

PASO
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1889 - 2014

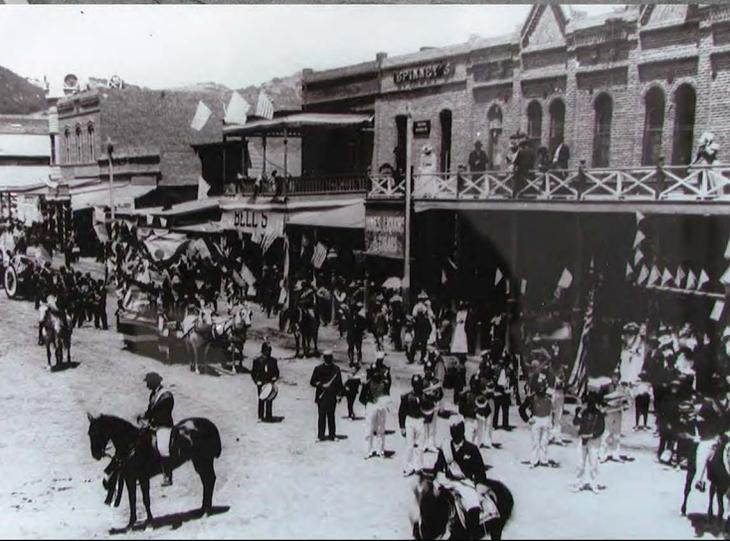
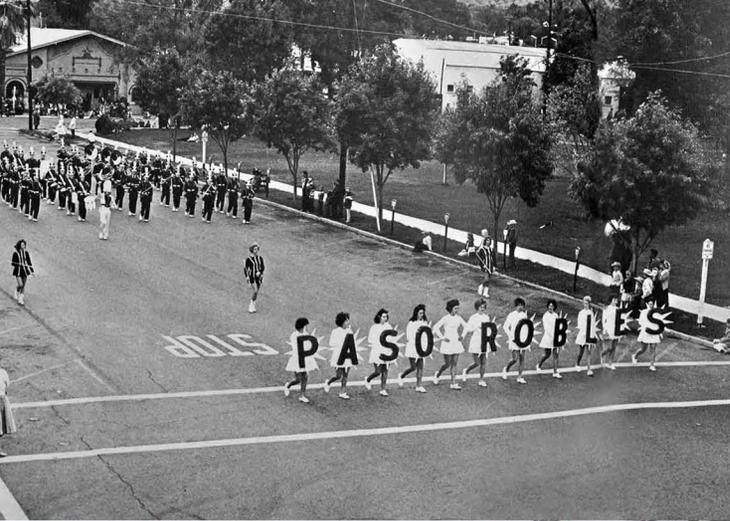


City of Paso Robles, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2014





**PASO
ROBLES**
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City of Paso Robles, California

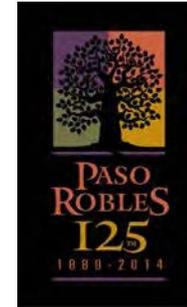
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2014





About Paso Robles' 125th Anniversary



In few places do the past and present converge as vividly and successfully as they do in Paso Robles.

2014 marked the 125th anniversary of the City's founding in 1889. Thousands of Paso Robles residents came out to celebrate and honor the legacies of those who forged the City's reputation for its warm hospitality, work ethic, and enduring pioneering spirit.

The festivities unfolded throughout the calendar year 2014, beginning with a bang at the commemorative fireworks show at midnight on New Year's Eve; a school parade and City birthday party on March 11th (the City's actual day of incorporation); a 125-tree giveaway on Arbor Day; an enormous 4th of July celebration; and a grand finale with a choreographed light show on December 31st to launch Paso Robles into future.

2014 was great year to be in Paso Robles!

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

Prepared by the Department of Administrative Services

James Throop, Director of Administrative Services
Deanne Purcell, Finance Manager

**CITY OF EL PASO DE ROBLES
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014
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INTRODUCTORY SECTION



- Letter of Transmittal
 - CSMFO Certificate of Outstanding Financial Reporting
 - Organization Chart
 - List of Principal Officers
-

January 30, 2015



TO: Honorable Mayor and City Council
City of El Paso de Robles

FROM: James Throop, Director of Administrative Services

SUBJECT: Comprehensive Annual Financial Report for Fiscal Year 2013-14

INTRODUCTION

The City of El Paso de Robles' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014 is hereby presented as prepared by the City's Administrative Services Department. Responsibility for the accuracy of the presented data, the completeness, and fairness of the presentation rests with this department. The report has been prepared in conformance with the accounting principles generally accepted in the United States of America and the principles and standards as prescribed by Governmental Accounting Standards Board (GASB). Staff believes that the data, as presented, is accurate in all material respects; that its presentation fairly reflects the financial position and the results of the City's operations as measured by the financial activity of its various funds; and that all pertinent disclosures contained herein will provide the reader with a complete understanding of the City's financial affairs.

FINANCIAL REPORTING AND FORMATS

This report is prepared using the reporting requirements as prescribed by GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Government-wide financial statements are included in order to provide the reader with a clear picture of the City as a single, unified reporting entity. Government-wide statements are intended to complement rather than replace the traditional fund-based financial statements. GASB Statement No. 34 also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of "Management's Discussion & Analysis" (MD&A).

This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

The City's CAFR is divided into the following sections:

The Introductory Section includes this transmittal letter, information about the organizational structure of the City including elected and appointed officials, and other general information to provide the reader with a general understanding of the City.

The Financial Section is prepared in accordance with GASB Statement No. 34 requirements by including the MD&A, the Basic Financial Statements with notes, and Supplemental Information. The Basic Financial Statements include the government-wide financial statements that present an overview of the City's entire financial operations, and the fund financial statements that present the financial information of each of the City's major funds, as well as non-major governmental and fiduciary funds. Also included in this section is the Independent Auditors' Report on the financial statements and schedules as prepared by Moss, Levy & Hartzheim LLP. Their report contained herein provides an "unqualified" opinion that the financial statements contained herein are fairly presented in conformity with accounting principles generally accepted in the United States of America.

Additionally, the Federal Single Audit Act of 1996 requires the City to undergo an annual "single audit" in conformity with the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and Government Auditing Standards, issued by the Comptroller General of the United States. The "single audit" report is issued under separate cover and includes a schedule of federal financial assistance, findings and recommendations, and independent auditors' report on the internal control structure and compliance with applicable laws and regulations.

The Statistical Section includes various tables containing historical financial data, debt statistics, and miscellaneous social and economic data of the City that is of interest to potential investors and other readers. The data is generally presented on a multi-year basis.

THE REPORTING ENTITY

The City was incorporated in 1889 and operates under the Council-Manager form of local government. Four councilpersons are elected on a non-partisan basis, at large for four-year terms with two councilmen elected every two years. The Mayor is elected at large every four years, starting in November 2014. The Council appoints the City Attorney and City Manager. The City Clerk and City Treasurer are both elected at large for four-year terms. The City provides a full range of services including police and fire protection,

library and recreation services, public works including maintenance of all City facilities, streets, parks, airport, and utility operations (sewer, water, and landfill), transit, and development and planning services.

This CAFR includes the financial activities of the primary government, the City, and all the City's component units. Component units include legally separate entities for which the primary government is financially accountable and that have substantially the same governing board as the City or provide services entirely to the City. For reporting purposes, operations of the Successor Agency (former Redevelopment Agency) are blended with the City.

PASO ROBLES ECONOMY AND OUTLOOK

Paso Robles is strategically located at the confluence of State Highway 101 and State Highway 46 and continues to be the fastest growing city within San Luis Obispo County and has become the second largest city with just over 30,000 residents. Historically, travelers from around the State would pass through Paso Robles on their way to central coast beaches or local lakes, but now they are heading directly for Paso Robles to experience its ever growing wine region and exceptional foods. The increase in grape and wine production has made Paso Robles a tourist destination for the State, Nation and now international visitors. The Highway 101/Highway 46/Nacimiento Road corridor has been a major contributor to the City's sales tax revenues.

Paso Robles is home to a number of special events that attract visitors from all over the state, the nation and even international visits. Such events include the Wine Festival, Zinfandel Festival, Paderewski Festival, Pioneer Day, Vine Street Christmas Showcase, Great Western Region Bicycle Rally, Concerts in the Park, California Mid State Fair, Festival of the Arts, Pacific Coast Cutting Horse Association Competition, Savor the Central Coast, the Garagiste Festival (for small wineries) as well as two highly successful farmers markets. More new events are planned each year. The local wine industry continues to receive world recognition for its premium wines. There are over 200 wineries and over 26,000 acres of wine grapes being grown in the Paso Robles American Viticultural Area (AVA). For 2014, the Paso Robles AVA was named Wine Region of the World! The local fair fairgrounds are operated by the State and its related facilities attract events nearly every week and weekend during the course of the year. During the spring and summer months, many of the wineries and tasting rooms hold weekend concerts that attract numerous visitors. The City has been either mentioned on TV/Radio (CNN/CBS) or stories written by New York Times, Wall Street Journal, Bon Appetit, Sunset Magazine, Huffington Post, Fodors, USAToday and as far away as England and Australia. The City of Paso Robles was named one of the top 15 places to visit in the world by The Guardian newspaper. The Paso Robles Event Center is again sponsoring the \$1,000,000 Pacific Coast Cutting Horse Association Futurity. The Futurity – a 12-day cutting horse event that attracts top competitors from across the country is considered the 2nd largest show in the nation. Given the above events and attractions, tourism has become an important industry in Paso Robles. Transient occupancy tax collections, viewed as an indicator of tourism success, increased by approximately

12.0% over the prior fiscal year. The addition of a Business Improvement District for all hotels/motels in 2009 has generated approximately \$740,000 per year to be used for marketing and tourism efforts.

Even with the slow economic recovery in both the retail and manufacturing areas, the economic outlook for Paso Robles continues to look stronger than most other Central Coast communities. Standard & Poor's Rating Agency recently gave Paso Robles their highest rating of AAA+. This is reserved for only those cities deemed to be financially stable and well managed, with positive long-term economic growth. Locally, the housing construction market has continued its limited growth, but does show slight signs of recovery as specific plans are being reviewed again. During fiscal year 2014, Paso Robles issued building permits for 26 residential housing units. The median home price of a home in the County in FY2014 was \$454,000, or approximately a 9.4% increase from prior year.

Property tax collection is expected to increase by approximately 2.0% or \$163,000, to \$8,141,000 in 2015 as compared to \$7,979,000 in FY 2014. Sales tax collection was a bright spot rising 4.5% from FY2013. Sales tax collection for 2015 is forecasted to be an additional 3.0%.

MAJOR ACHIEVEMENTS AND INITIATIVES

The City's General Fund is the primary source of funding for most municipal services such as police & fire protection, library & recreation services, parks, streets, maintenance & operation of governmental buildings/facilities, planning & building services, and other governmental activities such as city council, city manager, and administrative services.

For fiscal year 2014, the General Fund posted a third, consecutive, positive financial result since the end of the great recession, or FY2009. This surplus is due to the aggressive cost-cutting measures taken during the years of the great recession, as well as an increase in different revenue lines. The City is preparing its next five-year forecast and its results should show that the General Fund is maintaining its positive year-end surplus. Over the course of the recession, the City had reduced costs by approximately \$7,000,000 per year. The majority of these initiatives came through labor savings with total staff reductions reaching approximately 35.0%. Other cost-saving measures included temporary and contractual service cuts, reduced maintenance expenditures and future building development fund set-asides. Some revenue enhancements were adopted by the Council that included increase Recreation fees, book fines and rental fees.

Even with these reductions and enhancements, the following four years will be monitored carefully. However, the City of Paso Robles enjoys the fact that it is surviving the lingering impacts of the economic recession much more effectively than most California cities. This is due to the ever increasing tourism industry, owing in part to the partnerships between, the City, wineries, hotels and

other travel related industries. By working together to promote the City and surrounding areas, the City of Paso Robles is poised to be successful both in terms of financial stability and its growing tourism industry.

The City's participation in the Nacimiento Water Project which will assure a safe, secure source of water for the City required an increase in water-user rates. The rates are being phased in over time and the City Council will review the rate structure every two years to ensure adequate funding of our participation in this landmark project whose ultimate cost is estimated at approximately \$175 million. Fifty percent of the project costs will be borne by new development through the City's water impact fees. The current impact fees for water have been adopted and are scheduled to increase incrementally for five years up to \$23,000/residential meter. Meters for larger projects will be more depending on the size of the required meter. The City has just recently contracted with a rate consultant to assist with its next update in water and sewer rates and fees.

Sewer rates were approved and passed both by the Council and the Proposition 218 process. The sewer rate increase was needed to pay for the new sewer treatment plant. The current plant is almost 60 years old and does not meet today's rigorous environmental standards. The new plant will not only comply with all of the requirements, but will use "co-gen" applications to help lower the operating costs. It will also be designed to add recycled water at a later date. It is expected to take up to three years to build the new plant. The new plant began construction in summer of 2013 and is expected to take three years to complete.

Specific plans are underway on three major developable properties. As these three areas develop, in addition to specific plan fees, these properties will pay normal City development fees and will be required to participate in the community services district, which helps fund the police and fire services.

OTHER FINANCIAL INFORMATION

Internal Controls – In developing and evaluating the City's accounting system, internal accounting controls are of utmost importance. However, internal controls should be designed to provide reasonable, but not absolute, assurances regarding the safeguarding of assets against loss from unauthorized use or disposition and reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable recognizes that the cost of the control should not exceed the benefits derived and that the evaluation of costs and benefits requires estimates and judgments by management. Management believes that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary Controls – The budget is a plan for the use of City resources consistent with specific objectives developed and approved by the Council. The budget is adopted by resolution by the Council and may be modified from time to time as the Council sees fit or

administratively by staff in accordance with the Council's approved Fiscal Policy. Except for the capital improvement projects budget, all appropriations lapse at fiscal year-end. Given the multi-year nature of the capital improvement projects, unspent appropriations are automatically carried forward. Requests for carry-over of operating budget appropriations are generally restricted to operating capital and special one-time appropriations, usually studies by third party consultants. Carry-over appropriations are approved by resolution by the Council and added to the following fiscal year's budget. Budgetary control is maintained at the department level. Line item variances within any given department/division are allowed so long as the total departmental budget does not exceed total appropriations for the department/division except that supplies and services savings may not be used to hire staff without specific City Manager approval. The City Manager's office and Administrative Services maintains a watchful eye for variances between actual and budgeted expenditures.

Cash Management and Investments – The City pools idle cash from all funds for the purpose of its investment activities in order to maximize investment income. Idle funds are invested in accordance with the Council's adopted investment policy which is reviewed annually by both the Council and its investment policy review committee. In compliance with GASB Statement No. 31, the City's investments are stated at fair value, except for highly liquid market investments with maturities of one year or less, which are stated at amortized cost and unrealized gains or losses less liquid market investments are recorded each June 30. The City generally holds all investments until maturity or until fair values equal or exceeds costs. Additionally, included herein is the revised cash and investment note as recommended by GASB Statement No. 40. Disclosures required by this Statement are intended to provide users of governmental financial statements with information to assess common risks inherent in deposit and investment transactions. These risks include credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Risk Management – The City of Paso Robles is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 123 California public entities and is organized under a joint powers agreement pursuant to California Government Code § 6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive committee.

Self-Insurance Programs of the Authority

Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage

period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and is pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

General Liability. In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.

The City joined the liability program on July 1, 2003.

Workers' Compensation – In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to

losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

The City joined the workers' compensation program on July 1, 2004.

Purchased Insurance

Pollution Legal Liability Insurance – The City of Paso Robles participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Paso Robles. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance – The City of Paso Robles participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Paso Robles property is currently insured according to a schedule of covered property submitted by the City of Paso Robles to the Authority. City of Paso Robles property currently has all-risk property insurance protection in the amount of \$243,465,402. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Fidelity Bonds – The City of Paso Robles purchases crime insurance coverage in the amount of \$5,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

Airport Insurance – The City of Paso Robles purchases Airport Insurance through Alliant Services, which uses Old Republic Insurance Company and Underwriters at Lloyds for excess coverage. Coverage is on an occurrence basis and covers items such as; bodily

injury, personal liability, premises liability, non-owned aircraft liability and Hangarkeeper's to name but a few. Limits range from \$25,000 for medical payments to \$15,000,000 for bodily injury claims. Premiums are paid annually and are not subject to retroactive payments.

Special Event Tenant User Liability Insurance – The City of Paso Robles further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of Paso Robles according to a schedule. The City of Paso Robles then pays for the insurance. The insurance is arranged by the Authority.

Adequacy of Protection - During the past three fiscal (claims) years none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled insured liability coverage in 2013-14

Separate financial statements are available from the California Joint Powers Insurance Authority, 8081 Moody Street, La Palma, CA 90623.

Self-Insurance - The City retains the risk for losses incurred prior to joining the California Joint Powers Insurance Authority. Several member agencies of the now dissolved Central Coast Cities Self-Insurance Fund continue to participate in a non-risk sharing arrangement for claims management and the purchase of excess insurance. The participating agencies share a set of common guidelines and annually set aside premiums to pay their individual losses within their self-insured retentions. Losses are debited and investment income is credited to specific member accounts. The City has not incurred any losses in excess of insurance coverage.

The last actuarial study to determine the undiscounted outstanding claims liability was completed for the fiscal year ended June 30, 2014. The liability was estimated based on the actuarial study and considered claims asserted and paid, and the time limitations for filing claims.

INDEPENDENT AUDIT

The accounting firm of Moss, Levy & Hartzheim LLP, certified public accountants, performed the annual independent audit. They also, under separate cover, prepared a report meeting the requirements of the Federal Single Audit Act and related OMB Circular A-133. The auditors' opinion letter on the basic financial statements is included in the financial section of this report.

CERTIFICATE OF AWARD

The California Society of Municipal Finance Officers awarded its Certificate for Outstanding Financial Reporting to the City for the 2013 CAFR. This was the fifteenth consecutive year that the City has achieved this prestigious statewide award. To receive the award, the City must publish an easily readable and efficiently organized CAFR that must satisfy both accounting principles generally accepted in the United States of America and all applicable legal requirements.

ACKNOWLEDGMENTS

I would like to express special acknowledgment to **Deanne Purcell**, the City's Finance Manager, who worked many weeks and weekends on preparing the CAFR, while at the same time implementing a new finance system. I also want to express my appreciation to the entire Administrative Services staff, including **Jody Dauth**, for their work ethic and dedication to "customer service" both internally and externally. In addition, I would like to thank **Jim App**, the City Manager, as well as the **City Council** for their continued support and interest in planning and conducting the City's financial operations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James Throop", written over a light blue circular stamp.

James Throop
Director of Administrative Services

California Society of Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting Award Fiscal Year Ending June 30, 2013

Presented to the

City of El Paso de Robles

For meeting the criteria established to achieve the Outstanding Financial Reporting Award

February 13, 2014



A handwritten signature in cursive script, appearing to read "Pauline Marx", written over a horizontal line.

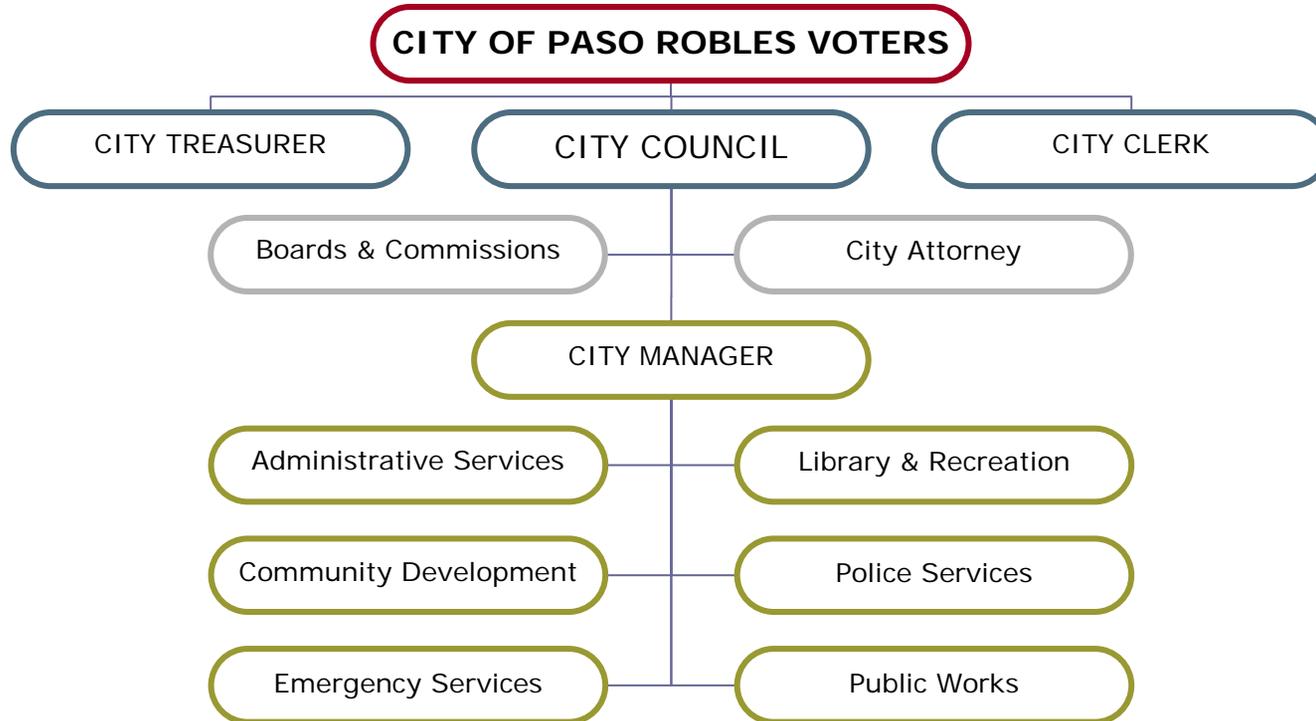
*Pauline Marx
CSMFO President*

A handwritten signature in cursive script, appearing to read "Ken Brown", written over a horizontal line.

