works				
Community development				
Parks		25,886		
Streets and highways				
Public transportation				
Capital outlay	9,359		27,477	
Total expenditures	9,359	25,886	27,477	556
Excess of revenues over (under) expenditures	(3,902)	16,245	(15,343)	10,399
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				
Total other financing sources (uses)				
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(3,902)	16,245	(15,343)	10,399
Fund Balances (Deficit) - beginning of fiscal year	164,084	803,322	256,711	164,241
Fund Balances (Deficit) - end of fiscal year	\$ 160,182	\$ 819,567	\$ 241,368	\$ 174,640

Capital Projects Funds

Facilities Impact Fees	Water Impact Fees	General Fund Capital	Landfill Capital	Parks and Recreation Capital
\$ -	\$ -	\$ -	\$ -	\$ -
6,717	13,457			900
8,421	16,178	18,595	13,198	7,490
<u>15,138</u>	<u>29,635</u>	<u>18,595</u>	<u>13,198</u>	<u>8,390</u>
87				
	5,687		11,941	100,000
<u>87</u>	<u>5,687</u>		<u>11,941</u>	<u>100,000</u>
<u>15,051</u>	<u>23,948</u>	<u>18,595</u>	<u>1,257</u>	<u>(91,610)</u>
15,051	23,948	18,595	1,257	(91,610)
<u>216,163</u>	<u>418,945</u>	<u>483,813</u>	<u>347,885</u>	<u>220,910</u>
<u>\$ 231,214</u>	<u>\$ 442,893</u>	<u>\$ 502,408</u>	<u>\$ 349,142</u>	<u>\$ 129,300</u>

(Continued)

CITY OF WINTERS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2006

(Continued)

	Total Nonmajor Governmental Funds
REVENUES	
Taxes and assessments	\$ 321,037
Fines and forfeitures	7,047
Licenses and permits	63,086
Program income	35,020
Use of money and property	214,290
Intergovernmental revenues	1,237,864
Miscellaneous	2,314
Total revenues	<u>1,880,658</u>
EXPENDITURES	
Current:	
General government	42,117
Public safety	138,985
Public works	315
Community development	5,317
Parks	394,202
Streets and highways	95,709
Public transportation	122,406
Capital outlay	1,323,076
Total expenditures	<u>2,122,127</u>
Excess of revenues over (under) expenditures	<u>(241,469)</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	275,136
Transfers out	<u>(153,925)</u>
Total other financing sources (uses)	<u>121,211</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(120,258)</u>
Fund Balances (Deficit) - beginning of fiscal year	<u>5,203,795</u>
Fund Balances (Deficit) - end of fiscal year	<u>\$ 5,083,537</u>

CITY OF WINTERS
CITY WIDE ASSESSMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes and assessments	\$ 187,958	\$ 185,758	\$ (2,200)
Miscellaneous		112	112
Total Revenues	187,958	185,870	(2,088)
Expenditures:			
Current:			
General government	13,152	13,256	(104)
Parks	291,621	247,889	43,732
Total Expenditures	304,773	261,145	43,628
Excess of revenues over (under) expenditures	(116,815)	(75,275)	41,540
Other Financing Sources (Uses):			
Transfer in		123,586	123,586
Total Other Financing Sources (Uses)		123,586	123,586
Excess of revenues and other sources over (under) expenditures and other uses	(116,815)	48,311	165,126
Fund Balance - beginning of fiscal year	21,942	21,942	
Fund Balance - end of fiscal year	\$ (94,873)	\$ 70,253	\$ 165,126

CITY OF WINTERS
GAS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes and assessments	\$ 130,508	\$ 135,279	\$ 4,771
Use of money and property		1	1
Total Revenues	130,508	135,280	4,772
Expenditures:			
Current:			
General government		26,777	(26,777)
Community development		45	(45)
Streets and highways	119,452	83,695	35,757
Total Expenditures	119,452	110,517	8,935
Excess of revenues over (under) expenditures	11,056	24,763	13,707
Other Financing Sources (Uses):			
Transfers in		57,500	57,500
Total Other Financing Sources (Uses)		57,500	57,500
Excess of revenues and other sources over (under) expenditures and other uses	11,056	82,263	71,207
Fund Balance (Deficit) - beginning of fiscal year	(142,426)	(142,426)	
Fund Balance (Deficit) - end of fiscal year	\$ (131,370)	\$ (60,163)	\$ 71,207

CITY OF WINTERS**FIRST TIME HOMEBUYERS FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Use of money and property	\$ 2,815	\$ 2,724	\$ (91)
Total Revenues	<u>2,815</u>	<u>2,724</u>	<u>(91)</u>
Expenditures:			
Current:			
Community development			
Total Expenditures			
Excess of revenues over (under) expenditures	2,815	2,724	(91)
Fund Balance - beginning of fiscal year	<u>70,885</u>	<u>70,885</u>	
Fund Balance - end of fiscal year	<u>\$ 73,700</u>	<u>\$ 73,609</u>	<u>\$ (91)</u>

CITY OF WINTERS
STATE COPS 1913 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Use of money and property	\$ 2,081	\$ 7,694	\$ 5,613
Intergovernmental revenues	100,000	100,000	
Total Revenues	102,081	107,694	5,613
Expenditures:			
Current:			
Public safety	171,399	136,775	34,624
Total Expenditures	171,399	136,775	34,624
Excess of revenues over (under) expenditures	(69,318)	(29,081)	40,237
Fund Balance - beginning of fiscal year	203,156	203,156	
Fund Balance - end of fiscal year	\$ 133,838	\$ 174,075	\$ 40,237

CITY OF WINTERS
WORKFORCE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental revenues	\$ 94,380	\$ 84,048	\$ (10,332)
Total Revenues	94,380	84,048	(10,332)
Expenditures:			
Current:			
Community development		2,938	(2,938)
Capital outlay	104,380	67,208	37,172
Total Expenditures	104,380	70,146	34,234
Excess of revenues over (under) expenditures	(10,000)	13,902	23,902
Fund Balance - beginning of fiscal year			
Fund Balance - end of fiscal year	<u>\$ (10,000)</u>	<u>\$ 13,902</u>	<u>\$ 23,902</u>

CITY OF WINTERS
COPS MORE GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Use of money and property	\$ -	\$ 74	\$ 74
Total Revenues		74	74
Expenditures:			
Current:			
Public safety	600	1,286	(686)
Total Expenditures	600	1,286	(686)
Excess of revenues over (under) expenditures	(600)	(1,212)	(612)
Fund Balance - beginning of fiscal year	2,702	2,702	
Fund Balance - end of fiscal year	<u>\$ 2,102</u>	<u>\$ 1,490</u>	<u>\$ (612)</u>

CITY OF WINTERS**TRAFFIC CONGESTION FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Use of money and property	\$ -	\$ 457	\$ 457
Intergovernmental revenues		22,376	22,376
Total Revenues		22,833	22,833
Expenditures:			
Capital outlay	29,250		29,250
Total Other Financing Sources (Uses)	29,250		29,250
Excess of revenues and other sources over (under) expenditures and other uses	(29,250)	22,833	52,083
Fund Balance (Deficit) - beginning of year			
Fund Balance (Deficit) - end of year	<u>\$ (29,250)</u>	<u>\$ 22,833</u>	<u>\$ 52,083</u>