*Ken Brown, Chair
Professional Standards and
Recognition Committee*

Dedicated Excellence in Municipal Financial Reporting

**CITY OF EL PASO DE ROBLES
ORGANIZATION OF CITY GOVERNMENT**



**City of El Paso de Robles
List of Principal Officers
For The Fiscal Year Ended June 30, 2014**

City Council

Mayor.....Duane Picanco
Councilmember.....John Hamon
Councilmember.....Ed Steinbeck
Councilmember.....Fred Strong
Councilmember..... Steve Martin

Appointed Officials

City Manager.....James L. App
City Treasurer.....Michael J. Compton
City Clerk..... Dennis Fansler

Department Heads

Assistant City Manager.....Meg Williamson
Administrative Services Director.....James Throop
Police Chief.....Robert Burton
Fire Chief.....Ken Johnson
Public Works Director.....Doug Monn
Library and Recreation Services Director.....Julie Dahlen
Community Development Director.....Ed Gallagher

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FINANCIAL SECTION



- Independent Auditors' Report
 - Management's Discussion and Analysis
 - Basic Financial Statements (including Notes)
 - Required Supplemental Information
 - Supplemental Information
-



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

2400 PROFESSIONAL PARKWAY, STE. 205
SANTA MARIA, CA 93455
TEL: 805.925.2579
FAX: 805.925.2147
www.milhcpas.com

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of El Paso de Robles, 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 El Paso de Robles (the City), as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 El Paso de Robles, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1. O, to the basic financial statements effective July 1, 2013, the City of El Paso de Robles adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Correction-2012*, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 16 through 25, the General Fund budget comparison on page 91, and the postemployment healthcare schedule of funding progress on page 92, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of El Paso de Robles's basic financial statements. The introductory section, statistical section, combining and individual nonmajor fund financial statements and schedules, major funds budgetary comparison schedules, and the fiduciary funds statement of changes in assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, major funds budgetary comparison schedules, and the fiduciary funds statement of changes in assets and liabilities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, major funds budgetary comparison schedules, and the fiduciary funds statement of changes in assets and liabilities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2015, on our consideration of the City of El Paso de Robles'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moss, Levy & Hartgeim LLP

Santa Maria, California
January 26, 2015



Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2014

This discussion and analysis of the City of El Paso de Robles' financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements, and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the 2014 fiscal year by \$287 million (net position). Of this amount, \$25.6 million may be used to meet the City's ongoing obligations to citizens and creditors (unrestricted net position).
- The City's total net position increased by \$10 million.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$49.9 million, compared to \$43.3 million in the prior fiscal year.
- (\$1.7) million of the combined fund balances is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9 million, or 30% of total general fund expenditures.
- The City's total governmental activities debt decreased by \$740 thousand during the current fiscal year. This net amount included increases of a prior period adjustment for the PERS side fund, implementation of a new finance system, increases in liability for compensated absences, closure/postclosure and OPEB and was offset by scheduled annual installment payments that include bonds and leases.
- The City's total business-type funds debt increased by \$23.4 million which was mainly due to the Wastewater Treatment Plant upgrade project.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of El Paso de Robles using the integrated approach as prescribed by GASB Statement No. 34.

Government-Wide Financial Statements

The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about 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

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued

Fiscal Year Ended June 30, 2014

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

These two statements report the City's net position and changes in it. Net position is the difference 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 position is one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads.

In the statement of net position and the statement of activities, we distinguish the City's functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The activities of these two distinctions are as follows:

Governmental activities—Most of the City's basic services are reported in this category, including general government, public safety, public works, library and recreation, and community development. Property and sales taxes, transient occupancy tax, user fees, interest income, franchise fees, and state and federal grants finance these activities.

Business-type activities—The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water system, sewer system, airport operations, and transit services are reported in this category.

Fund Financial Statements

The Fund financial statements include statements for each of the three categories of activities – governmental, business-type, and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus. Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued

Fiscal Year Ended June 30, 2014

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental funds 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 of results in the governmental funds financial statements to those in the government-wide financial statements are explained in a reconciliation schedule following each governmental funds financial statement.

Proprietary funds - When the City charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of revenues, expenses, and changes in fund net position. In fact, the City's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Fiduciary funds - The City is the trustee, or fiduciary, for certain funds held on behalf of the Senior Advisory Committee, War Memorial Hospital Scholarship, Customer Deposits, Tourism and Lodging Business Improvement District and the Successor Agency for the dissolution of the Redevelopment Agency. The City's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the City's other financial statements since the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the net position for the City increased \$10 million from \$277.5 million at June 30, 2013 to \$287.5 million at June 30, 2014. The largest portion of the City's net position reflects the investment in capital assets such as land, buildings, machinery, and equipment, less any related debt used to acquire those assets still outstanding. These assets are used to provide services to the citizens of the City of El Paso de Robles; therefore, they are not available for future spending. Although the City's investment in 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.

CITY OF EL PASO DE ROBLES

Management’s Discussion and Analysis, continued

Fiscal Year Ended June 30, 2014

An additional portion of the City’s net position represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City’s ongoing obligations to citizens and creditors.

Consistent with the prior fiscal year, as of the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, for both the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF EL PASO DE ROBLES

Net Position

Fiscal Year Ended June 30, 2013 and 2014

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 58,330,341	\$ 52,226,722	\$ 34,817,910	\$ 31,647,147	\$ 93,148,251	\$ 83,873,869
Capital assets(net)	178,693,616	172,757,923	101,559,605	79,323,432	280,253,221	252,081,355
Total Assets	237,023,957	224,984,645	136,377,515	110,970,579	373,401,472	335,955,224
Long-term liabilities outstanding	39,679,703	40,419,898	34,416,446	7,280,002	74,096,149	47,699,900
Current and other liabilities	5,745,013	5,310,628	6,002,129	5,377,738	11,747,142	10,688,366
Total Liabilities	45,424,716	45,730,526	40,418,575	12,657,740	85,843,291	58,388,266
NET POSITION						
Net investment in capital assets	148,396,118	141,608,211	67,537,766	72,619,932	215,933,884	214,228,143
Restricted	42,481,062	40,503,151			42,481,062	40,503,151
Unrestricted	722,061	(2,857,243)	28,421,174	25,692,907	29,143,235	22,835,664
Total Net Position	\$ 191,599,241	\$ 179,254,119	\$ 95,958,940	\$ 98,312,839	\$ 287,558,181	\$ 277,566,958

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued

Fiscal Year Ended June 30, 2014

The City's net position increased when compared to the prior fiscal year. Current and other assets increased \$9.3 million while capital assets increased by \$28.2 million. Long-term liabilities increased \$26.4 million primarily due to a prior period adjustment for the PERS side fund, implementation of a new finance system and sewer plant construction, which was offset by normal amortization.

GOVERNMENTAL ACTIVITIES

The City's net position from governmental activities increased \$12.3 million. The cost of all governmental activities this fiscal year was \$34.6 million. As shown in the statement of activities, the amount that the taxpayers ultimately financed for these activities was \$32.3 million because some of the cost was paid by those who directly benefited from the programs (\$2.3 million). Operating contributions and grants totaled \$4.5 million and capital contributions and grants of \$5.9 million provided capital asset infrastructure by building development. The City paid for the remaining "public benefit" portion of governmental activities with \$32.2 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and revenues from other agencies.

The City's programs for governmental activities include general government, public safety, public works, library and recreation services, and community development. The programs for the business type activities include the water and sewer utilities, the airport operations, and transit services.

Total resources available during the year to finance governmental activities consisted of net position at July 1, 2013 of \$179 million, program revenues of \$12.7 million and general revenues of \$35.4 million. Total expenses for governmental activities during the fiscal year were \$34.6 million.

BUSINESS TYPE ACTIVITIES

The City's net position from business-type activities decreased \$2.4 million.

The cost of all Proprietary (business-type) activities this year was \$23.2 million. As shown in the statement of activities, the amounts paid by users of the systems were \$17 million, operating contributions and grants were \$330 thousand and capital contributions and grants were \$3.2 million. Earnings from uses of money and property were \$534 thousand.

CITY OF EL PASO DE ROBLES

Management’s Discussion and Analysis, continued

Fiscal Year Ended June 30, 2014

	CITY OF EL PASO DE ROBLES Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program revenues:						
Charges for services	\$ 2,336,541	\$ 3,945,458	\$ 17,028,596	\$ 14,237,874	\$ 19,365,137	\$ 18,183,332
Operating grants and contributions	4,470,294	2,521,901	1,657,509		6,127,803	2,521,901
Capital grants and contributions	5,917,206	3,580,891	1,887,072	3,950,751	7,804,278	7,531,642
General revenues:						
Property taxes	14,816,038	14,376,085	1,549	46,284	14,817,587	14,422,369
Sales tax	12,659,400	8,558,016			12,659,400	8,558,016
Other taxes	4,722,744	4,054,553			4,722,744	4,054,553
Licenses and permits	952,686	1,019,087			952,686	1,019,087
From other agencies	70,923	69,527			70,923	69,527
Investment earnings	953,747	(72,650)	534,246	447,930	1,487,993	375,280
Miscellaneous	1,555,494	1,547,740			1,555,494	1,547,740
Total Revenues	48,455,073	39,600,608	21,108,972	18,682,839	69,564,045	58,283,447
EXPENSES						
Governmental activities:						
General government	2,643,764	2,488,091			2,643,764	2,488,091
Public safety	15,038,106	14,212,732			15,038,106	14,212,732
Public works	9,910,021	9,976,319			9,910,021	9,976,319
Library and recreation services	3,834,022	3,739,742			3,834,022	3,739,742
Community development	1,527,348	1,368,899			1,527,348	1,368,899
Interest on long term debt	1,677,735	1,949,435			1,677,735	1,949,435
Business-Type activities:						
Water Operations			12,086,679	11,032,299	12,086,679	11,032,299
Sewer Operations			8,182,490	6,003,605	8,182,490	6,003,605
Airport Operations			775,646	726,620	775,646	726,620
Transit Operations			2,160,411	1,105,222	2,160,411	1,105,222
Total Expenses	34,630,996	33,735,218	23,205,226	18,867,746	57,836,222	52,602,964
Change in net position before transfers	13,824,077	5,865,390	(2,096,254)	(184,907)	11,727,823	5,680,483
Transfers	257,800	776,700	(257,800)	(776,700)		
Change in net position	14,081,877	6,642,090	(2,354,054)	(961,607)	11,727,823	5,680,483
Net position - July 1	179,254,119	175,001,661	98,312,839	99,274,446	277,566,958	274,276,107
Prior period adjustments	(1,736,755)	(2,389,632)	155		(1,736,600)	(2,389,632)
Net position - June 30	\$ 191,599,241	\$ 179,254,119	\$ 95,958,940	\$ 98,312,839	\$ 287,558,181	\$ 277,566,958

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued

Fiscal Year Ended June 30, 2014

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The fund balance at fiscal year-end for the City's general fund of \$17.3 million is an overall increase of \$945 thousand over last year.

The Traffic Mitigation Development fund shows an increase in fund balance of \$1.7 million from the prior fiscal year.

The Public Facilities Development fund shows an increase in fund balance of \$131 thousand.

The Highway 101/46 West Community Facilities District has a negative fund balance of \$10.4 million as a result of property acquisitions for the interchange and road re-alignments in prior fiscal years.

The Measure D GO Bonds debt service fund shows a decrease of \$209 thousand in fund balance, as a result of lower receipts.

The Specific Plan fund shows an increase in fund balance of \$1.5 million from the prior fiscal year.

DEBT ADMINISTRATION

Debt considered a liability of governmental activities decreased in FY 2013-14 by \$740 thousand and included an increase in the liability for the PERS side fund of \$702 thousand, which included a prior period adjustment of \$836 thousand, the implementation of a new finance system of \$137 thousand, an increase in compensated absences of \$63 thousand, a closure/postclosure liability increase of \$173 thousand, an increase in the OPEB liability of \$140 thousand, offset by annual installment payments for bonds and leases of \$1.96 million, per the schedule below.

Debt considered a liability of business-type activities increased in FY 2013-14 by \$23 million mainly due to the Wastewater Treatment Plant upgrade project.

CITY OF EL PASO DE ROBLES

Management’s Discussion and Analysis, continued

Fiscal Year Ended June 30, 2014

A schedule of outstanding debt as of June 30, 2014 is presented below:

	Balance June 30, 2013	Prior Period Adjustment	Incurred or Issued	Satisfied or Matured	Balance June 30, 2014
Governmental Activities:					
Leases payable	\$ 4,357,927	\$ -	\$ 137,133	\$ 407,887	\$ 4,087,173
Compensated absences	2,107,126		1,352,386	1,289,028	2,170,484
Closure/postclosure liability	2,223,613		173,057		2,396,670
General obligation bonds payable	28,605,820			1,547,502	27,058,318
OPEB liability	850,767		678,636	538,923	990,480
PERS side fund	2,274,645	835,944	220,249	354,260	2,976,578
Total governmental activities	\$ 40,419,898	\$ 835,944	\$ 2,561,461	\$ 4,137,600	\$ 39,679,703
Business-type Activities:					
Compensated absences	\$ 394,186	\$ -	\$ 200,607	\$ 200,186	\$ 394,607
Leases payable	255,570			144,026	111,544
Loan payable	3,723,444		23,806,354		27,529,798
Revenue bonds payable	6,160,000			225,000	5,935,000
Total business-type activities	\$ 10,533,200	\$ -	\$ 24,006,961	\$ 569,212	\$ 33,970,949

CASH MANAGEMENT

To obtain flexibility in cash management, the City employs a pooled cash system (reference Note 2 in the notes to the basic financial statements). Under the pooled cash concept, the City invests the cash of all funds with maturities planned to coincide with cash needs. Idle cash is invested in certain eligible securities as constrained by law and further limited by the City's Investment Policy. The goals of the City's Investment Policy are safety, liquidity, and yield.

CITY OF EL PASO DE ROBLES

Management’s Discussion and Analysis, continued

Fiscal Year Ended June 30, 2014

CAPITAL ASSETS

The capital assets of the City are those assets, which are used in the performance of the City’s functions including infrastructure assets. At June 30, 2014, net capital assets of the governmental activities totaled \$178.7 million and the net capital assets of the business-type activities totaled \$101.6 million. Depreciation on capital assets is recognized in the government-wide financial statements. The City has elected to depreciate its infrastructure assets. In order to depreciate the infrastructure assets, an estimated useful life for each type of asset was determined using engineering standards, as well as discussions with City staff regarding the City’s maintenance program for each asset type. This allowed the estimated useful life of each asset type to be tailored to include the unique attributes of the City of El Paso Robles.

The following table presents summary information on the City’s capital assets as of June 30, 2014:

	Original Cost	Accumulated Depreciation	Book Value
Capital Assets - Governmental Activities:			
Land, Buildings, Equipment, CIP, and Infrastructure	\$ 259,342,127	\$ 80,648,511	\$ 178,693,616
Capital Assets - Business-type Activities:			
Land, Buildings, Equipment, CIP, and Infrastructure	\$ 159,585,018	\$ 58,025,413	\$ 101,559,605

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the FY14 original (or adopted) general fund budget amount of \$28.3 million to the final budget amount of \$32.1 million shows a net increase of \$3.8 million. Included in this figure is \$3.1 million in CIP carry forward and \$.7 million in street maintenance and replacement of city hall roof. City Council approved all budget supplemental changes to the original budget.

Original Budget	+	Supplemental Changes	=	Final Budget
\$ 28,346,100	+	\$ 3,773,883	=	\$ 32,119,983

CITY OF EL PASO DE ROBLES

Management's Discussion and Analysis, continued

Fiscal Year Ended June 30, 2014

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Economic Factors and Next Year's Budgets and Rates

The key assumptions in the general fund revenue forecast for fiscal year 2014-2015 were presented to Council on June 17, 2014, during the semi-annual financial forecast update. This update included an overview of the current financial climate and all additional restoration of services that have been approved during the last fiscal year. These included things such as additional police officers, large maintenance and repair issues, and the first payroll increase in almost 5 years.

These forecasts are used to keep Council apprised on an ongoing basis, the financial status of the City. Items not included in the actual numbers of the forecast, but were footnoted, include:

- \$1.0M possible FEMA repayment
- Any future PERS rate increases

The City appears to be on track to grow its surplus annually, if the Council continues its moderate service recovery updates. The actual surplus may vary should Council decide that other service recovery priorities take precedence. The projected total surplus over the five-year forecast is approximately \$6,000,000.

The City's year end results of the last twelve fiscal years (2003 through 2014) have increased the general fund's fund balance by nearly \$6.2 million.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information, contact the Office of Administrative Services at 821 Pine Street, Suite A, Paso Robles, California, 93446, phone 805-237-3999 or e-mail finance@prcity.com.



Basic Financial Statements
Government-Wide Financial Statements

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The Statement of Net Position and the Statement of Activities are required by Governmental Accounting Standards Board Statement No. 34 (GASB 34). Their purpose is to summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis – the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands.

The Statement of Net Position reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Position presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the City's net position, by subtracting total liabilities from total assets.

The Statement of Net Position summarizes the financial position of the City's Governmental Activities in a single column, and the financial position of all City Business-type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects, and Debt Service Funds. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when the cash changes hands. This differs from the "modified accrual" basis used in the fund financial statements, which reflect only current assets, current liabilities, available revenues, and measurable expenditures.

The format of the Statement of Activities differs considerably from those prepared in the past. It presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues – that is, revenues which are generated directly by these programs – are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

CITY OF EL PASO DE ROBLES
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 44,098,195	\$ 29,004,076	\$ 73,102,271
Accounts receivable	5,403,958	2,512,325	7,916,283
Interest receivable	166,056		166,056
Inventory		189,617	189,617
Due from private-purpose trust fund	6,847,869		6,847,869
Loan contracts receivable	1,688,487	282,051	1,970,538
Internal balances	(1,315,312)	1,315,312	
Prepaid expenses	593,095	6,749	599,844
Land	18,076,458	8,389,465	26,465,923
Buildings and improvements	55,879,166	108,868,486	164,747,652
Equipment	8,147,598	5,043,825	13,191,423
Construction in progress	21,835,646	37,283,242	59,118,888
Infrastructure	155,403,259		155,403,259
Accumulated depreciation	(80,648,511)	(58,025,413)	(138,673,924)
Deposit held by County		1,507,780	1,507,780
Total Assets	<u>236,175,964</u>	<u>136,377,515</u>	<u>372,553,479</u>
Deferred Outflows of Resources:			
Deferred loss on refunding bonds	847,993		847,993
Total Deferred Outflows of Resources	<u>847,993</u>		<u>847,993</u>
LIABILITIES			
Accounts payable	1,904,913	5,656,873	7,561,786
Accrued payroll expenses	642,050	150,736	792,786
Interest payable	691,486	19,727	711,213
Customer deposits		174,793	174,793
Unearned revenue	2,506,564		2,506,564
Long term debt			
Due within one year	2,403,332	366,780	2,770,112
Due in more than one year	37,276,371	34,049,666	71,326,037
Total Liabilities	<u>45,424,716</u>	<u>40,418,575</u>	<u>85,843,291</u>
NET POSITION			
Net investment in capital assets	148,396,118	67,537,766	215,933,884
Restricted for:			
Debt service	5,765,238		5,765,238
Community development	211,170		211,170
Capital projects	34,917,615		34,917,615
Public safety	176,913		176,913
Library and recreation	13,102		13,102
Public works	1,397,024		1,397,024
Unrestricted	722,061	28,421,174	29,143,235
Total Net Position	<u>\$ 191,599,241</u>	<u>\$ 95,958,940</u>	<u>\$ 287,558,181</u>



Basic Financial Statements
Funds Financial Statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

GASB No. 34 revises the format of the Fund Financial Statements so that only individual major funds are presented, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year.

The Governmental funds described below were determined to be Major Funds of the City this fiscal year. Individual non-major funds may be found in the Supplemental section.

General Fund

The general fund is the general operating fund of the City. It is used to account for all financial resources except those to be accounted for in another fund.

Traffic Mitigation Development Fund

This fund accounts for fees assessed and collected upon the issuance of a City building permit. Funds are used for bridge, road and signal improvements needed to serve new growth.

Public Facilities Development Fund

This fund accounts for fees assessed and collected upon the issuance of a City certificate of occupancy. Funds are used to construct public facilities.

Highway 101/46 West Community Facilities District Fund

This fund accounts for the improvements to the Highway 101/46 West interchange and road re-alignments.

Measure D GO Bonds Debt Service Fund

This fund accounts for long-term debt service transactions relating to a variety of infrastructure projects funded by voter approved Measure D General Obligation Bonds.

Specific Plan Fund

This fund accounts for collection from the payment of development impact fees as identified in the Borkey, Union/46, Chandler Ranch and Olsen Beechwood specific plans for public facilities and infrastructure.

CITY OF EL PASO DE ROBLES
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Traffic Mitigation Development Fund	Public Facilities Development Fund	Hwy 101/46 West Community Facilities District Fund	Measure D GO Bonds Debt Service Fund	Specific Plans Fund	Other Governmental Funds	Totals
ASSETS								
Cash and investments	\$ 12,820,456	\$ 2,974,378	\$ 10,040,507	\$ -	\$ 5,952,147	\$ 2,187,040	\$ 9,712,958	\$ 43,687,486
Cash and investments with fiscal agent							417,082	417,082
Accounts receivable	4,095,327	448,508			72,733		787,390	5,403,958
Interest receivable	166,056							166,056
Due from private-purpose trust fund		315,947	6,363,711				168,211	6,847,869
Loan contracts receivable	42,755	157,824	198,815				1,289,093	1,688,487
Prepaid items	593,095							593,095
Advances receivable	2,437,059	10,444,765						12,881,824
Total Assets	<u>\$ 20,154,748</u>	<u>\$ 14,341,422</u>	<u>\$ 16,603,033</u>	<u>\$ -</u>	<u>\$ 6,024,880</u>	<u>\$ 2,187,040</u>	<u>\$ 12,374,734</u>	<u>\$ 71,685,857</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ 1,327,461	\$ 377,939	\$ 1,496	\$ -	\$ -	\$ 5,448	\$ 198,942	\$ 1,911,286
Accrued payroll expenses	637,600						4,450	642,050
Compensated absences	50,000							50,000
Unearned revenue	733,902	1,772,662						2,506,564
Advances payable		1,315,312		10,444,765		2,246,880	190,179	14,197,136
Total Liabilities	<u>2,748,963</u>	<u>3,465,913</u>	<u>1,496</u>	<u>10,444,765</u>		<u>2,252,328</u>	<u>393,571</u>	<u>19,307,036</u>
Deferred Inflows of Resources:								
Unavailable loan contracts receivable	42,755	157,824	198,815				1,289,093	1,688,487
Other long-term receivables		315,947	221,125				168,211	705,283
Total Deferred Inflows of Resources	<u>42,755</u>	<u>473,771</u>	<u>419,940</u>				<u>1,457,304</u>	<u>2,393,770</u>
Fund Balances (Deficits):								
Nonspendable:								
Prepaid items	593,095							593,095
Advances receivable	2,437,059							2,437,059
Restricted for:								
Debt service					6,024,880		431,844	6,456,724
Community development							211,170	211,170
Capital projects		10,401,738	16,181,597				8,334,580	34,917,915
Public safety							176,913	176,913
Library and recreation							13,102	13,102
Public work							1,397,024	1,397,024
Assigned for capital projects	5,347,242						149,405	5,496,647
Unassigned	8,985,634			(10,444,765)		(65,288)	(190,179)	(1,714,598)
Total Fund Balances (Deficits)	<u>17,363,030</u>	<u>10,401,738</u>	<u>16,181,597</u>	<u>(10,444,765)</u>	<u>6,024,880</u>	<u>(65,288)</u>	<u>10,523,859</u>	<u>49,985,051</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 20,154,748</u>	<u>\$ 14,341,422</u>	<u>\$ 16,603,033</u>	<u>\$ -</u>	<u>\$ 6,024,880</u>	<u>\$ 2,187,040</u>	<u>\$ 12,374,734</u>	<u>\$ 71,685,857</u>

The notes to financial statements are an integral part of this statement.

CITY OF EL PASO DE ROBLES
 Reconciliation of the Governmental Funds - Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 June 30, 2014

Fund balances of governmental funds	\$ 49,985,051
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity	178,693,616
Other post employment benefits payable	(990,480)
Unavailable revenues	2,393,770
Accrued closure and postclosure costs added to long term debt	(2,396,670)
Loss on refunding of bonds	847,993
Interest payable	(691,486)
Lease contracts payable	(1,412,173)
Bonds and certificates of participation payable	(29,733,318)
Compensated absences	(2,120,484)
PERS Side Fund	<u>(2,976,578)</u>
Net position of governmental activities	<u><u>\$ 191,599,241</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General Fund	Traffic Mitigation Development Fund	Public Facilities Development Fund	Hwy 101/46 West Community Facilities District Fund	Measure D GO Bonds Debt Service Fund	Specific Plans Fund	Other Governmental Funds	Totals
REVENUES								
Taxes	\$ 23,567,346	\$ -	\$ -	\$ -	\$ 2,591,246	\$ -	\$ 6,039,590	\$ 32,198,182
Licenses and permits	952,686							952,686
Fines and forfeitures	202,049							202,049
Uses of money and property	431,840	49,904	162,559		100,078	33,079	176,287	953,747
From other agencies	3,159,344	3,190,441			25,721		1,356,152	7,731,658
Charges for current services	846,132	971,410	207,643			119,526	191,830	2,336,541
Other	1,167,568	2,500				3,717	10,335	1,184,120
Total Revenues	30,326,965	4,214,255	370,202		2,717,045	156,322	7,774,194	45,558,983
EXPENDITURES								
General government	1,915,473		155,069					2,070,542
Public safety	14,424,981						60,028	14,485,009
Public works	3,690,179	270	5			216	1,429,098	5,119,768
Library and recreation services	3,417,494						15,235	3,432,729
Community development	1,390,015						134,055	1,524,070
Interest	56,593			134,455	1,376,948	29,166	110,436	1,707,598
Principal	202,887				1,547,502		205,000	1,955,389
Paying agent fees					1,355			1,355
Capital outlay	4,831,084	2,474,804	83,875			139,126	1,757,710	9,286,599
Total Expenditures	29,928,706	2,475,074	238,949	134,455	2,925,805	168,508	3,711,562	39,583,059
Excess (Deficiency) of Revenues Over Expenditures	398,259	1,739,181	131,253	(134,455)	(208,760)	(12,186)	4,062,632	5,975,924
OTHER FINANCING SOURCES (USES)								
Operating transfers in	1,218,676					1,496,000	411,739	3,126,415
Operating transfer out	(808,131)	(16,600)					(2,043,884)	(2,868,615)
Proceeds from capital leases	137,133							137,133
Transfer from the Successor Agency to the Redevelopment Agency							312,996	312,996
Total Other Financing Source (Uses)	547,678	(16,600)				1,496,000	(1,319,149)	707,929
Net Change in Fund Balances	945,937	1,722,581	131,253	(134,455)	(208,760)	1,483,814	2,743,483	6,683,853
Fund Balances - July 1	16,417,093	8,679,157	16,050,344	(10,310,310)	6,233,640	(1,549,102)	7,780,376	43,301,198
Fund Balances - June 30	\$ 17,363,030	\$ 10,401,738	\$ 16,181,597	\$ (10,444,765)	\$ 6,024,880	\$ (65,288)	\$ 10,523,859	\$ 49,985,051

The notes to financial statements are an integral part of this statement.

CITY OF EL PASO DE ROBLES
 Reconciliation of the Net Change in Fund Balances
 to the Statement of Activities
 Governmental Funds
 For the Fiscal Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ 6,683,853

Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of activities because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation on the current fiscal period and the loss on disposal of capital assets during the current fiscal period.

Capital outlay	\$ 9,286,599	
Depreciation	(5,677,636)	
Loss on disposal of capital assets	<u>(400,035)</u>	
		3,208,928

In the statement of activities, Successor Agency contributed capital assets are reported in the current fiscal year. 2,726,765

Governmental funds report the affect of premiums, discounts, and loss on refunding when debt is first issued, whereas these amounts are amortized over the life of the debt in the statement of activities. This amount represents the amortization of a loss on refunding. (65,231)

In governmentals funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: 95,091

In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation earned exceeded the amounts used by \$63,358. (63,358)

In the statement of activities, the asset and liability for Other Post Employment Benefits is recognized. This does not require the use of current financial resources and is not reported in the governmental funds. (139,713)

CITY OF EL PASO DE ROBLES
 Reconciliation of the Net Change in Fund Balances
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2014

In government funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in the governmental funds as proceeds from debt were for proceeds from capital leases.	(137,133)
Repayment of long-term debt (bond principal, certificates of participation, and capital lease) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,955,389
In the governmental funds, the repayment of the PERS side fund debt is reported as a retirement expense. In the government-wide statements, repayments are reported as a decrease in the long-term liabilities.	134,011
Landfill closure/postclosure reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	(173,057)
Certain revenues in the governmental funds are deferred because the revenues are not collected within the prescribed time period after fiscal year end. However, the revenues are included on the accrual basis used in the government-wide statements.	(143,668)
Change in net position of governmental activities	\$ 14,081,877

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUNDS FINANCIAL STATEMENTS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of major funds established by GASB Statement No. 34 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in the current fiscal year.

GASB Statement No. 34 does not provide for the disclosure of budget versus actual comparisons regarding proprietary funds.

Water Operations Fund

This fund is used to account for the operation and maintenance of the City's water production, transmission, and distribution system, and includes accounting for water connections, Nacimiento water project, and Nacimiento water treatment.

Sewer Operations Fund

This fund is used to account for the operation and maintenance of the City's sewer collection and treatment system.

Airport Operations Fund

This fund is used to account for the operation and maintenance of the City's airport.

Transit Operations Fund

This fund is used to account for the operation and maintenance of the City's dial-a-ride and fixed route transit systems funded from Transportation Development Act funds.

CITY OF EL PASO DE ROBLES
Statement of Fund Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities - Enterprise Funds				Totals
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	
ASSETS					
Current Assets:					
Cash and investments	\$ 17,867,759	\$ 7,766,561	\$ 2,622,259	\$ 747,497	\$ 29,004,076
Accounts receivable	1,298,724	747,417	145,400	320,784	2,512,325
Loan contracts receivable - current portion	5,307	276,744			282,051
Prepaid expenses	6,749				6,749
Inventory	189,617				189,617
Total Current Assets	<u>19,368,156</u>	<u>8,790,722</u>	<u>2,767,659</u>	<u>1,068,281</u>	<u>31,994,818</u>
Capital Assets:					
Plant, property and equipment	48,801,556	88,731,267	21,818,538	233,657	159,585,018
Less accumulated depreciation	(21,696,070)	(27,378,453)	(8,943,454)	(7,436)	(58,025,413)
Net Book Value	<u>27,105,486</u>	<u>61,352,814</u>	<u>12,875,084</u>	<u>226,221</u>	<u>101,559,605</u>
Long-term Assets:					
Advances receivable		1,315,312			1,315,312
Deposit	1,507,780				1,507,780
Total Long-term Assets	<u>1,507,780</u>	<u>1,315,312</u>			<u>2,823,092</u>
Total Assets	<u>\$ 47,981,422</u>	<u>\$ 71,458,848</u>	<u>\$ 15,642,743</u>	<u>\$ 1,294,502</u>	<u>\$ 136,377,515</u>

The notes to financial statements are an integral part of this statement.

CITY OF EL PASO DE ROBLES
Statement of Fund Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 2,363,062	\$ 3,202,726	\$ 66,607	\$ 24,478	\$ 5,656,873
Accrued payroll expenses	73,948	69,563	7,225		150,736
Accrued interest expense		19,727			19,727
Lease contracts payable - current portion	10,855	97,070	3,619		111,544
Loan contracts payable - current portion			25,236		25,236
Customer deposits	170,560	4,233			174,793
Bond principal payable - current portion		230,000			230,000
Total Current Liabilities	<u>2,618,425</u>	<u>3,623,319</u>	<u>102,687</u>	<u>24,478</u>	<u>6,368,909</u>
Long-term Liabilities:					
Compensated absences	173,460	204,648	16,499		394,607
Loan contracts payable, net-less current portion		26,929,798	574,764		27,504,562
Premium on refunding bonds		445,497			445,497
Bond principal payable, net-less current portion		5,705,000			5,705,000
Total Long-term Liabilities	<u>173,460</u>	<u>33,284,943</u>	<u>591,263</u>		<u>34,049,666</u>
Total Liabilities	<u>2,791,885</u>	<u>36,908,262</u>	<u>693,950</u>	<u>24,478</u>	<u>40,418,575</u>
NET POSITION					
Net investment in capital assets	27,094,631	27,945,449	12,271,465	226,221	67,537,766
Unrestricted	18,094,906	6,605,137	2,677,328	1,043,803	28,421,174
Total Net Position	<u>\$ 45,189,537</u>	<u>\$ 34,550,586</u>	<u>\$ 14,948,793</u>	<u>\$ 1,270,024</u>	<u>\$ 95,958,940</u>

The notes to financial statements are an integral part of this statement.

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				Totals
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	
OPERATING REVENUES:					
Charges for current services	\$ 9,614,495	\$ 6,661,587	\$ 69,895	\$ 157,349	\$ 16,503,326
Rents and leases			518,642		518,642
Other revenue	(19,606)	5,804		20,430	6,628
Total Operating Revenues	9,594,889	6,667,391	588,537	177,779	17,028,596
OPERATING EXPENSES:					
Maintenance, operations, and administration	10,859,372	6,291,836	393,204	686,709	18,231,121
Depreciation and amortization	1,226,582	1,641,115	382,200	195,200	3,445,097
Total Operating Expenses	12,085,954	7,932,951	775,404	881,909	21,676,218
Operating Income (Loss)	(2,491,065)	(1,265,560)	(186,867)	(704,130)	(4,647,622)
NONOPERATING REVENUES (EXPENSES):					
Taxes			1,549		1,549
Revenues from other agencies		51,897	153,263	1,452,349	1,657,509
Interest revenue	312,388	124,581	42,756	11,256	490,981
Gain/(loss) on disposal of capital assets				43,265	43,265
Contributions to other agencies				(1,278,502)	(1,278,502)
Interest expense	(725)	(249,539)	(242)		(250,506)
Total Nonoperating Revenues (Expenses)	311,663	(73,061)	197,326	228,368	664,296
Income (Loss) Before Transfers and Capital Contributions	(2,179,402)	(1,338,621)	10,459	(475,762)	(3,983,326)
Transfers in				153,000	153,000
Transfers out	(369,400)	(41,400)			(410,800)
Capital contributions	1,270,876	616,196			1,887,072
Change in Net Position	(1,277,926)	(763,825)	10,459	(322,762)	(2,354,054)
Total Net Position - July 1	46,467,463	35,496,727	14,938,334	1,410,315	98,312,839
Prior Period Adjustment		(182,316)		182,471	155
Total Net Position - July 1, restated	46,467,463	35,314,411	14,938,334	1,592,786	98,312,994
Total Net Position - June 30	\$ 45,189,537	\$ 34,550,586	\$ 14,948,793	\$ 1,270,024	\$ 95,958,940

The notes to financial statements are an integral part of this statement.

CITY OF EL PASO DE ROBLES
Combining Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	\$ 9,510,393	\$ 7,079,254	\$ 467,284	\$ 177,779	\$ 17,234,710
Payments to suppliers	(6,717,350)	(1,978,967)	(122,974)	(645,168)	(9,464,459)
Payments to employees	(2,213,998)	(1,924,953)	(208,656)	(107,232)	(4,454,839)
Net Cash Provided (Used) by Operating Activities	579,045	3,175,334	135,654	(574,621)	3,315,412
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating transfers in/(out)	(369,400)	(41,400)		153,000	(257,800)
Taxes			1,549		1,549
Contributions to others				(301,432)	(301,432)
Net Cash Provided (Used) by Noncapital Financing Activities	(369,400)	(41,400)	1,549	(148,432)	(557,683)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Revenues from other agencies		51,897	153,263	1,473,402	1,678,562
Acquisitions of capital assets	(1,872,264)	(24,261,404)	(140,017)	(236,991)	(26,510,676)
Loan/lease principal paid		(225,000)	600,000		375,000
Interest paid on long term debt	(725)	(249,914)	(242)		(250,881)
Lease contract paid	(14,017)	(125,337)	(4,672)		(144,026)
Contributed capital received	1,270,729	339,452			1,610,181
Loan proceeds state revolving fund		23,206,354			23,206,354
Proceeds (loss) on disposal of capital assets				53,323	53,323
Net Cash Provided (Used) by Capital and Related Financing Activities	(616,277)	(1,263,952)	608,332	1,289,734	17,837
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	312,388	124,581	42,756	11,256	490,981
Net Cash Provided (Used) by Investing Activities	312,388	124,581	42,756	11,256	490,981
Net Increase (Decrease) in Cash and Cash Equivalents	(94,244)	1,994,563	788,291	577,937	3,266,547
Cash and Cash Equivalents - Beginning of Year	17,962,003	5,771,998	1,833,968	169,560	25,737,529
Cash and Cash Equivalents - End of Year	\$ 17,867,759	\$ 7,766,561	\$ 2,622,259	\$ 747,497	\$ 29,004,076
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (2,491,065)	\$ (1,265,560)	\$ (186,867)	\$ (704,130)	\$ (4,647,622)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Add depreciation and amortization	1,226,582	1,641,115	382,200	195,200	3,445,097
Changes in Assets and Liabilities:					
(Increase) decrease in accounts receivable	(116,072)	(51,443)	(121,253)		(288,768)
(Increase) decrease in inventory	(5,233)				(5,233)
Increase (decrease) in accounts payable	1,922,327	2,343,136	61,228	(57,150)	4,269,541
Increase (decrease) in accrued payroll expenses	32,746	34,976	3,350	(2,240)	68,832
Increase (decrease) in compensated absences	(77)	9,803	(3,004)	(6,301)	421
Increase (decrease) in customer deposits	9,837				9,837
Increase (decrease) in advances receivable		463,307			463,307
Net Cash Provided (Used) by Operating Activities	\$ 579,045	\$ 3,175,334	\$ 135,654	\$ (574,621)	\$ 3,315,412

The notes to financial statements are an integral part of this statement.

FIDUCIARY FUNDS

Funds held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

CITY OF EL PASO DE ROBLES
Statement of Fiduciary Net Position
June 30, 2014

	<u>Private-Purpose Trust Fund</u>		Totals
	Agency Funds	Successor Agency to the Former Redevelopment Agency	
ASSETS			
Cash and investments	\$ 1,056,638	\$ 3,614,406	\$ 4,671,044
Accounts receivable	95,562		95,562
Discount on bonds payable		89,254	89,254
Due to other funds	54,672		54,672
Long term loan receivables		1,243,782	1,243,782
Total Assets	<u>\$ 1,206,872</u>	<u>4,947,442</u>	<u>6,154,314</u>
LIABILITIES			
Accounts payable	\$ 42,086	\$ 184	\$ 42,270
Interest payable		405,539	405,539
Customer deposits	694,476		694,476
Due to others	470,310		470,310
Bonds payable		14,040,000	14,040,000
Due to the City of El Paso de Robles		6,847,869	6,847,869
Total Liabilities	<u>\$ 1,206,872</u>	<u>21,293,592</u>	<u>22,500,464</u>
NET POSITION			
Unrestricted		(16,346,150)	(16,346,150)
Total Net Position		<u>\$ (16,346,150)</u>	<u>\$ (16,346,150)</u>

The notes to financial statements are an integral part of this statement.