CITY OF WINTERS**PROPOSITION 40 GRANT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental revenues	\$ -	\$ 176,000	\$ 176,000
Total Revenues		176,000	176,000
Expenditures:			
Capital outlay	124,353	119,621	4,732
Total Expenditures	124,353	119,621	4,732
Excess of revenues over (under) expenditures	(124,353)	56,379	180,732
Fund Balance - beginning of fiscal year	(100,379)	(100,379)	
Fund Balance (Deficit) - end of fiscal year	\$ (224,732)	\$ (44,000)	\$ 180,732

CITY OF WINTERS
PARK GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental revenues	\$ 150,000	\$ 12,674	\$ (137,326)
Total Revenues	<u>150,000</u>	<u>12,674</u>	<u>(137,326)</u>
Expenditures:			
Current:			
Parks		8,486	(8,486)
Total Expenditures		<u>8,486</u>	<u>(8,486)</u>
Excess of revenues over (under) expenditures	150,000	4,188	(145,812)
Fund Balance (Deficit) - beginning of fiscal year	<u>(8,191)</u>	<u>(8,191)</u>	
Fund Balance (Deficit) - end of fiscal year	<u>\$ 141,809</u>	<u>\$ (4,003)</u>	<u>\$ (145,812)</u>

CITY OF WINTERS

ASSET FORFEITURE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Use of money and property	\$ 100	\$ 428	\$ 328
Intergovernmental revenues		3,364	3,364
Total Revenues	<u>100</u>	<u>3,792</u>	<u>3,692</u>
Expenditures:			
Current:			
Public safety			
Total Expenditures			
Excess of revenues over expenditures	100	3,792	3,692
Fund Balance - beginning of fiscal year	<u>9,350</u>	<u>9,350</u>	
Fund Balance - end of fiscal year	<u>\$ 9,450</u>	<u>\$ 13,142</u>	<u>\$ 3,692</u>

CITY OF WINTERS**TRAFFIC SAFETY FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines and forfeitures	\$ 6,000	\$ 7,047	\$ 1,047
Use of money and property	700	5,689	4,989
Total Revenues	<u>6,700</u>	<u>12,736</u>	<u>6,036</u>
Expenditures:			
Current:			
Public safety	3,400	368	3,032
Capital outlay	16,000	11,610	4,390
Total Expenditures	<u>19,400</u>	<u>11,978</u>	<u>7,422</u>
Excess of revenue over expenditures	(12,700)	758	13,458
Fund Balance - beginning of fiscal year	<u>153,665</u>	<u>153,665</u>	
Fund Balance - end of fiscal year	<u>\$ 140,965</u>	<u>\$ 154,423</u>	<u>\$ 13,458</u>

CITY OF WINTERS
TRAFFIC GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Use of money and property	\$ -	\$ 221	\$ 221
Total Revenues		221	221
Expenditures:			
Capital outlay	8,056	8,146	(90)
Total Expenditures	8,056	8,146	(90)
Excess of revenues over expenditures	(8,056)	(7,925)	131
Fund Balance - beginning of fiscal year	<u>7,925</u>	<u>7,925</u>	
Fund Balance - end of fiscal year	<u>\$ (131)</u>	<u>\$ -</u>	<u>\$ 131</u>

CITY OF WINTERS**VEHICLE THEFT DETERRENT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental revenues	\$ 6,000	\$ -	\$ (6,000)
Use of money and property	200	985	785
Total Revenues	6,200	985	(5,215)
Expenditures:			
Capital outlay			
Total Expenditures			
Excess of revenues over expenditures	6,200	985	(5,215)
Fund Balance - beginning of fiscal year	25,635	25,635	
Fund Balance - end of fiscal year	\$ 31,835	\$ 26,620	\$ (5,215)

CITY OF WINTERS**BEVERAGE RECYCLING GRANT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Use of money and property	\$ -	\$ 564	\$ 564
Intergovernmental revenues	5,000	5,000	
Total Revenues	5,000	5,564	564
Expenditures:			
Current:			
Parks	200		200
Capital outlay	7,500	4,730	2,770
Total Expenditures	7,700	4,730	2,970
Excess of revenues over (under) expenditures	(2,700)	834	3,534
Fund Balance - beginning of fiscal year	11,557	11,557	
Fund Balance (Deficit) - end of fiscal year	\$ 8,857	\$ 12,391	\$ 3,534

CITY OF WINTERS
STIP AND STP FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental revenues	\$ 1,000,479	\$ 325,516	\$ (674,963)
Total Revenues	<u>1,000,479</u>	<u>325,516</u>	<u>(674,963)</u>
Expenditures:			
Capital outlay	<u>966,778</u>	<u>216,056</u>	<u>750,722</u>
Total Expenditures	<u>966,778</u>	<u>216,056</u>	<u>750,722</u>
Excess of revenues over (under) expenditures	33,701	109,460	75,759
Fund Balance (Deficit) - beginning of fiscal year	<u>(109,460)</u>	<u>(109,460)</u>	
Fund Balance (Deficit) - end of fiscal year	<u>\$ (75,759)</u>	<u>\$ -</u>	<u>\$ 75,759</u>

CITY OF WINTERS**TRANSPORTATION DEVELOPMENT ACT FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Use of money and property	\$ -	\$ 3,350	\$ 3,350
Intergovernmental revenues	237,757	328,886	91,129
Miscellaneous		2,202	2,202
Total Revenues	237,757	334,438	96,681
Expenditures:			
Current:			
Streets and highways		12,014	(12,014)
Public transportation	121,304	122,406	(1,102)
Capital outlay	50,811	16,813	33,998
Total Expenditures	172,115	151,233	20,882
Excess of revenues over (under) expenditures	65,642	183,205	117,563
Other Financing Sources (Uses):			
Transfers in	11,243		(11,243)
Transfers out	(75,000)	(57,500)	17,500
Total Other Financing Sources (Uses)	(63,757)	(57,500)	6,257
Excess of revenues and other sources over (under) expenditures and other uses	1,885	125,705	123,820
Fund Balance (Deficit) - beginning of fiscal year	13,718	13,718	
Fund Balance - end of fiscal year	\$ 15,603	\$ 139,423	\$ 123,820

CITY OF WINTERS
STBG 700 HOUSING GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Program income	\$ 6,115	\$ 7,755	\$ 1,640
Use of money and property	1,730	1,169	(561)
Total Revenues	7,845	8,924	1,079
Expenditures:			
Current:			
Community development			
Total Expenditures			
Excess of revenues over (under) expenditures	7,845	8,924	1,079
Other Financing Sources (Uses):			
Transfers out	(7,845)	(8,924)	(1,079)
Total Other Financing Sources (Uses)	(7,845)	(8,924)	(1,079)
Excess of revenues and other sources over (under) expenditures and other uses			
Fund Balance - beginning of fiscal year			
Fund Balance - end of fiscal year	\$ -	\$ -	\$ -

CITY OF WINTERS

STBG 96-1043 FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Program income	\$ 6,483	\$ 7,263	\$ 780
Use of money and property	2,241	1,461	(780)
Total Revenues	8,724	8,724	
Expenditures:			
Current:			
Community development			
Total Expenditures			
Excess of revenues over (under) expenditures	8,724	8,724	
Other Financing Sources (Uses):			
Transfers out	(8,724)	(7,450)	1,274
Total Other Financing Sources (Uses)	(8,724)	(7,450)	1,274
Excess of revenues and other sources over (under) expenditures and other uses		1,274	1,274
Fund Balance (Deficit) - beginning of fiscal year	(29,070)	(29,070)	
Fund Balance (Deficit) - end of fiscal year	\$ (29,070)	\$ (27,796)	\$ 1,274

CITY OF WINTERS

EDBG 99-688 GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Program income	\$ 7,722	\$ 6,002	\$ (1,720)
Use of money and property	9,681	10,238	557
	<hr/>	<hr/>	<hr/>
Total Revenues	17,403	16,240	(1,163)
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses):			
Transfer out	(14,503)	(16,240)	(1,737)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(14,503)	(16,240)	(1,737)
	<hr/>	<hr/>	<hr/>
Excess of revenues over (under) expenditures	2,900		(2,900)
	<hr/>	<hr/>	<hr/>
Fund Balance - beginning of fiscal year			
	<hr/>	<hr/>	<hr/>
Fund Balance - end of fiscal year	\$ 2,900	\$ -	\$ (2,900)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF WINTERS**HOUSING REHABILITATION RLF FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Use of money and property	\$ 20	\$ 830	\$ 810
Total Revenues	20	830	810
Expenditures:			
Current:			
Community development			
Total Expenditures			
Excess of revenues over (under) expenditures	20	830	810
Other Financing Sources (Uses):			
Transfers in	3,138	3,860	722
Total Other Financing Sources (Uses)	3,138	3,860	722
Excess of revenues and other sources over (under) expenditures and other uses	3,158	4,690	1,532
Fund Balance - beginning of fiscal year	30,901	30,901	
Fund Balance - end of fiscal year	\$ 34,059	\$ 35,591	\$ 1,532

CITY OF WINTERS**FIRST TIME HOMEBUYER RLF FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Program income	\$ -	\$ 14,000	\$ 14,000
Use of money and property	100	1,732	1,632
Total Revenues	100	15,732	15,632
Expenditures:			
Current:			
Community development			
Total Expenditures			
Excess of revenues over expenditures	100	15,732	15,632
Other Financing Sources (Uses):			
Transfers in	4,707	5,790	1,083
Total Other Financing Sources (Uses)	4,707	5,790	1,083
Excess of revenues and other sources over (under) expenditures and other uses	4,807	21,522	16,715
Fund Balance - beginning of fiscal year	17,481	17,481	
Fund Balance - end of fiscal year	\$ 22,288	\$ 39,003	\$ 16,715

CITY OF WINTERS**TRESTLE BRIDGE FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Use of money and property	\$ -	\$ 248	\$ 248
Total Revenues		248	248
Expenditures:			
Capital outlay	30,000	30,784	(784)
Total Expenditures	30,000	30,784	(784)
Excess of revenues over (under) expenditures	(30,000)	(30,536)	(536)
Fund Balance - beginning of fiscal year	30,536	30,536	
Fund Balance - end of fiscal year	\$ 536	\$ -	\$ (536)

CITY OF WINTERS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Use of money and property	\$ 1,000	\$ 1,800	\$ 800
Total Revenues	1,000	1,800	800
Excess of revenues over (under) expenditures	1,000	1,800	800
Fund Balance - beginning of fiscal year	46,822	46,822	
Fund Balance - end of fiscal year	\$ 47,822	\$ 48,622	\$ 800

CITY OF WINTERS
MONITORING FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Licenses and permits	\$ 16,832	\$ 2,374	\$ (14,458)
	500		(500)
Total Revenues	<u>17,332</u>	<u>2,374</u>	<u>(14,958)</u>
Expenditures:			
Current:			
Public works			
Total Expenditures			
Excess of revenues over (under) expenditures	<u>17,332</u>	<u>2,374</u>	<u>(14,958)</u>
Other Financing Sources (Uses):			
Transfer out	<u>(17,332)</u>	<u>(2,374)</u>	<u>14,958</u>
Total Other Financing Sources (Uses)	<u>(17,332)</u>	<u>(2,374)</u>	<u>14,958</u>
Excess of revenues and other sources over (under) expenditures and other uses			
Fund Balance - beginning of fiscal year			
Fund Balance - end of fiscal year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WINTERS
SOLANO MTC FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental revenues	\$ -	\$ 180,000	\$ 180,000
Total Revenues		<u>180,000</u>	<u>180,000</u>
Expenditures:			
Capital outlay	<u>150,000</u>	<u>180,000</u>	<u>(30,000)</u>
Total Expenditures	<u>150,000</u>	<u>180,000</u>	<u>(30,000)</u>
Excess of revenues over (under) expenditures	(150,000)		150,000
Fund Balance - beginning of fiscal year			
Fund Balance - end of fiscal year	<u>\$ (150,000)</u>	<u>\$ -</u>	<u>\$ 150,000</u>

CITY OF WINTERS
FLOOD CONTROL STUDY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Use of money and property	\$ 12	\$ 42	\$ 30
Total Revenues	12	42	30
Expenditures:			
Current:			
Public works			
Total Expenditures			
Excess of revenues over (under) expenditures	12	42	30
Fund Balance (Deficit) - beginning of fiscal year	(123,912)	(123,912)	
Fund Balance (Deficit)- end of fiscal year	<u>\$ (123,900)</u>	<u>\$ (123,870)</u>	<u>\$ 30</u>

CITY OF WINTERS**RAJA STORM DRAIN FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Use of money and property	\$ 450	\$ 1,267	\$ 817
Total Revenues	450	1,267	817
Expenditures:			
Current:			
Public works		315	(315)
Total Expenditures		315	(315)
Excess of revenues over (under) expenditures	450	952	502
Fund Balance - beginning of fiscal year	23,516	23,516	
Fund Balance - end of fiscal year	\$ 23,966	\$ 24,468	\$ 502

CITY OF WINTERS
STREET IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Licenses and permits	\$ 118,272	\$ 14,784	\$ (103,488)
Use of money and property	21,150	52,731	31,581
Total Revenues	139,422	67,515	(71,907)
Expenditures:			
Capital outlay	1,000	625,585	(624,585)
Total Expenditures	1,000	625,585	(624,585)
Excess of revenues over (under) expenditures	138,422	(558,070)	(696,492)
Fund Balance - beginning of fiscal year	1,807,998	1,807,998	
Fund Balance - end of fiscal year	\$ 1,946,420	\$ 1,249,928	\$ (696,492)

CITY OF WINTERS

CAPITAL ASSET REPLACEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Licenses and permits	\$ 2,000	\$ 5,388	\$ 3,388
Use of money and property	422	1,842	1,420
Total Revenues	<u>2,422</u>	<u>7,230</u>	<u>4,808</u>
Expenditures:			
Current:			
Community development	4,000	2,334	1,666
Total Expenditures	<u>4,000</u>	<u>2,334</u>	<u>1,666</u>
Excess of revenues over (under) expenditures	(1,578)	4,896	6,474
Fund Balance - beginning of fiscal year	<u>44,932</u>	<u>44,932</u>	
Fund Balance - end of fiscal year	<u>\$ 43,354</u>	<u>\$ 49,828</u>	<u>\$ 6,474</u>

CITY OF WINTERS**STORM DRAIN IMPACT FEES FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Licenses and permits	\$ 4,576	\$ 572	\$ (4,004)
Use of money and property	1,500	4,885	3,385
Total Revenues	<u>6,076</u>	<u>5,457</u>	<u>(619)</u>
Expenditures:			
Capital outlay		9,359	(9,359)
Total Expenditures		<u>9,359</u>	<u>(9,359)</u>
Excess of revenues over (under) expenditures	6,076	(3,902)	(9,978)
Fund Balance - beginning of fiscal year	<u>164,084</u>	<u>164,084</u>	
Fund Balance - end of fiscal year	<u>\$ 170,160</u>	<u>\$ 160,182</u>	<u>\$ (9,978)</u>