CITY OF EL PASO DE ROBLES
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2014

	<u>Private-Purpose Trust Funds</u>
ADDITIONS	
Property taxes	\$ 2,003,815
Uses of money and property	39,866
Total Additions	2,043,681
DELETIONS	
Professional services	88,857
Special projects	119,864
Bond issuance, amortization, principal retirement, fiscal agreement payments, agent charges and interest expense	870,924
Capital contribution to the City	2,726,765
Transfer to the City of El Paso de Robles	312,996
Total Deletions	4,119,406
Change in Net Position	(2,075,725)
Net Position - July 1, 2013	(14,006,547)
Prior period adjustment	(263,878)
Net Position - July 1 , 2013, restated	(14,270,425)
Net Position - June 30, 2014	\$ (16,346,150)

The notes to financial statements are an integral part of this statement.



Notes to the Basic Financial Statements

CITY OF EL PASO DE ROBLES

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June 30, 2014

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CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The accompanying comprehensive annual financial report includes the financial activities of the City of El Paso De Robles and its component unit the El Paso de Robles Public Financing Authority (Authority). The financial activities of the foregoing entity has been aggregated and merged (termed “blending”) with those of the City in the accompanying financial statements, as it meets the criteria for inclusion as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statements No. 39 and No. 61.

The City of El Paso de Robles was incorporated in 1889, and operates under the State of California City Council-Manager form of government. The governing body consists of a five member City Council elected at large by voters of the City. The City provides the following services: Public Safety (Police and Fire), Library and Recreation Services, Planning and Zoning, Public Works (Streets and Roads), Public Improvements, Water, Sewer, Airport Operations, Public Transportation (Transit Services), and General Administrative Services.

The City Council members, in separate session, serve as the governing board of the Authority and, as such, this entity is presented as a blended component unit. The Authority was formed by the City as a conduit for long-term debt financing and is governed by the City Council. The Authority exists and acts as a separate public entity and has the power to acquire, purchase, construct, finance, lease, and/or sell public facilities and appurtenances necessary or convenient for the public purposes of the City. The Authority has no assets of its own. All capital assets acquired by the City under the Authority are included in the financial statements.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

B. Basis of Presentation

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

Government-Wide Financial Statements: The Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

These statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

Funds Financial Statements: Governmental Funds Financial Statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of funds financial statements is on major individual funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

C. Major Funds

The City reported the following major governmental funds in the accompanying financial statements:

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Traffic Mitigation Development Fund accounts for fees assessed and collected upon the issuance of a City building permit. Funds are used for bridge, road and signal improvements needed to serve new growth.

Public Facilities Development Fund accounts for fees assessed and collected upon the issuance of a City certificate of occupancy. Funds are used to construct public facilities.

Highway 101/46 West Community Facilities District Fund accounts for the improvements to the Highway 101/46 West interchange and road re-alignments.

Measure D GO Bond Debt Service Fund is to account for property tax revenues generated from the general obligation bond tax override approved by the voters and the expenditure of said funds for payment of bond principal and interest.

Specific Plans Fund is to account for collection from the payment of development impact fees as identified in the Borkey, Union/46, Chandler Ranch and Olsen Beechwood specific plans for public facilities and infrastructure.

The City reported all its enterprise funds as major proprietary funds in the accompanying financial statements:

Water Operations Fund is used to account for the operation and maintenance of the City's water production, transmission, and distribution system necessary to provide water service to the residents of the City.

Sewer Operations Fund is used to account for the operation and maintenance of the City's sewer collection and treatment system necessary to provide sewer services to the residents of the City.

Airport Operations Fund is used to account for the operation and maintenance activities of the City's airport.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Transit Operations Fund is used to account for the operation and maintenance activities of the City's transit system including both demand response and fixed route services as well as funding contributions to the regional transit system.

The City also reports the following fund types:

Fiduciary Funds - Fiduciary Funds Financial Statements include a Statement of Net Position. The City's Fiduciary Funds represent Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and /or other funds. Included in this category are the following four funds: 1) to account for funds received and expended by the Senior Advisory Committee, 2) to account for funds to provide scholarships to graduated local high school students who undertake courses in the medical field, scholarships are awarded by the Paso Robles High School District, 3) deposits from customers to be refunded when performance criteria is met or applied against future amounts due to the City from the customer and 4) to account for funds received and expended by the Tourism and Lodging Business Improvement District. The Successor Agency to the Former Redevelopment Agency is a private-purpose trust fund to account for the financial activities of the dissolved RDA. Private-purpose trust funds are used to report all trust arrangements (other than pension and investment trust funds) "under which principal and income benefit individuals, private organizations, or other governments."

D. Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest, and charges for services. Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary. Certain indirect costs are included in program expenses reported for individual functions and activities.

E. Budgeting and Budgetary Accounting

The City prepares a four-year financial plan that contains appropriations for two full fiscal years. During the second year of the two-year budget/four year financial plan, a new two-year budget is developed and two additional years are added to the four-year financial plan. The process for updating the two-year budget/four year financial plan is generally described as follows:

Administrative Services prepares base budget schedules consisting of maintenance and operations, personnel services, operating capital, revenue estimating forms and forms for submitting budgetary requests for new and/or expanded services, as well as requests for operating capital not already provided for on various pre-authorized replacement schedules. These schedules are distributed to all executive managers for affirmation and/or completion. Upon affirmation and return of new request forms, Administrative Services compiles and publishes the draft budget. Executive managers meet to review the draft budget and prepare specific recommendations to balance the budget should resources not cover budgetary requests. The draft budget and executive manager recommendations are then reviewed by the Council's "ad hoc budget committee" made up of two Councilpersons. Final budget recommendations are developed and are presented to the full Council at a public workshop, followed by a public hearing, and then formal budget adoption in June. The budget preparation, review, and approval process takes place in the context of and with the objective of addressing the goals established by Council during a goal setting workshop held just prior to the process noted above.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

This approved budget covers substantially all City expenditures including re-budgeted items. All appropriated amounts are as originally adopted or as amended by the City Council and lapse at fiscal year-end. The City Manager is authorized to transfer budgeted amounts between objects within departments. Transfers of appropriations between departments and funds may be made only by the City Council. Total departmental expenditures in excess of the total departmental budgeted amounts are discouraged and executive managers are held accountable accordingly. Formal budgetary integration is employed as a management control tool during the fiscal year for all funds including enterprise funds. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

F. Compensated Absences

It is the City's policy to record the cost of annual vacation, compensatory time, and fringe benefits as earned in accordance with the Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences". Accumulated unpaid vacation leave is accrued when incurred in the proprietary funds. Only the current portion of the unpaid vacation leave is accrued in the governmental funds. The long-term portion of the unpaid vacation leave is reported in the Government-wide Financial Statements. Employees may accumulate sick leave without limitation as to the number of hours of accumulation. Employees are paid 100% of their accumulated vacation pay when they terminate their employment for any reason. Accumulated sick pay under no circumstances is paid to employees at any time and thus is not recorded as a liability of the City.

G. Cash and Investments

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market valuation data provided by Union Bank is used as fair value for those securities for which market quotations are readily available. The City's investments with fiscal agents required by bond indentures are stated at cost, which approximate fair value.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in Structured Notes and Asset-backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-back Securities are subject to market risk as to change in interest rates.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

For purposes of the Statement of Cash Flows, the City considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund types are pooled with the City's pooled cash and investments.

H. Capital Assets

Capital assets are defined as property, plant, equipment, and infrastructure assets (roads, sidewalks, bridges, drainage systems lighting systems, etc.). Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. These assets are valued at historical cost of estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The City's policy is to capitalize all assets with costs exceeding certain minimum thresholds, \$5,000 for machinery and equipment and \$25,000 for buildings, improvements, and infrastructure, all with useful lives exceeding two years. Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. See Note 3.

I. Inventories and Prepaid Items

Inventory is recorded using the purchases method and cost is recorded as an expenditure at the time individual inventory items are purchased. Inventory held in the Water Department is valued at cost using the first in, first out (FIFO) inventory method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

J. Property Taxes

Property taxes are assessed, collected, and allocated by the County of San Luis Obispo throughout the fiscal year according to the following property tax calendar:

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Lien Date	January 1
Levy Date	July 1 to June 30
Due Date - Secured Taxes	November 1, 1 st installment, March 1, 2 nd installment
Collection Date - Secured Taxes	December 10, 1 st installment, April 10, 2 nd installment
Due Date – Unsecured Taxes	June 30
Collection Date – Unsecured Taxes	August 31

Under California law, property taxes are assessed and collected by counties up to 1 percent of assessed value, plus other increases approved by the voters. Under Proposition 13, adopted by the voters in a statewide ballot in 1978, assessed valuation is increased annually by a cost of living index not to exceed 2% except for those properties that changed ownership during the twelve month period since the lien date. In these cases, the property is re-assessed at current value. The property taxes go into a pool, and are then allocated to the cities based on a complex formula prescribed by state statute. Accordingly, the City of El Paso de Robles recognizes property tax revenues when it becomes both measurable and available to finance expenditures of the current period.

Beginning with fiscal year 1993-94, the County of San Luis Obispo, for those taxing agencies desirous of participating on a volunteer basis, converted the property tax collection and distribution system to the “Teeter Plan”. The City of El Paso de Robles chose to participate in the “Teeter Plan” wherein the City receives 100% of the property tax levy during the fiscal year without deduction for property tax payment delinquencies. Accordingly, the County of San Luis Obispo keeps all property tax penalties collected.

K. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, require management to make 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 revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

L. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at fiscal year-end are referred to as “due to/due from other funds”. In some cases, “due to/due from other funds” represent the short-term transfer of cash resources at fiscal year-end to

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

eliminate negative cash balances that are temporary in nature. Cash resources have been loaned from one fund to another to provide resources to prepare a “specific plan”, a planning/development tool, until fees generated from the specific plan area repay the loan.

Proprietary fund receivables are shown net of any allowance for uncollectible accounts. Utility customers are billed monthly. The value of services provided, and billed at fiscal year-end has been included in the accompanying financial statements.

M. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*,” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*,” the City recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The City has one item that qualifies for reporting in this category, the loss on refunding bonds.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the City that is applicable to a future reporting period. The City has one item which qualifies for reporting in this category; refer to Note 6 for a detailed listing of the deferred inflows of resources the City has recognized.

N. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City’s policy is to apply restricted net position first.

O. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 65

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of the GASB Statement No. 65 and the impact on the City's financial statements are explained in Note 7 and Note 1-M.

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Correction - 2012." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement No. 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement No. 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50 "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have ended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

NOTE 2 – CASH AND INVESTMENTS

A. Investment Policy

Cash balances from all funds are combined and invested pursuant to the Council's adopted Investment Policy and State Government Code Section 53647. Authorized investments include securities of the United States Government or its agencies, certificates of deposit, the State of California Local Agency Investment Fund (LAIF), bankers' acceptances, negotiable certificates of deposit, and repurchase agreements. The earnings from these investments are allocated monthly to each fund based upon the closing balance of each fund at month end. All enterprise fund investments are considered to be liquid investments for cash flow and reporting purposes. Funds held by outside fiscal agents under the provisions of bond indentures that are maintained separately and interest income earned on said funds are credited directly to the bond fund or reported as if the interest was credited directly to said funds.

The City uses the yield on the Local Agency Investment Fund, an investment pool managed by the State of California Treasurer's Office for evaluating investment performance. The average monthly effective yield for LAIF for June 2014 was 0.241% while the apportioned rate for the quarter ending June 30, 2014 was 0.24%. For the month ended June 30, 2014, the City recognized a weighted average daily rate of return of 1.175%. At no time during the fiscal year did the City borrow funds through the use of reverse purchase agreements.

Investments of debt proceeds held by bond trustees are governed by the 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 fiscal agents. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 2 – CASH AND INVESTMENTS - continued

<u>Investment Types Authorized by Law</u>	<u>Maximum Maturity</u>	<u>Maximum % of Portfolio</u>	<u>Maximum in One Issuer</u>
Money Market Mutual Funds	N/A	None	None

The table below identifies the investment types that are specifically authorized by the City’s investment policy and also identifies certain provisions of the City’s investment policy that addresses interest rate risk and concentration of credit risk per GASB Statement No. 40. It does not address investments of debt proceeds held by bond trustee that are governed by the provisions of the debt agreement between the City and trustee. Any investment type not listed is either prohibited by California Government Code, prohibited by the City’s investment policy, or not specifically addressed by the City’s investment policy.

<u>Investment Types Authorized by Law</u>	<u>Maximum Maturity</u>	<u>Maximum % of Portfolio</u>	<u>Maximum in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Notes	7 years**	None	None
U.S. Agency Mortgaged Backed Securities	7 years**	None	None
Banker’s Acceptances	180 days	40%	30%
Commercial Paper	180 days	None	None
Corporate Notes	5 years	20%	\$1 Million
Certificates of Deposit	5 years	None	None
Collateralized Certificates of Deposit	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	90 days	None	None
Local Agency Investment Fund (LAIF)	None	None	None
Money Market	None	None	None

**Only 15% of the aggregate total may be invested between 5 and 7 years.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 2 – CASH AND INVESTMENTS - continued

B. Collateral and Categorization Requirements

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus collateral for cash deposits is considered to be held in the City's name. The fair value of the pledged securities must equal at least 110% of the City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The collateral for certificates of deposit is generally held in safekeeping by the Federal Home Loan Bank in San Francisco as the third- party trustee. The securities are physically held in an undivided pool for all California public agency depositors. The State Public Administrative Office for public agencies and the Federal Home Loan Bank maintains detailed records of the security pool that are coordinated and updated weekly. The City Treasurer, at his discretion, may waive the collateralization requirement for deposits that are insured up to \$250,000 by the Federal Deposit Insurance Corporation and in fact has waived the collateralization requirement for all deposits held by financial institutions at June 30, 2014.

C. Disclosures Relating to Interest Risk

Per GASB Statement No. 40, 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 the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. For purposes of the table shown below, any callable securities are assumed to be held to maturity and all investments are shown at fair value.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 2 – CASH AND INVESTMENTS - continued

	Remaining Maturity (in months)			
	Total	12 Months Or Less	13 to 24 Months	25 to 60 Months
U.S. Agency Notes	\$ 52,266,511	\$ -	\$ -	\$ 52,266,511
U.S. Agency Mortgaged Backed Securities	19,037	19,037		
Corporate Notes	6,111,360			6,111,360
Certificates of Deposit	1,746,000	1,596,000	150,000	
Local Agency Investment Fund (LAIF)	14,504,332	14,504,332		
Held by Bond Trustee:				
Money Market Funds	2,670,299	2,670,299		
	<u>\$ 77,317,539</u>	<u>\$ 18,789,668</u>	<u>\$ 150,000</u>	<u>\$ 58,377,871</u>

D. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments did not include any investments that are highly sensitive to interest rate fluctuations (to a degree other than already indicated in the information provided above).

E. 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 year-end for each investment type.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 2 – CASH AND INVESTMENTS - continued

	Total	Minimum Legal rating	AAA	AA	Not Rated
U.S. Agency Notes	\$ 52,266,511	N/A	\$ 52,266,511	\$ -	\$ -
U.S. Agency Mortgaged Backed Securities	19,037	N/A	19,037		
Corporate Notes	6,111,360	A		6,111,360	
Certificates of Deposit	1,746,000	N/A			1,746,000
Local Agency Investment Fund (LAIF)	14,504,332	N/A			14,504,332
Held by Bond Trustee:					
Money Market Funds	2,670,299				2,670,299
	<u>\$ 77,317,539</u>		<u>\$ 52,285,548</u>	<u>\$ 6,111,360</u>	<u>\$ 18,920,631</u>

F. Concentrations of Credit Risk

The investment policy of the City contains limitations that are, in some cases, more restrictive than those stipulated by the California Government Code. In some cases, the investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities and external investment pools) that represent 5% or more of the total City investments are as follows:

<u>Issuer</u>	<u>Reported Amount</u>
Federal Home Loan Bank	\$ 11,936,180
Federal Home Loan Mortgage Corporation	16,417,041
Federal National Mortgage Association	23,932,327

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 2 – CASH AND INVESTMENTS - continued

G. 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, 2014, the City did not have any deposits that exceeded the FDIC insured limit of \$250,000.

H. Cash and Investments

The carrying amount of the City's cash and deposits was \$425,876 at June 30, 2014. Cash on hand and in the revolving account was \$29,900 and bank balances, before reconciling items, were \$2,418,431 at June 30, 2014. At June 30, 2014, the difference between the City's bank accounts and the carrying amount is due to the normal deposits in transit and outstanding checks.

The City's total cash and investments are reported as follows:

Governmental activities	\$44,098,195
Business activities	29,004,076
Fiduciary funds	<u>4,671,044</u>
Total Cash and Investments	<u>\$77,773,315</u>

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements
June 30, 2014

NOTE 2 – CASH AND INVESTMENTS - continued

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements:

Available for operations	\$72,685,189
With fiscal agent	2,670,299
Fiduciary funds	<u>2,417,827</u>
Total Cash and Investments	<u>\$77,773,315</u>

I. Marking Investments to Fair Value (GASB 31)

Governmental Accounting Standards Board Statement No. 31 requires that the City’s investments be carried at fair value instead of cost. The City must adjust the carrying value (book) of its investments to reflect their fair value at each fiscal year end, and it must include the effects of these adjustments in income for that fiscal year.

GASB 31 applies to all the City’s investments, even if they are held to maturity and redeemed at full face value. Since the City holds all investments until maturity or until fair value equals or exceeds cost, the fair value adjustments required by GASB 31 result in accounting gains or losses (called “recognized or “unrealized” gains or losses) which do not reflect actual sales of the investments (called “realized” gains or losses). Thus, recognized gains or losses on an investment purchased at par will now reflect changes in value at each succeeding fiscal year-end, but these recognized gains or losses will net to zero if the investment is held to maturity. By following GASB 31, the City is reporting the amount of available resources that would actually have been available if it had been required to liquidate all its investments at any fiscal year-end. The fair value is provided by Union Bank N.A., the City’s safekeeping custodial institution.

J. State Investment Pool

LAIF is a special fund of the California State Treasury through which local governments can pool investments. Each governmental agency may invest up to \$50,000,000 for each account in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-hours without loss of interest or principal. The full faith and credit of the State of California secure investments in LAIF.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 3 – CAPITAL ASSETS

The Governmental Accounting Standards Board (GASB) issued Statement No. 34 that requires the inclusion of capital assets including infrastructure capital assets in the local governments' basic financial statements. Infrastructure assets include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems.

All capital assets including infrastructure are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. The City's policy is to capitalize all assets with costs exceeding certain minimum thresholds, \$5,000 for machinery and equipment and \$25,000 for buildings, improvements, and infrastructure, all with useful lives exceeding two years.