CITY OF WINTERS**PARK AND RECREATION IMPACT FEES FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Licenses and permits	\$ 60,288	\$ 11,322	\$ (48,966)
Use of money and property	9,000	30,809	21,809
Total Revenues	<u>69,288</u>	<u>42,131</u>	<u>(27,157)</u>
Expenditures:			
Current:			
Parks	110,115	25,886	84,229
Capital outlay	<u>150,000</u>		<u>150,000</u>
Total Expenditures	<u>260,115</u>	<u>25,886</u>	<u>234,229</u>
Excess of revenues over (under) expenditures	(190,827)	16,245	207,072
Fund Balance - beginning of fiscal year	<u>803,322</u>	<u>803,322</u>	
Fund Balance - end of fiscal year	<u>\$ 612,495</u>	<u>\$ 819,567</u>	<u>\$ 207,072</u>

CITY OF WINTERS
POLICE IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Licenses and permits	\$ 16,032	\$ 3,006	\$ (13,026)
Use of money and property	2,500	9,128	6,628
Total Revenues	18,532	12,134	(6,398)
Expenditures:			
Capital outlay	229,000	27,477	201,523
Total Expenditures	229,000	27,477	201,523
Excess of revenues over (under) expenditures	(210,468)	(15,343)	195,125
Fund Balance - beginning of fiscal year	256,711	256,711	
Fund Balance - end of fiscal year	\$ 46,243	\$ 241,368	\$ 195,125

CITY OF WINTERS
FIRE IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Licenses and permits	\$ 24,352	\$ 4,566	\$ (19,786)
Use of money and property	2,500	6,389	3,889
Total Revenues	<u>26,852</u>	<u>10,955</u>	<u>(15,897)</u>
Expenditures:			
Public safety	55,000	556	54,444
Total Expenditures	<u>55,000</u>	<u>556</u>	<u>54,444</u>
Excess of revenues over (under) expenditures	(28,148)	10,399	38,547
Fund Balance - beginning of fiscal year	<u>164,241</u>	<u>164,241</u>	
Fund Balance - end of fiscal year	<u>\$ 136,093</u>	<u>\$ 174,640</u>	<u>\$ 38,547</u>

CITY OF WINTERS
GENERAL FACILITIES IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Licenses and permits	\$ 35,824	\$ 6,717	\$ (29,107)
Use of money and property	2,200	8,421	6,221
Total Revenues	38,024	15,138	(22,886)
Expenditures:			
Current:			
General government		87	(87)
Total Expenditures		87	(87)
Excess of revenues over (under) expenditures	38,024	15,051	(22,973)
Fund Balance - beginning of fiscal year	216,163	216,163	
Fund Balance - end of fiscal year	\$ 254,187	\$ 231,214	\$ (22,973)

CITY OF WINTERS**WATER IMPACT FEES FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Licenses and permits	\$ 84,480	\$ 13,457	\$ (71,023)
Use of money and property	6,000	16,178	10,178
Total Revenues	<u>90,480</u>	<u>29,635</u>	<u>(60,845)</u>
Expenditures:			
Capital outlay		5,687	(5,687)
Total Expenditures		<u>5,687</u>	<u>(5,687)</u>
Excess of revenues over (under) expenditures	90,480	23,948	(66,532)
Fund Balance - beginning of fiscal year	<u>418,945</u>	<u>418,945</u>	
Fund Balance - end of fiscal year	<u>\$ 509,425</u>	<u>\$ 442,893</u>	<u>\$ (66,532)</u>

CITY OF WINTERS
GENERAL FUND CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Use of money and property	\$ 5,300	\$ 18,595	\$ 13,295
Total Revenues	5,300	18,595	13,295
Expenditures:			
Capital outlay	100,000		100,000
Total Expenditures	100,000		100,000
Excess of revenues over (under) expenditures	(94,700)	18,595	113,295
Fund Balance - beginning of fiscal year	483,813	483,813	
Fund Balance - end of fiscal year	\$ 389,113	\$ 502,408	\$ 113,295

CITY OF WINTERS
LANDFILL CAPITAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Use of money and property	\$ 3,400	\$ 13,198	\$ 9,798
Total Revenues	3,400	13,198	9,798
Expenditures:			
Current:			
Parks	14,000	11,941	2,059
Total Expenditures	14,000	11,941	2,059
Excess of revenues over (under) expenditures	(10,600)	1,257	11,857
Fund Balance - beginning of fiscal year	347,885	347,885	
Fund Balance - end of fiscal year	\$ 337,285	\$ 349,142	\$ 11,857

CITY OF WINTERS**PARKS AND RECREATION CAPITAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Licenses and permits	\$ -	\$ 900	\$ 900
Use of money and property	1,800	7,490	5,690
Total Revenues	<u>1,800</u>	<u>8,390</u>	<u>6,590</u>
Expenditures:			
Current:			
Parks	<u>100,000</u>	<u>100,000</u>	
Total Expenditures	<u>100,000</u>	<u>100,000</u>	
Excess of revenues over (under) expenditures	(98,200)	(91,610)	6,590
Fund Balance (Deficit) - beginning of fiscal year	<u>220,910</u>	<u>220,910</u>	
Fund Balance (Deficit) - end of fiscal year	<u>\$ 122,710</u>	<u>\$ 129,300</u>	<u>\$ 6,590</u>

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Agency Funds

Agency Funds are used to account for assets held by the City of Winters as an agent for individuals.

Winters Library Agency Fund – This fund is used to account for funds donated by Margaret Parsons for the building of a new library and Arts Center for the City of Winters.

Swim Team Agency Fund – This fund is used to account for the financial transactions of the Winters Swim Team. This organization was included as a City function in July 2003 for the first time.

CITY OF WINTERS
AGENCY FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2006

	<u>Winters Library Agency Fund</u>	<u>Swim Team Agency Fund</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 442,381	\$ 73,426	\$ 515,807
Interest receivable	4,549	755	5,304
	<u>446,930</u>	<u>74,181</u>	<u>521,111</u>
Total Assets	<u>\$ 446,930</u>	<u>\$ 74,181</u>	<u>\$ 521,111</u>
LIABILITIES			
Accounts payable	\$ -	\$ 900	\$ 900
Deposits payable	446,930	73,281	520,211
	<u>446,930</u>	<u>74,181</u>	<u>521,111</u>
Total Liabilities	<u>\$ 446,930</u>	<u>\$ 74,181</u>	<u>\$ 521,111</u>

CITY OF WINTERS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal Year Ended June 30, 2006

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
WINTERS LIBRARY				
ASSETS				
Cash and investments	\$ 427,357	\$ 15,024	\$ -	\$ 442,381
Interest receivable	3,032	1,517		4,549
Total Assets	<u>\$ 430,389</u>	<u>\$ 16,541</u>	<u>\$ -</u>	<u>\$ 446,930</u>
LIABILITIES				
Deposits payable	\$ 430,389	\$ 16,541	\$ -	\$ 446,930
Total Liabilities	<u>\$ 430,389</u>	<u>\$ 16,541</u>	<u>\$ -</u>	<u>\$ 446,930</u>
SWIM TEAM				
ASSETS				
Cash and investments	\$ 61,594	\$ 13,866	\$ 2,034	\$ 73,426
Interest receivable	420	335		755
Total Assets	<u>\$ 62,014</u>	<u>\$ 14,201</u>	<u>\$ 2,034</u>	<u>\$ 74,181</u>
LIABILITIES				
Accounts payable	\$ 2,934	\$ -	\$ 2,034	\$ 900
Deposits payable	59,080	14,201		73,281
Total Liabilities	<u>\$ 62,014</u>	<u>\$ 14,201</u>	<u>\$ 2,034</u>	<u>\$ 74,181</u>

MOSS, LEVY & HARTZHEIM, LLP

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SCHOOL BUSINESS OFFICIALS

OFFICES: BEVERLY HILLS, CALIFORNIA
SANTA MARIA, CALIFORNIA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Members of the City Council of the
City of Winters
Winters, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Winters, California, as of and for the fiscal year ended June 30, 2006 which collectively comprise the City of Winters' basic financial statements, and have issued our report thereon dated September 8, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Winters, California's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Winters, California's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim, LLP
Beverly Hills, California
September 8, 2006

Statistical Section

City of Winters
 Net Assets by Component
 Last Three Fiscal Years
 (accrual basis of accounting)

	2004	2005	2006
Governmental activities			
Invested in capital assets, net of related Debt	3,208,569	-	(997,447)
Restricted	4,295,857	3,933,274	3,812,117
Unrestricted	6,594,044	11,205,077	14,277,490
Total Governmental activities net assets	<u>14,098,470</u>	<u>15,138,351</u>	<u>17,092,160</u>
Business-type activities			
Invested in capital assets, net of related debt	1,626,987	1,774,986	1,748,464
Restricted			
Unrestricted	1,485,982	1,543,992	1,612,418
Total Business-type activities net assets	<u>3,112,969</u>	<u>3,318,978</u>	<u>3,360,882</u>
Primary Government			
Invested in capital assets, net of related debt	4,835,556	1,774,986	751,017
Restricted	4,295,857	3,933,274	3,812,117
Unrestricted	8,080,026	12,749,069	15,889,908
Total Primary government net assets	<u>17,211,439</u>	<u>18,457,329</u>	<u>20,453,042</u>

The City of Winters implemented GASB 34 for the fiscal year ended June 30, 2004. Information prior to the implementation of GASB 34 is not available.

City of Winters
Changes in Net Assets
Last Three Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2004	2005	2006
Expenses			
Governmental activities:			
General Government	819,541	1,514,288	1,010,123
Public Works	324,881	622,305	291,343
Public Safety	1,424,898	1,631,247	1,805,197
Cultural and Recreation	197,459	302,299	209,039
Community Development	285,819	439,246	1,177,004
Parks	58,797	73,615	394,202
Streets and Highways	417,247	249,976	95,709
Public transportation	102,424	110,276	122,406
Pass through agreements	261,311	342,940	
Interest on long-term debt	96,301	292,755	289,113
Total governmental activities expenses	<u>3,988,678</u>	<u>5,578,947</u>	<u>5,394,136</u>
Business-Type Activities			
Water	582,259	613,920	568,433
Sewer	712,900	783,042	821,800
Total business-type activities expenses	<u>1,295,159</u>	<u>1,396,962</u>	<u>1,390,233</u>
Total primary government expenses	<u><u>5,283,837</u></u>	<u><u>6,975,909</u></u>	<u><u>6,784,369</u></u>
Program Revenues			
Governmental Activities:			
Charges for services			
General Government	446,063	246,864	238,085
Public Works	404,351	261,183	30,890
Public Safety	137,825	79,922	15,389
Cultural and Recreation	212,607	65,817	12,222
Community Development	494,435	446,116	440,539
Streets and Highways	318,179	-	
Operating Contributions & Grants	177,979	137,931	112,674
Capital Contributions & Grants	398,162	209,739	1,142,084
Total Governmental activities program revenues	<u>2,589,601</u>	<u>1,447,572</u>	<u>1,991,883</u>
Business Type Activities			
Charges for services			
Water	507,758	547,467	624,342
Sewer	653,370	709,034	760,127
Total business-type activities program revenues	<u>1,161,128</u>	<u>1,256,501</u>	<u>1,384,469</u>
Total Primary government program revenues	<u><u>3,750,729</u></u>	<u><u>2,704,073</u></u>	<u><u>3,376,352</u></u>
Net (expense)/revenue			
Governmental activities	(1,399,077)	(4,131,375)	(3,402,253)
Business-type activities	(134,031)	(140,461)	(5,764)
Total primary government net expense	<u><u>(1,533,108)</u></u>	<u><u>(4,271,836)</u></u>	<u><u>(3,408,017)</u></u>

City of Winters
 Changes in Net Assets
 Last Three Fiscal Years
 (accrual basis of accounting)

General Revenues and Other Changes in Net Assets

Governmental activities

Taxes			
Property Taxes	1,986,828	2,621,091	3,132,212
Sales Taxes	311,677	295,197	315,794
Franchise Taxes	169,634	165,242	191,511
Other Taxes	960,625	889,765	849,895
Motor Vehicle in Lieu, unrestricted	320,234	156,491	22,002
Use of Money and property	156,777	435,019	706,759
Developer Contributions	-	456,890	-
Miscellaneous	179,804	151,561	137,889
Total governmental activities	<u>4,085,579</u>	<u>5,171,256</u>	<u>5,356,062</u>
Business type activities			
Property taxes	24,002	28,775	23,537
Investment earnings	7,118	17,032	24,131
Developer contributions	16,648	300,663	-
Total business type activities	<u>47,768</u>	<u>346,470</u>	<u>47,668</u>
Total primary government	<u>4,133,347</u>	<u>5,517,726</u>	<u>5,403,730</u>

Changes in net assets

Governmental activities	2,686,502	1,039,881	1,953,809
Business type activities	(86,263)	206,009	41,904
Total primary government	<u>2,600,239</u>	<u>1,245,890</u>	<u>1,995,713</u>

The City of Winters implemented GASB 34 for the fiscal year ended June 30, 2004.
 Information prior to the implementation of GASB 34 is not available.

City of Winters
Fund Balances of Governmental Funds
Last Three years
(modified accrual basis of accounting)

	Fiscal Year		
	2004	2005	2006
General Fund			
Reserved	\$ 30,696	167,165	160,002
Unreserved	3,429,877	3,602,950	3,702,209
Total General Fund	3,460,573	3,770,115	3,862,211
All other Governmental Funds			
Reserved (1)	\$ 4,587,160	4,034,391	4,203,730
Unreserved reported in:			
Special Revenue Funds	906,820	327,972	783,604
Capital Project Funds	8,586,793	8,865,973	7,793,128
Total all other Governmental Funds	\$ 14,080,773	\$ 13,228,336	\$ 12,780,462

The City of Winters has elected to show only three years of data for this schedule.

(1) The Reserved fund balance includes unexpended bond proceeds from the 2004 Tax Allocation Bonds.