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2002 and has completed an internal update for June 30, 2014. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. When actual cost information was not available, current replacement cost was estimated and trended back to the date of acquisition by using either the Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers, Los Angeles-Riverside-Orange County, not seasonally adjusted for all items, or the Construction Cost Index compiled by Engineering News Record (ENR), revised in June 2002. The Consumer Price Index was used for traffic signals and streetlights. The Construction Cost Index was used for all other infrastructure assets. The book value was then computed by deducting the accumulated depreciation from the original cost.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the useful life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Pavement	25 years
Curbs and gutters	50 years
Sidewalks	50 years
Medians	25 years
Bridges	75 years
Traffic signals	20 years

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 3 – CAPITAL ASSETS – continued

Streetlights	50 years
Storm drain systems	50 years
Off-road trails	20 years
Playground equipment	15 years
Governmental buildings	50 years

Capital Assets of the City for the fiscal year ended June 30, 2014, consisted of the following:

	Balance 6/30/2013	Increases	Decreases	Balance 6/30/2014
Governmental Activities:				
Land	\$ 18,076,458	\$ -	\$ -	\$ 18,076,458
Buildings and improvements	55,220,058	793,590	134,482	55,879,166
Equipment	7,574,637	691,484	118,523	8,147,598
Infrastructure	152,723,380	2,679,879		155,403,259
CIP Infrastructure	13,566,862	7,291,346	1,190,886	19,667,322
Construction in progress	776,226	1,906,893	514,795	2,168,324
Less accumulated depreciation	(75,179,698)	(5,677,636)	(208,823)	(80,648,511)
Governmental activity capital assets, net	\$ 172,757,923	\$ 7,685,556	\$ 1,749,863	\$ 178,693,616

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 3 – CAPITAL ASSETS - continued

	Balance 6/30/2013	Increases	Decreases	Balance 6/30/2014
Business-type Activities:				
Water				
Buildings	\$ 817,782	\$ -	\$ -	\$ 817,782
Improvements other than buildings	39,614,269	522,210		40,136,479
Equipment	2,613,539	26,627	19,162	2,621,004
Construction in progress	3,902,864	1,323,427		5,226,291
Less accumulated depreciation	(20,488,650)	(1,226,582)	(19,162)	(21,696,070)
Water activities capital assets, net	\$ 26,459,804	\$ 645,682	\$ -	\$ 27,105,486
Sewer				
Land	\$ 559,050	\$ -	\$ -	\$ 559,050
Buildings	654,654			654,654
Improvements other than buildings	52,989,771	471,069		53,460,840
Equipment	2,093,892	25,856		2,119,748
Construction in progress	8,172,496	23,764,479		31,936,975
Less accumulated depreciation	(25,712,589)	(1,665,864)		(27,378,453)
Sewer activities capital assets, net	\$ 38,757,274	\$ 22,595,540	\$ -	\$ 61,352,814
Airport				
Land	\$ 7,830,415	\$ -	\$ -	\$ 7,830,415
Buildings	1,956,948			1,956,948
Improvements other than buildings	11,690,955	14,790		11,705,745
Equipment	200,203	5,251		205,454
Construction in progress		119,976		119,976
Less accumulated depreciation	(8,561,254)	(382,200)		(8,943,454)
Airport activities capital assets, net	\$ 13,117,267	\$ (242,183)	\$ -	\$ 12,875,084
Transit				
Improvements other than buildings	\$ -	\$ 148,920	\$ 12,882	\$ 136,038
Equipment	2,074,428	88,456	2,065,265	97,619
Construction in progress	385		385	
Less accumulated depreciation	(1,085,726)	(195,200)	(1,273,490)	(7,436)
Transit activities capital assets, net	\$ 989,087	\$ 42,176	\$ 805,042	\$ 226,221
Business-type activity capital assets, net	\$ 79,323,432	\$ 23,041,215	\$ 805,042	\$ 101,559,605
Net capital assets, total government	\$ 252,081,355	\$ 30,726,771	\$ 2,554,905	\$ 280,253,221

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 3 – CAPITAL ASSETS - continued

For the fiscal year ended June 30, 2014, depreciation expense on capital assets was charged to the governmental functions as follows:

General Government	\$	448,359
Public Safety		548,823
Public Works		4,278,798
Library and Recreation Services		399,005
Community Development		2,651
		<hr/>
Total Depreciation Expense	\$	<u>5,677,636</u>

Construction Commitments

As of June 30, 2014, the City had a number of construction projects in progress. The governmental activity projects had a total work in progress amount of \$2,168,324 and infrastructure WIP of \$19,667,322. The business-type activity projects included various water, sewer, and airport infrastructure improvements totaling \$37,283,242.

NOTE 4 – LOANS RECEIVABLE

On November 1, 1993, the City and former Redevelopment Agency (RDA) entered into a reimbursement agreement, such that the General Fund would make debt service payments on the Certificates of Participation for the construction of the new Library/City Hall, until such time that adequate tax increment allowed the RDA to begin making the debt service payments. The RDA began making the debt service payments in 2007. Total amount outstanding for City Hall Library Facility at June 30, 2014 was \$6,142,586.

The CDBG Fund and Cal Home Loan includes various loans to individuals that qualify under the program's guidelines that include items such as refurbishing a home for a quadriplegic person, or blighted homes within the RDA project area that the owner is unable to address due to personal financial issues. The total amount outstanding for CDBG as of June 30, 2014 was \$778,233 and Cal Home Loans was \$393,900.

On January 31, 2013, the City entered into an agreement with Oak Park 1, LP to construct 39 new low-income residential units as part of Phase 1 of the Oak Park Public Housing Project. The total amount outstanding, including accrued interest at June 30, 2014 was \$798,404.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 5 – INTERFUND TRANSACTIONS

A. Advances

On November 2, 1993, the City entered into an agreement where resources were loaned to the Chandler Ranch and Olsen Beechwood Specific Plan Funds. Total amount outstanding, including accrued interest at June 30, 2014, for Chandler Ranch was \$1,397,395 and Olsen Beechwood was \$849,485.

On August 3, 2004 the City entered into an agreement to loan \$280,000 from the General Fund to Airport Road Project Study for possible improvements to the intersection of Airport Road and Highway 46 East. Total amount outstanding, including accrued interest, at June 30, 2014 was \$190,189.

In January of 2007 an advance was set up with the assumption that a Community Facilities District (CFD) would be formed to assist in needed improvements in and around Highway 46 West and Highway 101. This CFD was not approved, but the amount remained on the books accruing annual interest charges. Total amount outstanding at June 30, 2014, including accrued interest, was \$10,444,765.

On January 1, 2007, the City entered into an agreement to borrow funds from the Sewer Fund in order to purchase vacant land needed for required road improvements/realignment. Total amount outstanding at June 30, 2014 was \$1,315,312.

On June 10, 2010, the City and Redevelopment Agency of Paso Robles, subsequently the Successor Agency of the former Redevelopment Agency of Paso Robles, entered into an agreement with South River Road Associates, LP to construct Hidden Creek Village, a low-income 81-unit apartment complex in the amount of \$1,000,000. Total amount outstanding at June 30, 2014, including accrued interest, was \$705,283.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 5 – INTERFUND TRANSACTIONS - continued

B. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The major purpose of the transfers is to reimburse a fund that has made an expenditure on behalf of another fund. Transfers are identified as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 1,218,676	\$ 808,131
Traffic Mitigation Fund		16,600
Specific Plans Fund	1,496,000	
Nonmajor Funds:		
Measure F12 Supplemental 1/2% Sales Tax Fund	270,139	739,300
Community Development Block Grant Fund	16,600	
Landfill Closure/Postclosure Fund	125,000	
Gas Tax Fund		1,067,586
Parking in Lieu Fund		153,000
Community Facilities District Fund		83,998
Enterprise Funds:		
Water Fund		369,400
Sewer Fund		41,400
Transit Fund	153,000	
Totals	<u>\$ 3,279,415</u>	<u>\$ 3,279,415</u>

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 6 – RISK MANAGEMENT

The City is a member of the California Joint Powers Insurance Authority, a risk sharing, self-funded joint powers authority whose membership at last count included 121 entities. The Joint Powers Authority provides program administration, claim servicing, investigation services, legal counsel, and excess coverage to its members. For general and auto liability, the Joint Powers Authority provides coverage of \$50 million per occurrence and \$50 million aggregate. For workers' compensation, the coverage is statutory plus any claims over \$2 million are paid under a reinsurance policy. The City also participates in the non-auto property program offered by the Joint Powers Authority which provides full replacement coverage for buildings and facilities. The City is self-insured for property damage to City owned equipment and vehicles except for major equipment; i.e. fire trucks for which the City participates with other public agencies in a special insurance pool. The City purchases specialty policies to cover airport liability and landfill liability & pollution coverage from other sources. Copies of the financial audit are available upon request from the City or the Joint Powers Authority, 8081 Moody Street, La Palma, CA 90623, or phone 800-229-2343.

With the dissolution of the Central Coast Cities Self Insurance Fund, the Joint Powers Authority agreed to manage the "tail" claims for general liability and workers' compensation for the Self Insurance Fund participants on a voluntarily participation basis. The "tail" claims for Liability have been completed and any remaining funds were transferred to the Worker's Compensation "tail" claims fund. The Joint Powers Authority manages the "tail" claims separately from its regular programs. Paso Robles has agreed to allow the Joint Powers Authority to manage said "tail" claims for workers' compensation.

In the case of workers' compensation, the 2014 actuarial study indicated that the City had a fund balance of \$579,845. This amount does not include \$159,704 present value of liability for outstanding claims per the "Actuarial Review of the Workers' Compensation Program" as prepared by Richard Sherman & Associates, Inc. during fiscal year 2014.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 7 – DEFERRED INFLOWS OF RESOURCES

At June 30, 2014, deferred inflows of resource, reported in the governmental fund financial statements, consisted of the following:

Unavailable Revenues:	
General Fund	\$ 42,755
Traffic Mitigation Development Fund	473,771
Public Facilities Development Fund	419,940
Community Development Block Grant Fund	778,233
Building Department Special Fees Fund	2,452
Cal Home Loan Program Fund	393,900
Park Development Fund	262,704
Bike and Pedestrian Path Fund	20,015
Total	<u>\$ 2,393,770</u>

NOTE 8 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

A. Description

General Obligation Bonds – On September 27, 2007, the City issued \$31,435,000 of General Obligation Bonds (GO Bonds) with interest rates ranging from 3.5% to 5.0% and due in annual installments ranging from \$486,015 to \$2,623,112, to advance refund prior General Obligation

Bonds Series A and C with interest rates ranging from 5.05% to 5.7% and a par value of \$23,253,951. The prior GO Bonds mature annually on August 1 between 2009 and 2027. The prior GO Bonds are callable on August 1, 2009. The current GO Bonds were issued at a premium of \$963,102 and the net proceeds were \$32,398,102. The net proceeds from the issuance of the GO Bonds were used to purchase US Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called on August 1, 2009. The advance refunding met the requirements of an in-substance defeasance and the term bonds were removed from the City’s government-wide financial statements. As a result of the advance refunding, the City reduced its total debt service requirements by \$3,804,464, which resulted in an economic gain of \$2,204,461.

On September 28, 2001, the City issued \$6,999,603 in General Obligation Bonds, Series B Capital Appreciation and Term Bonds (2001) for the purpose of providing construction funds for a variety of citywide projects. The outstanding bonds bear a net interest cost of 5.09% and are due

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 8 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT - continued

in annual installments ranging from \$297,970 to \$615,806 through January 1, 2028. These bonds are payable from ad valorem taxes levied against all taxable real property in the City (with the exception of certain classes of personal property).

Lease Purchase Obligations – On March 10, 2004, the Paso Robles Public Financing Authority issued \$5,460,000 Certificates of Participation (COPS) with interest rates ranging from 2.0% to 4.25% to current refund prior COPS with interest rates ranging from 4.9% to 5.4% and a par value of \$5,365,000. The prior COPS mature annually on December 1 between 2004 and 2023. The prior COPS were callable on April 1, 2004.

The current COPS were issued at a discount of (\$80.45) and, after paying issuance costs of \$115,368 and underwriter's discount of \$23,125, the net proceeds were \$5,394,920. The net proceeds from the issuance of the COPS were used to purchase US Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds were called on April 1, 2004. The advance refunding met the requirements of an in-substance defeasance and the term bonds were removed from the City's government-wide financial statements. As a result of the advance refunding, the City reduced its total debt service requirements by \$684,823, which resulted in an economic gain of \$642,644. Annual installments range from \$227,870 to \$651,560 through January 1, 2024.

The City entered into a \$1,500,000 lease purchase agreement dated December 6, 2005, for the acquisition of 52 acres adjacent to the City's landfill. Principal and interest payments are due semi-annually beginning June 30, 2007, with the last payment due December 30, 2020. Total annual payments are \$138,598.

The City entered into a lease purchase agreement dated June 21, 2010 for the acquisition of multiple pieces of City equipment, including items such as a pickup truck, Sewer Rodder truck, mowers, service truck, street sweeper, etc., for a total of \$980,384, principal only. Principal and interest payments are due quarterly beginning June 30, 2010, with the last payment due March 21, 2015. Total annual payments average \$53,412.

The City entered into a \$499,020 lease purchase agreement with Oshkosh Capital for the purchase of a new Fire Engine, with an annual payment of \$58,710 for 10 years, with the first payment beginning November 5, 2013 and the last payment due November 5, 2023. This truck replaces a fire truck purchased in 2000, which had far surpassed its usable life and was costing approximately \$30,000 per year in repairs and maintenance.

The City entered into a lease purchase agreement with Umpqua Bank for the purchase of a new ERP finance system. The previous system was almost 30 years old and was not able to handle many of the daily needs of the finance department. The City chose the Tyler Munis system as a replacement system. The total lease purchase cost is \$680,000, with an annual finance cost of \$145,000 for five years.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 8 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT – continued

B. Changes in Long-Term Debt

As of June 30, 2014, the City had the following long-term obligations outstanding including the current portion:

	Governmental Activities					
	Balance June 30, 2013	Prior Period Adjustment	Incurred or Issued	Satisfied or Matured	Balance June 30, 2014	Current Portion
Governmental Activities:						
Capital Leases Payable	\$ 1,477,927	\$ -	\$ 137,133	\$ (202,887)	\$ 1,412,173	\$ 195,456
Certificates of Participation	2,880,000			(205,000)	2,675,000	215,000
General Obligation Bonds	28,605,820			(1,547,502)	27,058,318	1,578,292
Compensated Absences	2,107,126		1,352,386	(1,289,028)	2,170,484	50,000
OPEB Liability	850,767		678,636	(538,923)	990,480	
Closure/Postclosure Liability	2,223,613		173,057		2,396,670	
PERS Side Fund	2,274,645	835,944	220,249	(354,260)	2,976,578	364,584
Total Governmental Activities	\$ 40,419,898	\$ 835,944	\$ 2,561,461	\$ (4,137,600)	\$ 39,679,703	\$ 2,403,332

C. Annual Repayment Requirements of Long-Term Debt

The annual requirements to amortize all debt outstanding (excluding compensated absences, OPEB, PERS side fund and closure/postclosure liability) as of June 30, 2014 are as follows:

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 8 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT – continued

Governmental Activities		
Year End		
June 30	Principal	Interest
2015	1,988,748	1,491,455
2016	1,996,785	1,439,459
2017	2,046,766	1,382,562
2018	2,107,953	1,321,604
2019	2,170,723	1,259,573
2020-2024	11,567,588	5,130,710
2025-2029	9,266,928	2,454,577
	<u>\$ 31,145,491</u>	<u>\$ 14,479,940</u>

D. Bond Requirements

At June 30, 2014, management believes the City and its component units are in compliance with all covenants of the various debt indentures.

E. Defeased Obligations

There are no outstanding defeased obligations at June 30, 2014.

NOTE 9 – BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT

A. Description

Sewer Installment Sale Revenue Bonds – On April 24, 2012, the City of El Paso de Robles issued \$6,355,000 of Wastewater Revenue Refunding Bonds with interest rates ranging from 2.000% to 5.000% to current refund prior Wastewater Revenue Bonds with interest rates ranging from 3.500% to 5.000% and a par value of \$6,895,00. The prior Wastewater Revenue Bonds mature annually on June 1 between 2012 and 2032. The prior Wastewater Revenue Bonds were called on April 30, 2012. The current Wastewater Revenue Refunding Bonds were issued at a premium of \$494,996 and, after paying issuance costs of \$123,631 and underwriters' discount of \$68,538, the net proceeds were \$6,657,827. The net

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 9 – BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT - continued

proceeds from the issuance of the Wastewater Revenue Bonds were deposited into an irrevocable trust with an escrow agent who called the bonds on April 30, 2012. The current refunding met the requirements of an in-substance defeasance and the Wastewater Revenue Bonds were removed from the City's government-wide financial statements. As a result of the current refunding, the City of El Paso de Robles reduced its total debt service requirements by \$1,172,865, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$837,029.

Lease Purchase Obligations - The City entered into a \$695,093 lease purchase agreement dated June 21, 2010 for the acquisition of equipment listed below. Principal and interest payments are due quarterly beginning June 30, 2010, with the last payment due March 21, 2015. Total annual payments are \$151,478.

Water Fund:

One 1/2 ton full size pickup

One 150 kw portable standby generator

Sewer Fund:

One small single axle dump truck - share with Water Fund

One mechanical rodder trailer

One sewer easement cleaner

One Vac-Con truck

One heavy duty service truck

One 8 inch wastewater trash pump

Two generators 220-440 3 phase

Airport Fund:

One 1/2 ton full size pickup

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 9 – BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT - continued

Loan Payable - The City entered into an agreement dated March 12, 2013 with California State Water Resources Board, Clean Water State Revolving Fund for the Wastewater Treatment Plant upgrade project. Loan proceeds totaled \$26,929,798 as of June 30, 2014. Principal and interest payments are due annually beginning September 1, 2016, with the last payment due September 1, 2035.

B. Changes in Long-Term Debt

As of June 30, 2014, the City had the following long-term obligations outstanding including the current portion:

	Business Activities				
	Balance June 30, 2013	Incurred or Issued	Satisfied or Matured	Balance June 30, 2014	Current Portion
Business-type Activities:					
Compensated Absences	\$ 394,186	\$ 200,607	\$ (200,186)	\$ 394,607	\$ -
Leases Payable	255,570		(144,026)	111,544	111,544
Loan Payable **	3,723,444	23,206,354		26,929,798	
Loan Payable		600,000		600,000	25,236
Revenue Bonds	6,160,000		(225,000)	5,935,000	230,000
Total Business-type Activities	\$ 10,533,200	\$ 24,006,961	\$ (569,212)	\$ 33,970,949	\$ 366,780

** State revolving fund; still drawing on loan.

C. Annual Repayment Requirements of Long-Term Debt

The annual requirements to amortize all debts outstanding (excluding compensated absences) as of June 30, 2014 are as follows:

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 9 – BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT – continued

Business Activities		
Year End		
June 30	Principal	Interest
2015	341,545	238,789
2016	1,376,837	687,632
2017	1,401,249	661,170
2018	1,430,990	631,829
2019	1,466,067	601,752
2020-2024	7,828,637	2,510,458
2025-2029	8,779,295	1,575,550
2030-2034	8,778,818	618,027
2035	1,572,904	26,740
	<u>\$ 32,976,342</u>	<u>\$ 7,551,947</u>

D. Bond Requirements

At June 30, 2014, management believes the City and its component units are in compliance with all covenants of the various debt indentures.

E. Defeased Obligations

There are no outstanding defeased obligations at June 30, 2014.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 10 – EMPLOYEE BENEFITS

A. Retirement System

The City of Paso Robles' defined benefit pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is part of the Public Agency portion of the California Public Employees' Retirement System, (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers with the State of California. A menu of benefit provisions as well as other requirements is established by State statutes with the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report.

The City contributes the employee and employer shares for the Miscellaneous Plan. The City of Paso Robles is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by the State statute and the employer contribution rate is established and may be amended by CalPERS. The City's contributions to CalPERS for the fiscal years ending June 30, 2014, 2013, and 2012 were \$3,585,941, \$3,394,518, and \$3,510,635 respectively, and equal 100% of the required contributions for each fiscal year.

The plans' provisions, benefits and contribution rates in effect at June 30, 2014 are summarized as follows:

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 10 – EMPLOYEE BENEFITS - continued

	Miscellaneous Classic	Police Classic	Fire Classic
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	50	55
Monthly benefits, as % of annual salary	2.5%	3.0%	3.0%
Compensation calculation	single highest	single highest	single highest
Required employee contribution rate-ER paid	8%	9%	9%
Required employer contribution rate-EE paid	20.521%	35.892%	26.010%
Total current covered payroll	\$ 6,760,483	\$ 3,048,616	\$ 2,020,187
Required employee contributions made	\$ 584,729	\$ 274,701	\$ 194,076
Required employer contributions rate made	\$ 2,064,009	\$ 961,733	\$ 560,199
	MISC 2nd Tier	Police 2nd Tier	Fire 2nd Tier
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	60	55	55
Monthly benefits, as % of annual salary	2.0%	3.0%	3.0%
Compensation calculation	3-yr avg	3-yr avg	3-yr avg
Required employee contribution rate	7%	9%	9%
Required employer contribution rate	20.521%	20.774%	20.077%
	MISC PEPRA	Police PEPRA	Fire PEPRA
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	62	57	57
Monthly benefits, as % of annual salary	2.0%	2.7%	2.7%
Compensation calculation	3-yr avg	3-yr avg	3-yr avg
Required employee contribution rate	6.25%	11.5%	11.5%
Required employer contribution rate	20.521%	11.5%	11.5%

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 10 – EMPLOYEE BENEFITS – continued

Total current payroll for covered employees for the fiscal year ended June 30, 2014 was \$11,829,087 and the total payroll for all employees was \$13,541,988.

Audited annual financial statements and ten-year trend information for the fiscal year ended June 30, 2014, the most recent available, are available from PERS at P.O. Box 942709, Sacramento, CA 94229-2709.

B. Post Employment Benefits

In addition to the pension benefits described above, the City Council has adopted resolutions making health care insurance benefits available for all retired full time City employees regardless of bargaining affiliation if they so desire. Providing health care benefits under the City's group health plan may provide benefits at a substantially lower cost than if the retirees purchased their own individual benefit. This obligation to make coverage available under the City's group health plan is discontinued at such time as the retiree reaches age sixty-five or receives health insurance coverage from another employer. In accordance with adopted wage and benefit agreements, the City contributes toward retiree health insurance premiums as follows: 1) Management, Police, Fire, and SEIU employees receive up to \$500 per month. Management employees hired after January 1, 2012 will not receive this benefit. The City contributions may be used to defray premium cost for either the City provided plan(s) or other plan(s) secured by retiree. Each retiree choosing to receive City provided health care insurance must reimburse the City the full premium cost that exceed the City's contribution as detailed above.

The City is required to record the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate as a percent of annual covered payroll is to be determined.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 10 – EMPLOYEE BENEFITS – continued

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>ICMA Trust Balance</u>	<u>Net OPEB Asset/ (Liability)</u>	<u>% of Annual OPEB Cost Contributed</u>
6/30/2009	\$ 590,737	\$ 419,851	\$ 838,806	\$ 248,069	71%
6/30/2010	\$ 590,737	\$ 477,396	\$ 1,208,840	\$ 27,366	81%
6/30/2011	\$ 636,687	\$ 477,399	\$ 1,675,786	\$ (142,375)	75%
6/30/2012	\$ 636,687	\$ 477,399	\$ 1,885,869	\$ (568,979)	75%
6/30/2013	\$ 678,636	\$ 477,399	\$ 2,282,717	\$ (850,767)	70%
6/30/2014	\$ 678,636	\$ 477,399	** \$ 2,821,640	\$ (990,480)	70%

** Difference between actual contribution and OPEB liability satisfied is due to gain/(loss) on investment.

The funded status of the plan is as follows:

<u>Valuation Date</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Asset Value</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/2014	\$ 8,309,436	\$ 2,821,640	\$ 5,487,796	34%	\$ 11,829,087	46%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, shows whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 10 – EMPLOYEE BENEFITS – continued

In the June 30, 2014, actuarial valuation, the Projected Unit Credit Cost Method was used. The actuarial assumptions included a six percent investment rate of return and the plan unfunded actuarial accrued liability is being amortized over a 30-year amortization period.

The City did pre-fund retiree healthcare costs and the City did establish an irrevocable trust for retiree healthcare costs with ICMA.

C. Deferred Compensation Plans

City employees may defer a portion of their compensation under one separate, optional City-sponsored deferred compensation plan – ICMA - created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death, or in an emergency as defined by the plans.

Effective January 1, 1998, the law governing deferred compensation plan assets now require plan assets to be held for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these new plans are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

In accordance with adopted wage and benefit agreements, the City makes contributions to optional City-sponsored deferred compensation plans for management. For all managers, the City contributes \$4,200 annually. In addition to the \$4,200, the City will match up to \$2,500 in additional contributions for executive managers. All SEIU employees shall be eligible to participate in the deferred compensation program. Effective January 1, 2007, the City will match employee contributions to a maximum of \$20.00 per pay period. For the fiscal year ended June 30, 2014, the total City contribution on behalf of eligible employees was \$171,610.

D. Section 125 Benefit Plan

The City has a 125 benefit plan established pursuant to Section 125 of the IRS code. Under this plan, eligible employees may elect to contribute pre-tax dollars into any combination of the following two benefit categories:

1. Unreimbursed Medical Spending Account
2. Dependent Day Care Spending Account

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 10 – EMPLOYEE BENEFITS – continued

Under no circumstances may an employee direct more than \$5,000 annually into the Dependent Day Care Spending Account and more than \$2,500 into the Unreimbursed Medical Spending Account. All regular full-time employees employed on a regular and continuous basis, including certain contractual employees, are eligible to participate in this plan. Temporary and casual employees are not eligible. The plan year adopted by the City begins on January 1 and ends December 31. To obtain reimbursement of expenses incurred within a plan year within the spending accounts, employees must submit claims within 90 days of the end of the plan year or separation of service from the City, whichever occurs first. Funds unclaimed after 90 days of the close of the plan year are then remitted to the City.

E. Compensated Absences

The City's policy relating to compensated absences is described in Note 1. The long-term portion of this debt, amounting to \$2,120,484 for governmental activities and \$394,607 for business-type activities at June 30, 2014, is expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the general fund and the proprietary funds.

NOTE 11 – FUND BALANCES

A. Fund Balances

The fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the City's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 11 – FUND BALANCES – continued

Assigned Fund Balance - represents amounts which the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official, City Manager or Administrative Services Director, or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the City.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

As of June 30, 2014, the following funds had deficit fund balances:

Major Fund:

Highway 101/46 West Community Facilities District Fund	\$ 10,444,765
Specific Plans Fund	65,288

Nonmajor Fund:

Airport Road PSR Fund	190,179
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CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 12 – FUNDS WITH EXPENDITURES EXCEEDING APPROPRIATIONS

The following individual fund and department expenditures exceeded appropriations during the fiscal year:

Major Funds:

Highway 101/46 West Community Facilities District Fund	\$	134,455
Public Facilities Development Fund		26,149
Measure D GO Bonds Debt Service Fund		3

Nonmajor Funds:

City/School Facility Improvement Fund		2,873
Citizens Option Public Safety Fund		63,897
Police Grants Fund		10,534
Youth Scholarship Fund		15,235
Community Facilities District Operations Fund		4,502
Landscape and Lighting District Fund		25,583
Oak Tree Preservation Fund		625

NOTE 13 - LITIGATION AND CONTINGENCIES

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when they become fixed or determined in amount. While the City is a defendant in a number of lawsuits arising out of the normal course of business, their outcome cannot be predicted. In the opinion of the City Attorney, these actions when finally adjudicated will not have a material adverse impact on the financial position of the City.

NOTE 14 – NACIMIENTO WATER PROJECT

The City of Paso Robles has entered into a contract with the San Luis Obispo County Financing Authority (Authority). The Authority was created on August 15, 2000, to issue bonds for the purpose of financing part or all of the costs of the purchase, construction, expansion, improvement, or rehabilitation of any real or other tangible property. The Authority issued \$196,410,000 (\$157,845,000 Revenue Bonds, 2007 Series A and \$38,565,000 Revenue Bonds, 2007 Series B) for the Nacimiento Water Project on September 26, 2007. The City of Paso Robles is considered a participating agency of the Authority. The City's share of the Nacimiento Water Project is based upon the participating agency's share of the quantity of water to be distributed by the Authority from the Nacimiento Lake. The City is obligated to pay for the debt service of the Authority

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 14 – NACIMIENTO WATER PROJECT – continued

based on their water share. The City is further obligated to make contract payments until the year 2040. The future minimum contract payments for the debt service are as follows:

Nacimiento Water Project	
Year End	Net Annual Debt
June 30	Service
2015	\$ 4,225,989
2016	4,226,789
2017	4,228,814
2018	4,226,439
2019	4,225,689
2020-2024	21,132,946
2025-2029	21,123,696
2030-2034	21,120,321
2035-2039	21,129,946
2040-2041	4,122,628
	<u>\$ 109,763,257</u>

In addition, The Nacimiento Water Project contract requires that a deposit fund be created with the County should an agency's water rates not cover 1.25 times the required annual debt service. The City of Paso Robles rate structure was designed to increase over a 5-year period, thus allowing its customers to acclimate to the rate increases rather than implement a dramatic increase in one year. The City's Water Fund had enough reserves such that it created a deposit account with the County for approximately \$1.5 million. These funds will be held until the City's water rates are sufficient to meet the debt covenants in the contract. It is estimated that the City will receive the funds back from the County in FY15 or FY16. These funds will then be returned to the Water Fund reserve account.

NOTE 15 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill IX 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 15 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY - continued

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government.

On January 17, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution Number 12-005.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Notes Receivable

In 1991 and 1992 a Façade Improvement program was implemented. Over \$96,000 was spent to improve the façade of downtown businesses within the redevelopment area. This successful program was approved again in 1999 with a \$25,000 loan. These loans are payable when a property sells or transfers. The balance at June 30, 2014 is \$40,282.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 15 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY – continued

In 2007, a long-term, zero-interest loan, forgivable loan for \$1.2 million was given to the Chet Dotter Senior Housing. This was for a 40 unit senior housing project within the project area. The balance at June 30, 2014 is \$1,200,000.

The former Agency loaned \$3,500 to one local family to rehabilitate their home in the project area. The terms of the agreement specify that the family does not have to make payments on the loan. If the family moves or transfers the property, the loan balance becomes immediately payable to the Agency. The balance at June 30, 2014 is \$3,500.

Tax Allocation Bonds – On September 16, 1996, \$3,630,000 Tax Allocation Refunding Bonds were issued by the Agency to refund bonds originally issued in 1991 to repay advances and loans received by the Agency from the City. The outstanding bonds bear a net interest cost of 5.50% and are due in annual installments ranging from \$70,000 to \$255,000 through January 1, 2022. These bonds were refunded with the 2009 Tax Allocation Bonds.

On October 3, 2000, \$4,090,000 Tax Allocation Bonds were issued by the Agency to repay advances and loans received by the Agency from the City and provide funds for the widening of Niblick Bridge from two to four lanes. The outstanding bonds bear a net interest cost of 5.25% and are due in annual installments ranging from \$20,000 to \$485,000 through January 1, 2028. These bonds are payable from property tax increment revenues.

On August 4, 2009, the Redevelopment Agency of the City of El Paso de Robles issued \$9,330,000 of 2009 Series A Tax Allocation Bonds, and \$2,785,000 of 2009 Series B with interest rates ranging from 4.750% to 6.500% to currently refund prior 1996 Tax Allocation Bonds with interest rates ranging from 5.250% to 5.625% and a par value of \$2,320,000. The 1996 Tax Allocation Bonds mature annually on July 1 between 2010 and 2021. The 1996 Tax Allocation Bonds were called on September 4, 2009. The 2009 Tax Allocation Bonds were issued at a discount of (\$105,005) and, after paying issuance costs of \$134,771 and underwriter's discount of \$94,935, the net proceeds were \$8,995,289. A portion of the net proceeds from the issuance of the 2009 Tax Allocation Bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 1996 Tax Allocation Bonds were called on September 4, 2009. The current refunding met the requirements of an in-substance defeasance. As a result of the current refunding, Agency restructured its total debt service which resulted in a savings on interest costs.

The future minimum payment obligation for the tax allocation bonds payable is as follows:

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 15 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY – continued

Fiscal Year Ending June 30	Principal	Interest	Total
2015	\$ 440,000	\$ 799,269	\$ 1,239,269
2016	445,000	778,159	1,223,159
2017	450,000	754,939	1,204,939
2018	460,000	729,933	1,189,933
2019	465,000	704,806	1,169,806
2020-2024	2,755,000	3,143,818	5,898,818
2025-2029	3,935,000	2,145,838	6,080,838
2030-2034	2,295,000	1,295,366	3,590,366
2035-2039	2,795,000	461,336	3,256,336
Total	<u>\$ 14,040,000</u>	<u>\$ 10,813,464</u>	<u>\$ 24,853,464</u>

NOTE 16 – RELATED PARTY TRANSACTIONS

Assistant City Manager Meg Williamson is the spouse of Hugh Williamson, the Service Manager for Paso Robles Ford. During the fiscal year 2013-2014 Paso Robles Ford provided \$32,234 worth of automotive parts and service to the City. Ms. Williamson is not consulted, nor does she advise, on any part of expenses with Paso Robles Ford and the City of Paso Robles.

NOTE 17 – PUBLIC EMPLOYEES RETIREMENT SYSTEM SIDE FUND

At the time the City joined the Public Employees Retirement System (PERS) risk Pool, a side fund was required to be created to account for the difference between the funded status of the pool and the funded status of the City's plan, in addition to the existing plans unfunded liability. The side fund will be credited, on an annual basis, with the actuarial investment return assumption which was 7.75% prior to July 1, 2012 and 7.5% after that date. A side fund liability will cause the city's required PERS employer contribution rate to be increased by the amortization of the side fund. The side fund liability for the City's plan as of June 30, 2014 was \$2,976,578.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 18 – NET POSITION

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is *net investment in capital assets* consist of capital assets, net accumulated depreciation, and reduced by the outstanding principal of related debt. *Restricted net position* is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. *Unrestricted net position* consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

NOTE 19 – NORTH COUNTY TRANSIT CONSOLIDATION

The fixed assets, with a book value of \$977,070 and actual public transit services for the City of Paso Robles, were transferred to San Luis Obispo Regional Transit Authority (SLORTA) in June of 2014. After a recent North County transit study, it was determined that for efficiency of service and economies of scale, it would be best to transfer the City's public transit operations to the County's regional transit operator. The services that were transferred were the fixed-route service and the demand-response, or Dial-A-Ride service. All of the City's fixed assets, which included the fixed-route buses, Dial-A-Ride vans, and all bus stops/equipment, and remaining vehicle parts inventory, were also transferred to SLORTA in June 2014. The City does retain the oversight of the system in terms of how many bus routes, etc. are wanted in the City, however, all daily operations and budgeting is under the direction of SLORTA.

NOTE 20 – PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of (\$1,736,755) was made to the Governmental Activities which affects the Government-Wide Statement of Activities due to 1) an adjustment of (\$835,944) was made to the PERS side fund liability due to a change in valuation resulting from a change in the retirement formula and 2) an adjustment of (\$900,811) was made to remove the bond issuance deferred charges, as per GASB Statement 65, costs of issuance are no longer expensed when incurred.

A prior period adjustment of \$155 was made to the Business-type Activities – Enterprise Funds which affects the Government-Wide Statement of Activities due to 1) an adjustment of (\$182,316) was made to remove the costs of issuance, per GASB Statement 65 and 2) an adjustment of \$182,471 was made to fixed assets/accumulated depreciation due to over accumulation from the prior year in Transit Funds.

CITY OF EL PASO DE ROBLES

Notes to the Basic Financial Statements

June 30, 2014

NOTE 20 – PRIOR PERIOD ADJUSTMENTS - continued

A prior period adjustment of (\$263,878) was made to the Fiduciary Private-Purpose Trust Funds which affects the Statement of Changes in Fiduciary Net Position which was due to an adjustment to remove the costs of issuance, per GASB Statement 65.

NOTE 21 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available for issuance which is January 23, 2015.



Required Supplemental Information

CITY OF EL PASO DE ROBLES
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 22,476,000	\$ 22,476,000	\$ 23,567,346	\$ 1,091,346
Licenses and permits	975,000	975,000	952,686	(22,314)
Fines and forfeitures	193,000	193,000	202,049	9,049
Uses of money and property	385,000	385,000	431,840	46,840
From other agencies	616,200	1,609,200	3,159,344	1,550,144
Charges for current services	860,000	860,000	846,132	(13,868)
Other	1,079,000	1,079,000	1,167,568	88,568
Total Revenues	<u>26,584,200</u>	<u>27,577,200</u>	<u>30,326,965</u>	<u>2,749,765</u>
EXPENDITURES				
Current:				
General government	3,287,200	3,306,600	1,915,473	1,391,127
Public safety	15,303,000	15,303,000	14,424,981	878,019
Public works	4,697,600	5,171,000	3,690,179	1,480,821
Library and recreation services	3,335,200	3,335,200	3,417,494	(82,294)
Community development	1,254,400	1,254,400	1,390,015	(135,615)
Debt service	259,500	259,500	259,480	20
Capital outlay	209,200	3,490,283	4,831,084	(1,340,801)
Total Expenditures	<u>28,346,100</u>	<u>32,119,983</u>	<u>29,928,706</u>	<u>2,191,277</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,761,900)</u>	<u>(4,542,783)</u>	<u>398,259</u>	<u>4,941,042</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	745,800	745,800	1,218,676	472,876
Operating transfer out	(538,000)	(808,139)	(808,131)	8
Proceeds from capital leases			137,133	137,133
Total Other Financing Source (Uses)	<u>207,800</u>	<u>(62,339)</u>	<u>547,678</u>	<u>610,017</u>
Net Change in Fund Balances	<u>(1,554,100)</u>	<u>(4,605,122)</u>	<u>945,937</u>	<u>5,551,059</u>
Fund Balances - July 1	16,417,093	16,417,093	16,417,093	
Fund Balances - June 30	<u>\$ 14,862,993</u>	<u>\$ 11,811,971</u>	<u>\$ 17,363,030</u>	<u>\$ 5,551,059</u>

Postemployment Healthcare Schedule of Funding Progress:

The following table provides required supplemental information regarding the City's postemployment healthcare benefits.

<u>Valuation Date</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Asset Value</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/2008	\$ 5,053,094	\$ 652,905	\$ 4,400,189	13%	\$ 13,864,493	32%
6/30/2010	\$ 6,282,007	\$ 1,208,840	\$ 5,073,167	19%	\$ 14,300,837	35%
6/30/2012	\$ 7,538,166	\$ 1,885,869	\$ 5,652,297	25%	\$ 12,624,001	45%
6/30/2014	\$ 8,309,436	\$ 2,821,640	\$ 5,487,796	34%	\$ 11,829,087	46%

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Supplemental Information

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenues that are restricted by law or administrative actions to expenditures for specified purposes. Nonmajor special revenue funds used by the City are listed below:

Supplemental 1/2 Cent Sales Tax - to account for the funds collected from the citizen-approved transaction/use tax. Approved in November 2012 and collections beginning in April 2013. Funds may be used for any general City operation.

City/School Facility Improvement Fund - to account for funds to be set aside for major maintenance and repairs of joint use facilities in accordance with each facility use agreement with the Paso Robles School District for the purpose of repair and long term maintenance of recreation public facilities.

Citizens Option Public Safety Fund - to account for State AB 3229 funds. Funds must be held in an interest bearing account until utilized to provide the City's matching share of Federal Citizens Option Public Safety grant.

Police Grants Fund - to account for public safety grants.

State Gas Tax Fund - to account for receipts and expenditures of money apportioned under Streets and Highway Code Sections 2105, 2106, 2107, and 2107.5 of the State of California.

Transportation Development Act Fund - to account for the receipt and expenditure of the 1/4% sales tax levied statewide for local transportation purposes. In 1971, the 6% sales tax levy was extended to gasoline purchases and is divided into two categories; Article 8a, which is used for streets and roads, and Article 8c, which is restricted for transit purposes.

Community Development Block Grant Fund - to account for Federal grant funds received from the Department of Housing and Urban Development for the rehabilitation of low and moderate income housing and the elimination of blight in the City.

Youth Scholarship Fund - to account for revenues and expenditures associated with grants to recreation program participants who are unable to pay their own participation fees.

Landscape and Lighting District Fund - to account for City's benefit assessment district which was established to finance the ongoing maintenance and operational costs of street lighting and landscaped mediums and parkways, etc.

Building Department Special Fees Fund - to account for Building Department electronic archiving fees, permit automation fees, and nexus study fees.

City Facility Repair Fund - to account for funds generated by a \$2.00 surcharge assessed on and collected from each recreation program participant for the purpose of repair and long term maintenance of recreation public facilities. General Fund also makes a contribution.

Landfill Closure/Postclosure Fund - to account for funds set-aside by the City to cover any landfill contingencies that might arise after "decommissioning" the landfill as an enterprise fund operation. Funds come from General Fund landfill franchise fees.

General Services Community Facilities District Fund - to account for funds provided by special taxes on new residential development for City services.

Art in Public Places Fund - to account for funds generated by a 1% surcharge on all public facility construction.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS - continued

Downtown Parking in Lieu Fee Fund - to account for funds deposited with new or expanded downtown development that chooses to pay a Council authorized fee in lieu of providing all or a portion of their required on-site parking.

Oak Tree Preservation Fund - to account for funds collected for oak tree preservation.

Cal Home Loan Fund - to account for funds dispersed for this home loan program.

Public Works Grants Fund - to account for various public works grant funds.

Prop 1B Public Transportation Fund - to account for Prop 1B transportation funds per State of California requirements.

CAPITAL PROJECTS FUNDS

Capital projects funds are restricted, committed or assigned for capital outlay and include:

Park Development Fund - to account for the fees assessed and collected upon the issuance of a City building permit. Funds are used to acquire or construct park and recreation facilities throughout the City.

Storm Drain Development Fund - to account for the fees assessed and collected upon the issuance of a City building permit. Funds are used to construct storm drain facilities throughout the City.

Airport Road PSR Fund - to account for expenditures associated with the Project Study Report (PSR) for the intersection of Highway 46 East and Airport Road.

Bike and Pedestrian Path Fund - to account for the fees assessed and collected upon the issuance of a City building permit. Funds are used to construct bike and pedestrian paths throughout the City.

DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources for and the payment of general long-term debt principal and interest.

1993 Public Facilities Fund - to account for long-term debt service transactions relating to the construction of Centennial Park. Certificates of participation were first issued in 1988 and were refunded in this issue which included an additional, new amount issued to construct a new municipal library and city hall.