City of Winters
 Changes in Fund Balances of Governmental Funds
 Last Three Fiscal Years
 (modified accrual basis of accounting)

	2004	2005	2006
Revenues			
Taxes	\$ 3,428,764	3,953,428	4,528,308
Licenses and Permits	1,517,984	636,406	173,495
Fines and Forfeitures	25,396	22,641	7,817
Program Income	340,187	118,396	35,020
Use of Money & Property	160,036	435,019	706,759
Intergovernmental	890,498	522,028	1,237,864
Charges for Services	48,284	56,055	128,731
Refunds and Reimbursement			84,846
Development Fees	131,578	114,442	-
Contributions	5,877	456,890	-
Miscellaneous	179,804	37,119	53,043
Total Revenues	6,728,408	6,352,424	6,955,883
Expenditures			
Current:			
General Government	487,455	790,650	487,240
Public Works	300,081	277,510	206,957
Public Safety	1,386,454	1,619,616	1,767,983
Cultural & Recreation	160,287	179,474	177,116
Community Development	303,249	1,245,417	786,394
Parks	58,797	73,615	394,202
Streets & Highways	417,247	249,976	95,709
Public Transportation	102,524	110,276	122,406
Pass Through Agreements	261,311	342,940	438,180
Capital Outlay	587,741	1,317,684	2,292,647
Debt Service			
Bond Issue Costs	398,084		
Principal		410,000	265,000
Interest		278,161	277,827
Total Expenditures	4,463,230	6,895,319	7,311,661
Excess (deficiency) of revenues over (under) expenditures	2,265,178	(542,895)	(355,778)
Other Financing Sources (uses):			
Transfers In	7,397,817	614,458	300,488
Transfers Out	(7,397,817)	(614,458)	(300,488)
Issuance of Bonds	7,820,000		
Total other financing Sources (uses)	7,820,000	-	-
Net change in fund balances	\$ 10,085,178	(542,895)	(355,778)
Debt service as a percentage of noncapital expenditures			
	11%	14%	12%

The City of Winters has elected to show only three years of data for this schedule

City of Winters
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June	City				Community Development Agency			Total Direct Tax Rate
	Secured	Unsecured	Utility	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
1997	129,836,283	7,364,259	16,650	137,217,192	25,742,473	1,336,958	27,079,431	0.417%
1998	157,417,773	9,459,754	17,950	166,895,477	28,697,449	1,210,980	29,908,429	0.410%
1999	158,787,187	9,133,491	17,950	167,938,628	33,776,656	1,980,743	35,757,399	0.356%
2000	167,302,550	7,156,210	17,950	174,476,710	30,555,447	4,461,814	35,017,261	0.391%
2001	178,365,084	7,102,185	2,450	185,469,719	37,974,432	4,065,980	42,040,412	0.407%
2002	185,895,422	8,484,272	2,450	194,382,144	46,721,769	4,161,224	50,882,993	0.415%
2003	195,609,868	8,996,300	2,450	204,608,618	62,856,843	4,999,645	67,856,488	0.444%
2004	211,470,328	7,571,916	2,450	219,044,694	79,225,359	5,441,972	84,667,331	0.583%
2005	227,884,381	7,581,801	2,800	235,468,982	118,105,960	5,443,842	123,549,802	0.557%
2006	241,718,966	7,805,000	2,800	240,223,832	140,461,620	9,999,736	168,490,297	0.437%

Note:
 In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rat 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 a the time that it is hold 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 show 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.

Source: Yolo County Auditor Controller Office

City of Winters
 Direct and Overlapping Property Tax Rates
 (Rate per \$100 of assessed value)
 Last Ten Fiscal years

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
City Direct Rates:										
City basic rate	0.246	0.208	0.207	0.204	0.197	0.192	0.179	0.171	0.148	0.150
Community Development Agency	0.171	0.202	0.150	0.186	0.211	0.224	0.265	0.413	0.409	0.437
Total City Direct Rate	0.417	0.410	0.356	0.391	0.407	0.415	0.444	0.583	0.557	0.587
Overlapping Rates										
Yolo County	0.237	0.234	0.290	0.231	0.234	0.239	0.228	0.098	0.156	0.122
Yolo County Library	0.025	0.027	0.028	0.018	0.027	0.026	0.024	0.022	0.021	0.032
Winters Cemetary District	0.023	0.025	0.025	0.022	0.025	0.023	0.022	0.020	0.019	0.003
Sacramento-Yolo Mosquito Vector District	0.008	0.008	0.009	0.007	0.009	0.008	0.007	0.007	0.007	0.010
Yolo County Resources Conservation District	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Yolo County Flood Control District	0.007	0.007	0.007	0.006	0.007	0.007	0.007	0.007	0.006	0.009
Solano Community College District	0.035	0.039	0.039	0.034	0.039	0.036	0.033	0.032	0.030	0.046
Yolo County School Services	0.022	0.023	0.022	0.026	0.023	0.022	0.021	0.021	0.018	0.028
Winters Joint Unified School District	0.226	0.227	0.224	0.265	0.229	0.223	0.214	0.210	0.185	0.150
City of Winters General Obligation Bonds	0.077	0.008	0.008	0.008	0.008	0.008	0.007	0.007	0.710	0.071
Winters Joint Unified School District Bonds	0.019	0.070	0.070	0.070	0.070	0.080	0.080	0.080	0.080	0.080
Indian Valley Dam Bond	0.023	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Direct Rate	1.119	1.080	1.078	1.078	1.078	1.088	1.087	1.087	1.790	1.138

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 payment of the Winters Joint Unified School District bonds and for City of Winters General Obligation Bonds.

City of Winters
Principal Property Tax Payers
Current Year and Three Years Ago

Taxpayer	2006		2003	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Pavestone Company LP	\$ 6,356,902	1.664%	5,909,553	2.110%
MC-RL LLC Etal	5,212,360	1.364%		
Mariani Nut Company	5,192,867	1.359%	4,412,700	1.570%
Winters Invstors LLC	3,090,600	0.809%	1,716,301	0.610%
Greyhawke LLC	1,880,193	0.492%		
Hisey, Raymond P & Rebecca A	1,877,828	0.491%	1,000,152	0.360%
Evlisizor, Kenneht A Jr., Etal	1,800,531	0.471%	1,733,440	0.620%
Miller, Donal M TR	1,778,357	0.465%		
Winters Investment Group	1,669,395	0.437%		
Gateway Investors Club LLC	1,540,453	0.403%	1,482,570	0.530%
Ali Ashraf & Yasmin A	1,271,787	0.333%	1,418,800	0.510%
Croxson, Kimber S Succ TR	1,199,987	0.314%		
Conway, Louis W. TR Etal	1,153,178	0.302%		
Almondwood Developments	1,149,630	0.301%		
Siracusa, John & Elizabeth	1,126,743	0.295%		
Lorenzo, Aladdin C. & Lynda R TR	1,100,828	0.288%		
Montosa, Donna M. TR	1,072,809	0.281%		
GBH-Winters Highlands LLC			5,983,589	2.130%
Community Housing Opp Corp			2,008,000	0.720%
LB/L-DUV II Winters LLC			1,141,290	0.410%
	<u>\$ 38,474,448</u>	<u>10.070%</u>	<u>\$ 26,806,395</u>	<u>9.560%</u>

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

Source: Yolo County Assessor's Office

City of Winters
Property Tax Levies and Collections
Last Ten Fiscal years

Fiscal Year Ended June 30	Taxes Levied for Fiscal year	Collected within the Fiscal Year of Levy		Total Collections to Date	
		Amount	Percent of Levy	Amount	Percent of Levy
1997	\$ 685,806	685,806	100%	685,806	100%
1998	806,235	806,235	100%	806,235	100%
1999	725,962	725,962	100%	725,962	100%
2000	818,077	818,077	100%	818,077	100%
2001	926,992	926,992	100%	926,992	100%
2002	1,018,518	1,018,518	100%	1,018,518	100%
2003	1,210,667	1,210,667	100%	1,210,667	100%
2004	1,771,991	1,771,991	100%	1,771,991	100%
2005	1,999,986	1,999,986	100%	1,999,986	100%
2006	1,785,601	1,785,601	100%	1,785,601	100%

NOTES:

- (1) Yolo County has adopted the "Teeter Plan" effective 1993-1994, which means that the City receives full payment for taxes levied each year, while the County retains all penalty, interest and delinquent taxes, when collected
- (2) The amounts presented include City property taxes and Community Development Agency tax increment. This schedule also includes amounts collected by the City and the Community Development Agency that were passed-through to other agencies.

Source: Yolo County Auditor Controller's Office

**City of Winters
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Governmental Activities		Business Type Activities			Total Primary Government t	Percentage of Estimated Actual Taxable Value of Property (1)	Debt per Capita (2)
	Tax Allocation Bonds	Total Governmental Activities	General Obligation Bonds	Loans	Total Business Type Activities			
1997	\$ -	\$ -	\$ 165,000	\$ 21,391	\$ 186,391	\$ 186,391	0.11%	34
1998	-	-	160,000	15,400	175,400	175,400	0.09%	31
1999	-	-	155,000	10,509	165,509	165,509	0.08%	29
2000	-	-	150,000	4,589	154,589	154,589	0.07%	26
2001	-	-	145,000	-	145,000	145,000	0.06%	24
2002	-	-	140,000	-	140,000	140,000	0.06%	23
2003	-	-	135,000	-	135,000	135,000	0.05%	21
2004	7,820,000	7,820,000	130,000	-	130,000	7,950,000	2.62%	1,203
2005	7,410,000	7,410,000	125,000	-	125,000	7,535,000	2.10%	1,097
2006	7,145,000	7,145,000	120,000	-	120,000	7,265,000	1.78%	1,042

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

(1) See the schedule of Assessed Value and Estimated Actual Value of Taxable Property on Page XXX for property tax value data

(2) Population Data can be found in the Schedule of Demographic and Economic Statistics on Page XXX

City of Winters
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal years

Outstanding General Bonded Debt

Fiscal Year Ended June 30	General Obligations Bonds	Tax Allocation Bonds	Total	Percent of Assessed Value (1)	Per Capita
1997	\$ 165,000		\$ 165,000	0.10%	30.00
1998	160,000		\$ 160,000	0.08%	28.44
1999	155,000		\$ 155,000	0.08%	27.19
2000	150,000		\$ 150,000	0.07%	25.64
2001	145,000		\$ 145,000	0.06%	23.97
2002	140,000		\$ 140,000	0.06%	22.81
2003	135,000		\$ 135,000	0.05%	21.46
2004	130,000	7,820,000	\$ 7,950,000	2.62%	1,203.45
2005	125,000	7,410,000	\$ 7,535,000	2.10%	1,097.12
2006	120,000	7,145,000	\$ 7,265,000	1.82%	1,042.03

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California

City of Winters
Direct and Overlapping Debt
June 30, 2006

City Assessed Valuation	240,223,832
Redevelopment Agency Incremental Valuation	<u>168,490,297</u>
Total Assessed Valuation	<u>408,714,129</u>

	Percentage Applicable (1)	Outstanding Debt 6/30/06	Estimated Share of Overlapping Debt
Overlapping Tax and Assessment Debt			
Solano County Community College District	0.832%	\$ 80,309,812	\$ 668,178
Winters Joint Unified School District	46.037%	4,705,000	2,166,041
City of Winters	100.000%	<u>120,000</u>	<u>120,000</u>
Total Overlapping Tax and Assessment Debt		<u>\$ 85,134,812</u>	<u>\$ 2,954,218</u>
Direct and Overlapping General Fund Debt			
Yolo County General Fund Obligations	1.76%	4,675,000	82,374
Yolo County Office of Education Certificates of Participation	1.76%	8,223,694	144,901
Winters Join Unified School District Certificates of Participation	46.04%	<u>1,485,000</u>	<u>683,649</u>
Total Direct and Overlapping General Fund Debt		<u>14,383,694</u>	<u>910,924</u>
Total Direct and Overlapping Debt			3,865,143 (2)

Note: 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 of Winters. This process recognizes that, when considering the governments'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.

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the City of Winters.
- (2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

City of Winters
 Legal Debt Margin Information
 Last Ten Fiscal Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Assessed Valuation	164,296,623	196,803,906	203,696,027	209,483,971	227,510,131	245,265,137	\$ 272,465,106	303,712,026	359,018,784	399,988,122
Debt Limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt Limit	24,644,493	29,520,688	30,554,404	31,424,098	34,126,520	36,789,771	40,869,766	45,558,804	53,852,818	59,988,218
Total debt applicable to limit General Obligation Bonds	165,000	160,000	155,000	150,000	145,000	140,000	135,000	130,000	125,000	120,000
Legal Debt margin	<u>\$24,479,493</u>	<u>\$29,360,688</u>	<u>\$30,399,404</u>	<u>\$31,274,098</u>	<u>\$33,981,520</u>	<u>\$36,649,771</u>	<u>\$ 40,734,766</u>	<u>45,428,804</u>	<u>53,727,818</u>	<u>59,878,218</u>
Total debt applicable to the limit as a percentage of debt limit	0.67%	0.64%	0.51%	0.48%	0.42%	0.38%	0.33%	0.29%	0.23%	0.20%

City of Winters
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended	General Obligation Bonds					Tax Allocation Bonds			
	Taxes	Debt Service		Coverage	Tax Increment	Debt Service			
		Principal	Interest			Principal	Interest	Coverage	
1997	13,646	5,000	8500	1.01	280,844	0	0	n/a	
1998	16,816	5,000	3250	2.04	397,626	0	0	n/a	
1999	14,002	5,000	8000	1.08	305,310	0	0	n/a	
2000	15,306	5,000	7750	1.20	390,639	0	0	n/a	
2001	15,949	5,000	7500	1.28	479,331	0	0	n/a	
2002	17,734	5,000	7250	1.45	548,631	0	0	n/a	
2003	23,378	5,000	7000	1.95	722,567	0	0	n/a	
2004	24,002	5,000	6750	2.04	1,253,938	0	0	n/a	
2005	28,775	5,000	6500	2.50	1,469,479	182,573	118,261	4.88	
2006	23,537	5,000	6250	2.09	1,785,601	265,000	277,827	3.29	

City of Winters
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Median Household Income (2)	Unemployment Rate (3)
1996	5,500	n/a	n/a
1997	5,625	n/a	n/a
1998	5,700	n/a	n/a
1999	5,850	n/a	n/a
2000	6,050	\$ 46,678	4.5%
2001	6,139	n/a	4.4%
2002	6,290	n/a	5.4%
2003	6,606	n/a	5.8%
2004	6,868	n/a	5.3%
2005	6,972	n/a	4.8%

Note:

Data on Personal Income and Per Capita income for residents in The City of Winters is not available.