CITY OF EL PASO DE ROBLES
Combining Governmental Balance Sheet
Nonmajor Governmental Funds
Summary by Fund Type
June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 8,215,970	\$ 1,482,226	\$ 14,762	\$ 9,712,958
Cash and investments with fiscal agent			417,082	417,082
Accounts receivable	787,390			787,390
Due from private-purpose trust fund		168,211		168,211
Loan contracts receivable	1,174,585	114,508		1,289,093
Total Assets	<u>\$ 10,177,945</u>	<u>\$ 1,764,945</u>	<u>\$ 431,844</u>	<u>\$ 12,374,734</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 198,942	\$ -	\$ -	\$ 198,942
Accrued payroll expenses	4,450			4,450
Advances payable		190,179		190,179
Total Liabilities	<u>203,392</u>	<u>190,179</u>		<u>393,571</u>
Deferred Inflows of Resources:				
Unavailable loan contracts receivable	1,174,585	282,719		1,457,304
Total Deferred Inflows of Resources	<u>1,174,585</u>	<u>282,719</u>		<u>1,457,304</u>
Fund Balances (Deficits):				
Restricted for:				
Debt service			431,844	431,844
Community development	211,171			211,171
Capital projects	6,852,353	1,482,226		8,334,579
Public safety	176,913			176,913
Library and recreation	13,102			13,102
Public works	1,397,024			1,397,024
Assigned to capital projects	149,405			149,405
Unassigned		(190,179)		(190,179)
Total Fund Balances	<u>8,799,968</u>	<u>1,292,047</u>	<u>431,844</u>	<u>10,523,859</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,177,945</u>	<u>\$ 1,764,945</u>	<u>\$ 431,844</u>	<u>\$ 12,374,734</u>

CITY OF EL PASO DE ROBLES
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

	Measure F12 Supplemental 1/2% Sales Tax	City/School Facility Improvement	Citizens Option Public Safety	Police Grants	State Gas Tax	Transportation Development Act	Community Development Block Grant
ASSETS							
Cash and investments	\$ 3,079,745	\$ 42,143	\$ 149,183		\$ 263,444	\$ 92,403	\$ 103,274
Accounts receivable	614,900		27,730	6,373	95,541		12,412
Loan contracts receivable							778,233
Total Assets	<u>\$ 3,694,645</u>	<u>\$ 42,143</u>	<u>\$ 176,913</u>	<u>\$ 6,373</u>	<u>\$ 358,985</u>	<u>\$ 92,403</u>	<u>\$ 893,919</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 185,246	\$ -	\$ -	\$ 6,373	\$ -	\$ -	17
Accrued payroll expenses							2,523
Total Liabilities	<u>185,246</u>			<u>6,373</u>			<u>2,540</u>
Deferred Inflows of Resources:							
Unavailable loan contracts receivable							778,233
Total Deferred Inflows of Resources							<u>778,233</u>
Fund Balances (Deficits):							
Restricted for:							
Community development							113,146
Capital projects	3,509,399	42,143			358,985	92,403	
Public safety			176,913				
Library and recreation							
Public works							
Assigned to capital projects							
Total Fund Balances	<u>3,509,399</u>	<u>42,143</u>	<u>176,913</u>		<u>358,985</u>	<u>92,403</u>	<u>113,146</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,694,645</u>	<u>\$ 42,143</u>	<u>\$ 176,913</u>	<u>\$ 6,373</u>	<u>\$ 358,985</u>	<u>\$ 92,403</u>	<u>\$ 893,919</u>

CITY OF EL PASO DE ROBLES
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

	Youth Scholarship	Landscape and Lighting District	Landfill Closure/ Postclosure	Building Department Special Fees	Other Funds	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and investments	\$ 13,102	\$ 821,180	\$ 2,315,221	\$ 543,743	\$ 792,532	\$ 8,215,970
Accounts receivable		30,434				787,390
Loan contracts receivable				2,452	393,900	1,174,585
Total Assets	<u>\$ 13,102</u>	<u>\$ 851,614</u>	<u>\$ 2,315,221</u>	<u>\$ 546,195</u>	<u>\$ 1,186,432</u>	<u>\$ 10,177,945</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 7,306	\$ -	\$ -	\$ -	\$ 198,942
Accrued payroll expenses		1,927				4,450
Total Liabilities		<u>9,233</u>				<u>203,392</u>
Deferred Inflows of Resources:						
Unavailable loan contracts receivable				2,452	393,900	1,174,585
Total Deferred Inflows of Resources				<u>2,452</u>	<u>393,900</u>	<u>1,174,585</u>
Fund Balances (Deficits):						
Restricted for:						
Community development					98,025	211,171
Capital projects			2,315,221		534,202	6,852,353
Public safety						176,913
Library and recreation	13,102					13,102
Public works		842,381		543,743	10,900	1,397,024
Assigned to capital projects					149,405	149,405
Total Fund Balances	<u>13,102</u>	<u>842,381</u>	<u>2,315,221</u>	<u>543,743</u>	<u>792,532</u>	<u>8,799,968</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,102</u>	<u>\$ 851,614</u>	<u>\$ 2,315,221</u>	<u>\$ 546,195</u>	<u>\$ 1,186,432</u>	<u>\$ 10,177,945</u>

CITY OF EL PASO DE ROBLES
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2014

	Park Development	Storm Drain Development	Airport Road PSR	Bike and Pedestrian Path	Total Nonmajor Capital projects funds
ASSETS					
Cash and investments	\$ 1,356,255	\$ 101,909	\$ -	\$ 24,062	\$ 1,482,226
Due from private-purpose trust fund	148,196			20,015	168,211
Loan contracts receivable	114,508				114,508
Total Assets	<u>\$ 1,618,959</u>	<u>\$ 101,909</u>	<u>\$ -</u>	<u>\$ 44,077</u>	<u>\$ 1,764,945</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Advances payable	\$ -	\$ -	\$ 190,179	\$ -	\$ 190,179
Total Liabilities			<u>190,179</u>		<u>190,179</u>
Deferred Inflows of Resources:					
Unavailable loan contracts receivable	262,704			20,015	282,719
Total Deferred Inflows of Resources	<u>262,704</u>			<u>20,015</u>	<u>282,719</u>
Fund Balances (Deficits):					
Restricted for:					
Capital projects	1,356,255	101,909		24,062	1,482,226
Unassigned			(190,179)		(190,179)
Total Fund Balances (Deficits)	<u>1,356,255</u>	<u>101,909</u>	<u>(190,179)</u>	<u>24,062</u>	<u>1,292,047</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,618,959</u>	<u>\$ 101,909</u>	<u>\$ -</u>	<u>\$ 44,077</u>	<u>\$ 1,764,945</u>

CITY OF EL PASO DE ROBLES
 Balance Sheet
 Nonmajor Debt Service Funds
 June 30, 2014

	1993 Public Facilities Debt Service
ASSETS	
Cash and investments	\$ 14,762
Cash and investments with fiscal agent	417,082
Total Assets	\$ 431,844
 LIABILITIES	
Total Liabilities	\$ -
 FUND BALANCE (DEFICIT)	
Restricted	431,844
Total Fund Balance (Deficit)	431,844
 Total Liabilities and Fund Balance (Deficit)	\$ 431,844

CITY OF EL PASO DE ROBLES
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Summary by Fund Type
For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 6,039,590	\$ -	\$ -	\$ 6,039,590
Uses of money and property	148,225	24,497	3,565	176,287
From other agencies	1,356,152			1,356,152
Charges for current services	49,950	141,880		191,830
Other	10,335			10,335
Total Revenues	<u>7,604,252</u>	<u>166,377</u>	<u>3,565</u>	<u>7,774,194</u>
EXPENDITURES				
Public safety	60,028			60,028
Public works	1,429,087	11		1,429,098
Library and recreation services	15,235			15,235
Community development	134,055			134,055
Debt service		2,447	312,989	315,436
Capital outlay	1,738,310	19,400		1,757,710
Total Expenditures	<u>3,376,715</u>	<u>21,858</u>	<u>312,989</u>	<u>3,711,562</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,227,537</u>	<u>144,519</u>	<u>(309,424)</u>	<u>4,062,632</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	411,739			411,739
Operating transfer out	(2,043,884)			(2,043,884)
Transfer from the Successor Agency to the Redevelopment Agency			312,996	312,996
Total Other Financing Source (Uses)	<u>(1,632,145)</u>		<u>312,996</u>	<u>(1,319,149)</u>
Net Change in Fund Balances	2,595,392	144,519	3,572	2,743,483
Fund Balances - July 1	6,204,576	1,147,528	428,272	7,780,376
Fund Balances - June 30	<u>\$ 8,799,968</u>	<u>\$ 1,292,047</u>	<u>\$ 431,844</u>	<u>\$ 10,523,859</u>

CITY OF EL PASO DE ROBLES
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014

	Measure F12 Supplemental 1/2% Sales Tax	City/School Facility Improvement	Citizens Option Public Safety	Police Grants	State Gas Tax	Transportation Development Act	Community Development Block Grant
REVENUES							
Taxes	\$ 4,420,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uses of money and property	54,613	5,702	2,442		7,583	1,507	
From other agencies			106,230	8,208	981,688	28,630	231,396
Charges for current services							
Other							1,000
Total Revenues	4,475,073	5,702	108,672	8,208	989,271	30,137	232,396
EXPENDITURES							
Current:							
Public safety			49,494	10,534			
Public works	303	2,873					
Library and recreation services							
Community development							129,553
Capital outlay	934,883		14,403		530,500		258,524
Total Expenditures	935,186	2,873	63,897	10,534	530,500		388,077
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,539,887	2,829	44,775	(2,326)	458,771	30,137	(155,681)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	270,139						16,600
Operating transfer out	(739,300)				(1,067,586)		
Total Other Financing Source (Uses)	(469,161)				(1,067,586)		16,600
Net Change in Fund Balances	3,070,726	2,829	44,775	(2,326)	(608,815)	30,137	(139,081)
Fund Balances - July 1	438,673	39,314	132,138	2,326	967,800	62,266	252,227
Fund Balances - June 30	\$ 3,509,399	\$ 42,143	\$ 176,913	\$ -	\$ 358,985	\$ 92,403	\$ 113,146

CITY OF EL PASO DE ROBLES
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2014

	Youth Scholarship	Landscape and Lighting District	Landfill Closure/ Postclosure	Building Department Special Fees	*Other Funds	Total Nonmajor Special Revenue Funds
REVENUES						
Taxes	\$ -	\$ 1,532,306	\$ -	\$ -	\$ 86,824	\$ 6,039,590
Uses of money and property	259	12,917	38,825	9,164	15,213	148,225
From other agencies						1,356,152
Charges for current services				42,629	7,321	49,950
Other	8,935				400	10,335
Total Revenues	9,194	1,545,223	38,825	51,793	109,758	7,604,252
EXPENDITURES						
Current:						
Public safety						60,028
Public works		1,401,183		24,103	625	1,429,087
Library and recreation services	15,235					15,235
Community development					4,502	134,055
Capital outlay						1,738,310
Total Expenditures	15,235	1,401,183		24,103	5,127	3,376,715
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,041)	144,040	38,825	27,690	104,631	4,227,537
OTHER FINANCING SOURCES (USES)						
Operating transfers in			125,000			411,739
Operating transfer out					(236,998)	(2,043,884)
Total Other Financing Source (Uses)			125,000		(236,998)	(1,632,145)
Net Change in Fund Balances	(6,041)	144,040	163,825	27,690	(132,367)	2,595,392
Fund Balances - July 1	19,143	698,341	2,151,396	516,053	924,899	6,204,576
Fund Balances - June 30	\$ 13,102	\$ 842,381	\$ 2,315,221	\$ 543,743	\$ 792,532	\$ 8,799,968

* Other Funds - includes City Facility Repair, General Services Community Facilities District, Art in Public Places, Downtown Parking In Lieu, Oak Tree Preservation, Cal Home Loan Program, Public Works Grants, and Prop 1B Transportation.

CITY OF EL PASO DE ROBLES
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2014

	Park Development	Storm Drain Development	Airport Road PSR	Bike and Pedestrian Path	Total Nonmajor Capital projects funds
REVENUES					
Uses of money and property	\$ 22,450	\$ 1,669	\$ -	\$ 378	\$ 24,497
Charges for current services	112,840	15,353		13,687	141,880
Total Revenues	<u>135,290</u>	<u>17,022</u>		<u>14,065</u>	<u>166,377</u>
EXPENDITURES					
Public works	11				11
Debt service			2,447		2,447
Capital outlay	19,400				19,400
Total Expenditures	<u>19,411</u>		<u>2,447</u>		<u>21,858</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	115,879	17,022	(2,447)	14,065	144,519
Fund Balances - July 1	1,240,376	84,887	(187,732)	9,997	1,147,528
Fund Balances - June 30	<u>\$ 1,356,255</u>	<u>\$ 101,909</u>	<u>\$ (190,179)</u>	<u>\$ 24,062</u>	<u>\$ 1,292,047</u>

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Fund
For the Fiscal Year Ended June 30, 2014

	1993 Public Facilities Debt Service
REVENUES	
Uses of money and property	\$ 3,565
Total Revenues	3,565
 EXPENDITURES	
Debt service	312,989
Total expenditures	312,989
Excess (Deficiency) of Revenues Over (Under) Expenditures	(309,424)
 OTHER FINANCING SOURCES (USES)	
Transfer from the Successor Agency to the Redevelopment Agency	312,996
Total Other Financing Source (Uses)	312,996
Net Change in Fund Balances	3,572
Fund Balance - July 1	428,272
Fund Balance - June 30	\$ 431,844

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	Measure F12 Supplemental 1/2% Sales Tax		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 3,500,000	\$ 4,420,460	\$ 920,460
Uses of money and property		54,613	54,613
Total Revenues	3,500,000	4,475,073	975,073
EXPENDITURES			
Public works		303	(303)
Capital outlay	3,270,139	934,883	2,335,256
Total Expenditures	3,270,139	935,186	2,334,953
Excess (Deficiency) of Revenues Over (Under) Expenditures	229,861	3,539,887	3,310,026
OTHER FINANCING SOURCES (USES)			
Operating transfers in	270,139	270,139	
Operating transfers out	(285,000)	(739,300)	(454,300)
Total Other Financing Source (Uses)	(14,861)	(469,161)	(454,300)
Net Change in Fund Balances	215,000	3,070,726	2,855,726
Fund Balance - July 1	438,673	438,673	
Fund Balance - June 30	\$ 653,673	\$ 3,509,399	\$ 2,855,726

CITY OF EL PASO DE ROBLES

Non-Major Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2014

	City/School Facility Improvement Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ 5,300	\$ 5,702	\$ 402
Total Revenues	5,300	5,702	402
EXPENDITURES			
Public works		2,873	(2,873)
Total Expenditures		2,873	(2,873)
Net Change in Fund Balances	5,300	2,829	(2,471)
Fund Balance - July 1	39,314	39,314	
Fund Balance - June 30	\$ 44,614	\$ 42,143	\$ (2,471)

CITY OF EL PASO DE ROBLES

Non-Major Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Citizens Option Public Safety Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ 1,000	\$ 2,442	\$ 1,442
From other agencies	100,000	106,230	6,230
Total Revenues	101,000	108,672	7,672
EXPENDITURES			
Public safety		49,494	(49,494)
Capital outlay		14,403	(14,403)
Total Expenditures		63,897	(63,897)
Net Change in Fund Balances	101,000	44,775	(56,225)
Fund Balance - July 1	132,138	132,138	
Fund Balance - June 30	\$ 233,138	\$ 176,913	\$ (56,225)

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	Police Grants Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
From other agencies	\$ -	\$ 8,208	\$ 8,208
Total Revenues		8,208	8,208
EXPENDITURES			
Public safety		10,534	(10,534)
Total Expenditures		10,534	(10,534)
Net Change in Fund Balances		(2,326)	(2,326)
Fund Balance - July 1	2,326	2,326	
Fund Balance - June 30	\$ 2,326	\$ -	\$ (2,326)

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	State Gas Tax Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ 2,000	\$ 7,583	\$ 5,583
From other agencies	883,000	981,688	98,688
Total Revenues	<u>885,000</u>	<u>989,271</u>	<u>104,271</u>
EXPENDITURES			
Public works	35,000		35,000
Capital outlay	937,300	530,500	406,800
Total Expenditures	<u>972,300</u>	<u>530,500</u>	<u>441,800</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(87,300)</u>	<u>458,771</u>	<u>546,071</u>
OTHER FINANCING SOURCES (USES)			
Operating transfer out	(1,083,000)	(1,067,586)	15,414
Total Other Financing Source (Uses)	<u>(1,083,000)</u>	<u>(1,067,586)</u>	<u>15,414</u>
Net Change in Fund Balances	(1,170,300)	(608,815)	561,485
Fund Balance - July 1	967,800	967,800	
Fund Balance - June 30	<u>\$ (202,500)</u>	<u>\$ 358,985</u>	<u>\$ 561,485</u>

CITY OF EL PASO DE ROBLES

Non-Major Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Transportation Development Act Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ -	\$ 1,507	\$ 1,507
From other agencies	28,600	28,630	30
Total Revenues	28,600	30,137	1,537
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,600	30,137	1,537
Fund Balance - July 1	62,266	62,266	
Fund Balance - June 30	\$ 90,866	\$ 92,403	\$ 1,537

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	Community Development Block Grant Fund		
	Final	Actual	Variance with Final Budget
REVENUES			
From other agencies	\$ 167,000	\$ 231,396	\$ 64,396
Other	2,500	1,000	(1,500)
Total Revenues	169,500	232,396	62,896
EXPENDITURES			
Community development	247,100	129,553	117,547
Capital outlay	310,300	258,524	51,776
Total Expenditures	557,400	388,077	169,323
Excess (Deficiency) of Revenues Over (Under) Expenditures	(387,900)	(155,681)	232,219
OTHER FINANCING SOURCES (USES)			
Operating transfers in	16,600	16,600	
Total Other Financing Source (Uses)	16,600	16,600	
Net Change in Fund Balances	(371,300)	(139,081)	232,219
Fund Balance - July 1	252,227	252,227	
Fund Balance - June 30	\$ (119,073)	\$ 113,146	\$ 232,219

The notes to financial statements are an integral part of this statement.