- (1) State Department of Finance
- (2) U.S. Census Bureau, Census 2000
- (3) State of California Employment Development Department

City of Winters
Principal Employers
Current Year

<u>Employer</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Winters Joint Unfied School District	228	8.4%
Mariani Nut Company	197	7.2%
Buckhorn Restaruant	100	3.7%
Pavestone	66	2.4%
City of Winters	35	1.3%
Double M Trucking	15	0.5%
JDS	13	0.5%
Woodtech	12	0.4%

"Total Employment" based on U.S. Census Bureau, Census 2000

Source: City of Winters
U.S. Census Bureau, Census 2000

City of Winters
 Full-time and part-time City Employees by Function
 Last Ten Fiscal Years

Function	Full and Part-time Employees as of June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Community Development	2.5	2.5	2.5	2.5	2.5	4	3	3.19	2.44	3.44
Community Development Agency	0	0	0	0	0	0	0	1	1	1.44
Finance	2	2	2	2	2	2	2	2	2.44	2.44
General Government	3.5	3.5	3.5	3.5	3	3	3	3.44	3.88	3.88
Police	11	11	11	11	11	11	11	11.44	11.44	12.94
Public Works	7	7	7	7	8	9	8	8.69	8.94	8.44
Recreation	1.83	1.83	1.83	1.83	1.92	2.42	2.42	2.42	3.03	3.03
Total	<u>27.83</u>	<u>27.83</u>	<u>27.83</u>	<u>27.83</u>	<u>28.42</u>	<u>31.42</u>	<u>29.42</u>	<u>32.18</u>	<u>33.17</u>	<u>35.61</u>

City of Winters
Operating Indicators
by Fuction

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police:										
Traffic Citations	\$ 912	2,896	22,729	14,641	4,776	10,392	23,409	24,391	21,102	6,242
Parking Citations	845	2,035	1,225	1,580	1,465	2,170	1,770	1,005	1,540	805
Water										
New Connections	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	135	80
Average Daily Consumption	3.24 mgd	1.70 mgd	1.39 mgd	1.45 mgd	1.59 mgd	1.7 mgd	1.41 mgd	1.32 mgd	1.64 mgd	1.84 mgd
Sewer										
New Connections	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	135	80
Average Daily Sewage Treatment	.632 mgd	.674 mgd	.651 mgd	.660 mgd	.651 mgd	.597 mgd	.611 mgd	.623 mgd	.604 mgd	.598 mgd

City of Winners
 Capital Asset Statistics
 by Function
 Last Ten Fiscal Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (lane miles)	22	22	22	22	22	22	22	22	22	22
Traffic Signals	1	1	1	1	1	1	1	1	1	1
Street lights										
Parks and Recreation										
Parks	6	6	6	6	6	6	6	6	6	6
Park acreage	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2
Community Centers	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (miles)										20
Water Wells	5	5	5	5	5	5	5	5	5	5
Storage tanks (non-operational)										
Wastewater										
Sewer Lines (miles)	23	23	23	23	23	23	23	23	23	23
Pump Stations	2	2	2	2	2	2	2	2	2	2
Sewer Treatment Plant	1	1	1	1	1	1	1	1	1	1

City of Winters
 Water Sold by Type of Customer
 Last Ten Fiscal Years
 In Hundred Cubic Feet

Type of Customer	Fiscal year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Commerical I	n/a	n/a	1930	5252	4337.2	3801.4	3976.6	266.56	203.68	6,976
Commercial II	n/a	n/a	3206	13497	16539.7	13574.1	11479.72	302.21	318.78	11,092
Schools	n/a	n/a	1592	15161	14923.7	17622.9	14299.42	445.34	380.2	18,288
Total metered Water	0	0	6728	33910	35800.6	34998.4	29755.74	1014.11	902.66	36,356
Total Direct Rate per Hundred Cubic Feet			\$ 0.21	\$ 0.19	\$ 0.19	\$ 0.20	\$ 0.21	\$ 0.23	\$ 0.25	\$ 0.20

Note: Only Commercial, multifamily and School Property are metered by the City of Winters. All other residential property is billed on a flat rate basis, and no meters are read, and therefore usage for residential properties is not available.

City of Winters
Water Rates
Last Ten Fiscal Years
Rate Per 100 cubic Feet

Fiscal year Ended June 30	Residential Rate	Multifamily (per Unit)	Commercial I	Commercial II	1,201-12,000	12,001-25,000	more than 25,000
1997	11.85	10.80	10.80	12.95	0.350	0.200	0.110
1998	13.10	11.95	11.95	14.35	0.276	0.159	0.087
1999	13.58	12.39	12.39	14.88	0.286	0.165	0.090
2000	14.02	12.79	12.79	15.36	0.295	0.170	0.093
2001	15.00	13.69	13.69	16.44	0.316	0.182	0.100
2002	16.05	14.64	14.64	17.59	0.338	0.195	0.106
2003	17.17	15.66	15.66	18.82	0.316	0.182	0.100
2004	18.39	16.77	16.77	20.15	0.338	0.223	0.115
2005	19.68	17.94	17.94	21.56	0.362	0.239	0.123
2006	25.54	23.30	23.30	27.95	0.465	0.307	0.157

City of Winters
Water Customers
Current Year and Four Years Ago

Water Customer	2006		2002	
	Water Charges	Percent of Total Water Revenue	Water Charges	Percent of Total Water Revenue
Winters Apartments	\$2,341.38	0.38%	\$2,216.93	0.55%
Winters Middle School	1,593.91	0.26%	1,818.24	0.45%
John Claytoon School	1,476.75	0.24%	941.73	0.23%
Thompson Cottages I	1,405.57	0.23%		0.00%
Winters Senior Apartments	1,368.33	0.22%	909.28	0.23%
John Siracusa (7 E Main)	1,189.44	0.19%	929.04	0.23%
Round Table	1,100.88	0.18%	1,167.07	0.29%
Keith Cross Trailers	986.39	0.16%	752.26	0.19%
LDS Church	932.89	0.15%	777.54	0.19%
Winters Community Center	799.68	0.13%	721.60	0.18%
Butler/Furrier	779.00	0.12%	538.02	0.13%
John Siracusa (9 E Main)	732.40	0.12%		0.00%
Codys	727.09	0.12%	211.08	0.05%
Winters Laundry	672.04	0.11%	665.67	0.17%
Grant Ave Apartments	656.93	0.11%	710.69	0.18%
Ogando Apartments	592.25	0.09%	426.14	0.11%
John Siracusa (5 E Main)	570.27	0.09%	29.28	0.01%
Cross Apartments	548.36	0.09%	360.79	0.09%
John Pickeral	512.14	0.08%		0.00%
The Depot	510.29	0.08%	406.11	0.10%
La Tienda Deli	504.90	0.08%	395.04	0.10%
Miguel Estrada	504.90	0.08%	395.04	0.10%
Al Graf	504.90	0.08%	362.12	0.09%
Cradwick Building	475.00	0.08%	229.08	0.06%
Rominger School	439.01	0.07%		0.00%
Wolfskill Apartments	430.25	0.07%	351.33	0.09%
Winters Store	425.72	0.07%	395.04	0.10%
Tomat's Restaruant	422.20	0.07%	362.83	0.09%
Winters High School Ag Site	417.50	0.07%	717.41	0.18%
N&C Foliage	391.80	0.06%	595.53	0.15%
Railroad Car Wash	360.59	0.06%	336.70	0.08%
Mariani	358.38	0.06%	464.52	0.12%
Town and Country	347.31	0.06%	920.66	0.23%
Kountry Kitchen	337.37	0.05%	464.52	0.12%
Baldermero Arce	325.84	0.05%		0.00%
Thompson Cottages II	295.03	0.05%		0.00%
Buckhorn Catering	292.39	0.05%	278.69	0.07%
Siracusa/Padilla I	287.95	0.05%		0.00%
Abbey House inn.	287.76	0.05%		0.00%
Winters Eye Care	266.84	0.04%		0.00%
Winters Joint Unified School District Offices	259.48	0.04%	395.04	0.10%
Classic Video	249.30	0.04%	395.04	0.10%
Winters Winery	248.89	0.04%	395.04	0.10%
Dennis Hiamatsu	247.44	0.04%	175.68	0.04%
True Value Hardware	247.44	0.04%	175.68	0.04%
Winters Self Storage	155.56	0.02%		0.00%
Valadez Orchards	27.78	0.00%		0.00%

Note: Only Commercial, multifamily and School Property are metered by the City of Winters. All other residential property is billed on a flat rate basis and no meters are read, and therefore usage for residential properties is not available.