CITY OF EL PASO DE ROBLES

Non-Major Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Youth Scholarship Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ 1,000	\$ 259	\$ (741)
Other	8,000	8,935	935
Total Revenues	9,000	9,194	194
EXPENDITURES			
Library and recreation services		15,235	(15,235)
Total Expenditures		15,235	(15,235)
Net Change in Fund Balances	9,000	(6,041)	(15,041)
Fund Balance - July 1	19,143	19,143	
Fund Balance - June 30	\$ 28,143	\$ 13,102	\$ (15,041)

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

Landscape and Lighting District Fund			
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,400,000	\$ 1,532,306	\$ 132,306
Uses of money and property	300	12,917	12,617
Total Revenues	1,400,300	1,545,223	144,923
 EXPENDITURES			
Public works	1,375,600	1,401,183	(25,583)
Total Expenditures	1,375,600	1,401,183	(25,583)
Net Change in Fund Balances	24,700	144,040	119,340
Fund Balance - July 1	698,341	698,341	
Fund Balance - June 30	\$ 723,041	\$ 842,381	\$ 119,340

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	Landfill Closure/Postclosure Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ 21,000	\$ 38,825	\$ 17,825
Total Revenues	21,000	38,825	17,825
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,000	38,825	17,825
OTHER FINANCING SOURCES (USES)			
Operating transfers in	125,000	125,000	
Total Other Financing Source (Uses)	125,000	125,000	
Net Change in Fund Balances	146,000	163,825	17,825
Fund Balance - July 1	2,151,396	2,151,396	
Fund Balance - June 30	\$ 2,297,396	\$ 2,315,221	\$ 17,825

CITY OF EL PASO DE ROBLES

Non-Major Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Building Department Special Fees Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ 5,000	\$ 9,164	\$ 4,164
Charges for current services	37,500	42,629	5,129
Total Revenues	42,500	51,793	9,293
EXPENDITURES			
Public works	30,000	24,103	5,897
Total Expenditures	30,000	24,103	5,897
Net Change in Fund Balances	12,500	27,690	15,190
Fund Balance - July 1	516,053	516,053	
Fund Balance - June 30	\$ 528,553	\$ 543,743	\$ 15,190

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	City Facility Repair Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ 1,000	\$ 2,504	\$ 1,504
Charges for current services	9,000	7,321	(1,679)
Total Revenues	10,000	9,825	(175)
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,000	9,825	(175)
Fund Balance - July 1	139,580	139,580	
Fund Balance - June 30	\$ 149,580	\$ 149,405	\$ (175)

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	General Services Community Facilities District Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 64,000	\$ 86,824	\$ 22,824
Uses of money and property	300	1,277	977
Total Revenues	64,300	88,101	23,801
EXPENDITURES			
Community development		4,502	(4,502)
Total Expenditures		4,502	(4,502)
Excess (Deficiency) of Revenues Over (Under) Expenditures	64,300	83,599	19,299
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(50,000)	(83,998)	(33,998)
Total Other Financing Source (Uses)	(50,000)	(83,998)	(33,998)
Net Change in Fund Balances	14,300	(399)	(14,699)
Fund Balance - July 1	399	399	
Fund Balance - June 30	\$ 14,699	\$ -	\$ (14,699)

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	Art in Public Places Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ -	\$ -	\$ -
Total Revenues			
Excess (Deficiency) of Revenues Over (Under) Expenditures			
Fund Balance - July 1	599	599	
Fund Balance - June 30	\$ 599	\$ 599	\$ -

CITY OF EL PASO DE ROBLES

Non-Major Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Downtown Parking in Lieu Fee Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ 6,000	\$ 7,309	\$ 1,309
Other	5,000		(5,000)
Total Revenues	11,000	7,309	(3,691)
OTHER FINANCING SOURCES (USES)			
Operating transfers out		(153,000)	(153,000)
Total Other Financing Source (Uses)		(153,000)	(153,000)
Net Change in Fund Balances	11,000	(145,691)	(156,691)
Fund Balance - July 1	542,684	542,684	
Fund Balance - June 30	\$ 553,684	\$ 396,993	\$ (156,691)

CITY OF EL PASO DE ROBLES

Non-Major Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Oak Tree Preservation Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ 100	\$ 175	\$ 75
Other		400	400
Total Revenues	100	575	475
EXPENDITURES			
Public works		625	(625)
Total Expenditures		625	(625)
Net Change in Fund Balances	100	(50)	(150)
Fund Balance - July 1	10,306	10,306	
Fund Balance - June 30	\$ 10,406	\$ 10,256	\$ (150)

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	Cal Home Loan Program Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ 900	\$ 1,650	\$ 750
Total Revenues	900	1,650	750
Excess (Deficiency) of Revenues Over (Under) Expenditures	900	1,650	750
Fund Balance - July 1	96,375	96,375	
Fund Balance - June 30	\$ 97,275	\$ 98,025	\$ 750

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	Public Works Grants Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ -	\$ -	\$ -
Total Revenues			
Excess (Deficiency) of Revenues Over (Under) Expenditures			
Fund Balance - July 1	599	644	
Fund Balance - June 30	\$ 599	\$ 644	\$ -

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	Prop 1B Public Transportation Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ 2,000	\$ 2,298	\$ 298
Total Revenues	2,000	2,298	298
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	2,298	298
Fund Balance - July 1	134,312	134,312	
Fund Balance - June 30	\$ 136,312	\$ 136,610	\$ 298

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	Park Development Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ 18,000	\$ 22,450	\$ 4,450
Charges for current services	100,000	112,840	12,840
Total Revenues	118,000	135,290	17,290
EXPENDITURES			
Public works		11	(11)
Capital outlay	246,100	19,400	226,700
Total Expenditures	246,100	19,411	226,689
Net Change in Fund Balances	(128,100)	115,879	243,979
Fund Balance - July 1	1,240,376	1,240,376	
Fund Balance - June 30	\$ 1,112,276	\$ 1,356,255	\$ 243,979

CITY OF EL PASO DE ROBLES

Non-Major Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Storm Drain Development Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ 1,000	\$ 1,669	\$ 669
Charges for current services	17,000	15,353	(1,647)
Total Revenues	18,000	17,022	(978)
EXPENDITURES			
Capital outlay	83,000		83,000
Total Expenditures	83,000		83,000
Net Change in Fund Balances	(65,000)	17,022	82,022
Fund Balance - July 1	84,887	84,887	
Fund Balance - June 30	\$ 19,887	\$ 101,909	\$ 82,022

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	Airport Road PSR Fund		
	Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Debt service	\$ -	\$ 2,447	\$ (2,447)
Capital outlay	58,000		58,000
Total Expenditures	58,000	2,447	55,553
Excess (Deficiency) of Revenues Over (Under) Expenditures	(58,000)	(2,447)	55,553
Fund Balance - July 1	(187,732)	(187,732)	
Fund Balance - June 30	\$ (245,732)	\$ (190,179)	\$ 55,553

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

Bike and Pedestrian Path Facilities Fund			
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ 1,000	\$ 378	\$ (622)
Charges for current services		13,687	13,687
Total Revenues	1,000	14,065	13,065
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	14,065	13,065
Fund Balance - July 1	9,997	9,997	
Fund Balance - June 30	\$ 10,997	\$ 24,062	\$ 13,065

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	1993 Public Facilities Debt Service Fund		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Uses of money and property	\$ 1,000	\$ 3,565	\$ 2,565
Total Revenues	1,000	3,565	2,565
EXPENDITURES			
Debt service	313,000	312,989	11
Total Expenditures	313,000	312,989	11
Excess (Deficiency) of Revenues Over (Under) Expenditures	(312,000)	(309,424)	2,576
OTHER FINANCING SOURCES (USES)			
Operating transfers in	313,000	312,996	(4)
Total Other Financing Source (Uses)	313,000	312,996	(4)
Net Change in Fund Balances	1,000	3,572	2,572
Fund Balance - July 1	428,272	428,272	
Fund Balance - June 30	\$ 429,272	\$ 431,844	\$ 2,572

CITY OF EL PASO DE ROBLES
 Non-Major Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	Totals		
	Final	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 4,964,000	\$ 6,039,590	\$ 1,075,590
Uses of money and property	66,900	176,287	109,387
From other agencies	1,178,600	1,356,152	177,552
Charges for current services	163,500	191,830	28,330
Other	15,500	10,335	(5,165)
Total Revenues	6,388,500	7,774,194	1,385,694
EXPENDITURES			
Current:			
Public safety		60,028	(60,028)
Public works	1,440,600	1,429,098	11,502
Library and recreation services		15,235	(15,235)
Community development	247,100	134,055	113,045
Debt service	313,000	315,436	(2,436)
Capital outlay	4,904,839	1,757,710	3,147,129
Total Expenditures	6,905,539	3,711,562	3,193,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	(517,039)	4,062,632	4,579,671
OTHER FINANCING SOURCES (USES)			
Operating transfers in	724,739	724,735	(4)
Operating transfer out	(1,418,000)	(2,043,884)	(625,884)
Total Other Financing Source (Uses)	(693,261)	(1,319,149)	(625,888)
Net Change in Fund Balances	(1,210,300)	2,743,483	3,953,783
Fund Balances - July 1	7,780,376	7,780,376	
Fund Balances - June 30	\$ 6,570,076	\$ 10,523,859	\$ 3,953,783

MAJOR FUNDS

Traffic Mitigation Development Fund

This Capital Projects fund accounts for fees assessed and collected upon the issuance of a City building permit. Funds are used for bridge, road and signal improvements needed to serve new growth.

Public Facilities Development Fund

This Capital Projects fund accounts for fees assessed and collected upon the issuance of a City certificate of occupancy. Funds are used to construct public facilities.

Highway 101/46 West Community Facilities District Fund

This Capital Projects fund accounts for the improvements to the Highway 101/46 West interchange and road re-alignments.

Measure D GO Bonds Debt Service Fund

This fund accounts for long-term debt service transactions relating to a variety of infrastructure projects funded by voter approved Measure D General Obligation Bonds.

Specific Plan Fund

This fund accounts for collection from the payment of development impact fees as identified in the Borkey, Union/46, Chandler Ranch and Olsen Beechwood specific plans for public facilities and infrastructure.

CITY OF EL PASO DE ROBLES
 Traffic Mitigation Development Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Uses of money and property	\$ 18,000	\$ 18,000	\$ 49,904	\$ 31,904
From other agencies			3,190,441	3,190,441
Charges for current services	472,000	472,000	971,410	499,410
Other			2,500	2,500
Total Revenues	490,000	490,000	4,214,255	3,724,255
EXPENDITURES				
Public works		1,100	270	830
Capital outlay		6,237,800	2,474,804	3,762,996
Total Expenditures		6,238,900	2,475,074	3,763,826
Excess (Deficiency) of Revenues Over (Under) Expenditures	490,000	(5,748,900)	1,739,181	7,488,081
OTHER FINANCING SOURCES (USES)				
Operating transfer out		(16,600)	(16,600)	
Total Other Financing Source (Uses)		(16,600)	(16,600)	
Net Change in Fund Balances	490,000	(5,765,500)	1,722,581	7,488,081
Fund Balance - July 1	8,679,157	8,679,157	8,679,157	
Fund Balance - June 30	\$ 9,169,157	\$ 2,913,657	\$ 10,401,738	\$ 7,488,081

CITY OF EL PASO DE ROBLES
Public Facilities Development Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 60,200	\$ 60,200	\$ 162,559	\$ 102,359
Charges for current services	175,000	175,000	207,643	32,643
Total Revenues	235,200	235,200	370,202	135,002
EXPENDITURES				
General government	100,000	100,000	155,069	(55,069)
Public works			5	(5)
Capital outlay		112,800	83,875	28,925
Total Expenditures	100,000	212,800	238,949	(26,149)
Net Change in Fund Balances	135,200	22,400	131,253	108,853
Fund Balance - July 1	16,050,344	16,050,344	16,050,344	
Fund Balance - June 30	\$ 16,185,544	\$ 16,072,744	\$ 16,181,597	\$ 108,853

CITY OF EL PASO DE ROBLES
Hwy 101/46 West Community Facilities District Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Debt service:				
Interest	\$ -	\$ -	\$ 134,455	\$ (134,455)
Total Expenditures			134,455	(134,455)
Excess (Deficiency) of Revenues Over (Under) Expenditures			(134,455)	(134,455)
Fund Balance - July 1	(10,310,310)	(10,310,310)	(10,310,310)	
Fund Balance - June 30	\$ (10,310,310)	\$ (10,310,310)	\$ (10,444,765)	\$ (134,455)

CITY OF EL PASO DE ROBLES
Measure D GO Bonds Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,636,000	\$ 2,636,000	\$ 2,591,246	\$ (44,754)
Uses of money and property	55,000	55,000	100,078	45,078
From other agencies	25,000	25,000	25,721	721
Total Revenues	2,716,000	2,716,000	2,717,045	1,045
EXPENDITURES				
Debt service:				
Interest	1,376,900	1,376,900	1,376,948	(48)
Principal retirement	1,547,502	1,547,502	1,547,502	
Paying agent fees	1,400	1,400	1,355	45
Total Expenditures	2,925,802	2,925,802	2,925,805	(3)
Net Change in Fund Balances	(209,802)	(209,802)	(208,760)	1,042
Fund Balance - July 1	6,233,640	6,233,640	6,233,640	
Fund Balance - June 30	\$ 6,023,838	\$ 6,023,838	\$ 6,024,880	\$ 1,042

Specific Plans Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 5,400	\$ 5,400	\$ 33,079	\$ 27,679
From other agencies		830,500		(830,500)
Charges for current services	58,500	58,500	119,526	61,026
Other			3,717	3,717
Total Revenues	63,900	894,400	156,322	(738,078)
EXPENDITURES				
Public works			216	(216)
Interest on long term debt			29,166	(29,166)
Capital outlay		3,544,900	139,126	3,405,774
Total Expenditures		3,544,900	168,508	3,376,392
Excess (Deficiency) of Revenues Over (Under) Expenditures	63,900	(2,650,500)	(12,186)	2,638,314
OTHER FINANCING SOURCES (USES)				
Operating transfers in		496,000	1,496,000	1,000,000
Total Other Financing Source (Uses)		496,000	1,496,000	1,000,000
Net Change in Fund Balances	63,900	(2,154,500)	1,483,814	3,638,314
Fund Balance - July 1	(1,549,102)	(1,549,102)	(1,549,102)	
Fund Balance - June 30	\$ (1,485,202)	\$ (3,703,602)	\$ (65,288)	\$ 3,638,314

FIDUCIARY FUNDS

Senior Citizen Fund

This fund accounts for amounts received and expended by the Senior Advisory Committee.

War Memorial Hospital Scholarship Fund

This fund accounts for scholarships provided to graduated local high school students who undertake college courses in the medical field. Scholarships are awarded by the Paso Robles High School District.

Customer Deposits Fund

This fund accounts for deposits from customers which are either to be refunded when performance criteria is met or to be applied against future amounts due to the City from the customer.

Tourism and Lodging Business Improvement District (BID) Fund

This fund accounts for the 2% additional TOT from hotels and motels to be used exclusively by the BID for tourism promotional activities.

Public, Education, Government (PEG) Fund

This fund accounts for the 1% Public, Education, Government (PEG) tax that is collected by the franchise cable company and submitted to the City for use in public announcement services, educational service or governmental services. All proceeds must be used for purchase of capital equipment (typically video-related equipment) or video-related consultant fees. Funds may not be used for salaries or non-capital items.

CITY OF EL PASO DE ROBLES
 Combining Statement of Fiduciary Net Position
 Agency Funds
 June 30, 2014

	Senior Citizen	War Memorial Hospital Scholarship	Customer Deposits	Tourism and Lodging BID	PEG Funds	Totals
ASSETS						
Cash and investments	\$ 171,177	\$ 97,785	\$ 650,788	\$ 136,775	\$ 113	\$ 1,056,638
Accounts receivable				82,913	12,649	95,562
Due from other funds			54,672			54,672
Total Assets	<u>\$ 171,177</u>	<u>\$ 97,785</u>	<u>\$ 705,460</u>	<u>\$ 219,688</u>	<u>\$ 12,762</u>	<u>\$ 1,206,872</u>
LIABILITIES						
Accounts payable	\$ 540	\$ -	\$ 10,720	\$ 30,826	\$ -	\$ 42,086
Deposit			694,476			694,476
Due to others	170,637	97,785	264	188,862	12,762	470,310
Total Liabilities	<u>\$ 171,177</u>	<u>\$ 97,785</u>	<u>\$ 705,460</u>	<u>\$ 219,688</u>	<u>\$ 12,762</u>	<u>\$ 1,206,872</u>

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PASO
ROBLES
125TH
1889 - 2014

STATISTICAL SECTION



CITY OF EL PASO DE ROBLES
Net Position By Component
Last Ten Fiscal Years
(UNAUDITED)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net investment in capital assets	\$92,243,219	\$107,693,936	\$122,168,978	\$123,267,038	\$126,146,832	\$119,279,344	\$122,187,153	\$137,374,401	\$141,608,211	148,396,118
Restricted	8,452,803	829,674	1,286,753	1,168,175	2,170,711	1,124,540	47,001,688	40,428,024	40,503,151	42,481,062
Unrestricted	27,295,006	30,782,721	26,014,158	25,740,998	26,732,780	34,942,358	(11,754,149)	(2,800,764)	(2,857,243)	722,061
Total Governmental Activities Net Position	\$ 127,991,028	\$ 139,306,331	\$ 149,469,889	\$ 150,176,211	\$ 155,050,323	\$ 155,346,242	\$ 157,434,692	\$ 175,001,661	\$ 179,254,119	\$ 191,599,241
Business-type Activities										
Net investment in capital assets	\$45,491,265	\$54,373,577	\$54,078,917	\$57,702,782	\$67,486,229	\$68,996,920	\$70,131,072	\$69,531,969	\$72,619,932	67,537,766
Restricted	375,697	479								
Unrestricted	32,818,586	33,620,918	40,862,436	42,105,837	35,069,547	34,719,423	31,915,247	29,742,477	25,692,907	28,421,174
Total Business-type Activities Net Position	\$ 78,685,548	\$ 87,994,974	\$ 94,941,353	\$ 99,808,619	\$ 102,555,776	\$ 103,716,343	\$ 102,046,319	\$ 99,274,446	\$ 98,312,839	\$ 95,958,940
Primary Government										
Net Investment in capital assets	\$137,734,484	\$162,067,513	\$176,247,895	\$180,969,820	\$193,633,061	\$188,276,264	\$192,318,225	\$206,906,370	\$214,228,143	\$215,933,884
Restricted	8,828,500	830,153	1,286,753	1,168,175	2,170,711	1,124,540	47,001,688	40,428,024	40,503,151	42,481,062
Unrestricted	60,113,592	64,403,639	66,876,594	67,846,835	61,802,327	69,661,781	20,161,098	26,941,713	22,835,664	29,143,235
Total Primary Government Net Position	\$ 206,676,576	\$ 227,301,305	\$ 244,411,242	\$ 249,984,830	\$ 257,606,099	\$ 259,062,585	\$ 259,481,011	\$ 274,276,107	\$ 277,566,958	\$ 287,558,181

CITY OF EL PASO DE ROBLES
Changes in Net Position
Last Ten Fiscal Years
(UNAUDITED)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities										
General government	\$ 2,504,389	\$ 499,902	\$ 1,516,575	\$ 4,205,603	\$ 2,664,573	\$ 2,961,021	\$ 3,286,502	\$ 3,121,878	\$ 2,488,091	\$ 2,643,764
Public safety	9,691,844	11,715,883	13,846,830	13,825,505	14,644,352	13,758,631	13,499,438	12,885,818	14,212,732	15,038,106
Public works	7,014,786	8,347,720	9,922,306	10,665,983	10,372,489	11,747,078	9,540,795	8,897,707	9,976,319	9,910,021
Library and recreation services	4,345,380	4,560,785	4,960,652	4,455,244	4,380,035	2,711,980	4,291,096	3,510,015	3,739,742	3,834,022
Community development	3,664,177	7,124,605	4,600,339	4,752,684	3,812,797	8,811,192	4,371,661	2,015,586	1,368,899	1,527,348
Interest on long-term debt	828,825	1,709,387	2,265,878	2,588,398	2,389,710	2,548,696	2,683,223	2,425,788	1,949,435	1,677,735
Total Governmental Activities Expenses	28,049,401	33,958,282	37,112,580	40,493,417	38,263,956	42,538,598	37,672,715	32,856,792	33,735,218	34,630,996
Business-type Activities										
Water operations	3,142,803	3,734,082	4,113,070	4,399,286	5,482,678	5,860,310	7,664,671	10,209,691	11,032,299	12,086,679
Sewer operations	3,400,779	3,621,438	3,672,572	4,130,267	4,374,113	4,964,606	5,800,479	5,732,912	6,003,605	8,182,490
Airport operations	703,939	681,207	765,078	748,673	779,181	750,705	676,039	680,230	726,620	775,646
Transit operations	893,664	1,088,576	1,246,765	1,149,988	1,402,596	1,408,455	1,710,841	1,416,472	1,105,222	2,160,411
Total Business-type Activities Expenses	8,141,185	9,125,303	9,797,485	10,428,214	12,038,568	12,984,076	15,852,030	18,039,305	18,867,746	23,205,226
Total Primary Government Expenses	\$ 36,190,586	\$ 43,083,585	\$ 46,910,065	\$ 50,921,631	\$ 50,302,524	\$ 55,522,674	\$ 53,524,745	\$ 50,896,097	\$ 52,602,964	\$ 57,836,222
Program Revenues										
Governmental Activities										
Charges for Services										
General government	\$ 42,525	\$ 43,872	\$ 46,693	\$ 45,877	\$ 39,648	\$ 34,819	\$ 42,696	\$ 104,148	\$ 146,967	\$ 210,956
Public safety	496,314	620,003	760,126	1,025,247	922,764	531,567	437,302	258,195	340,212	332,114
Public works	67,541	20,944	7,626	1,612	340,091	250,738	199	922,333	2,081,518	1,195,531
Library and recreation services	802,756	791,830	827,976	795,118	710,085	696,325	656,694	388,950	358,650	396,477
Community development	6,486,650	5,777,450	5,399,402	3,782,118	2,094,258	4,401,371	2,384,892	213,353	1,018,111	201,463
Operating Contributions and Grants	570,620		300,000			2,009,355	2,430,437	2,676,760	2,521,901	4,470,294
Capital Contributions and Grants	4,877,944	7,129,023	3,634,416	4,765,465	2,581,818	3,008,669	1,085,061	2,811,156	3,580,891	5,917,206
Total Governmental Activities Program Revenues	13,344,350	14,383,122	10,976,239	10,415,437	6,688,664	10,932,844	7,037,281	7,374,895	10,048,250	12,724,041
Business-type Activities										
Charges for Services										
Water operations	3,378,686	3,590,654	4,312,130	4,227,593	4,008,362	3,608,107	3,578,713	5,060,819	7,926,477	9,594,889
Sewer operations	3,554,971	3,864,353	4,059,804	4,367,772	4,495,292	4,535,599	4,680,024	4,657,489	6,054,546	6,667,391
Airport operations	18,932	18,544	20,935	53,839	121,382	34,550	57,812	71,294	82,846	588,537
Transit operation	115,973	132,078	160,685	156,103	149,782	154,382	168,026	175,308	174,005	177,779
Operating Contributions and Grants						2,051,606	1,735,664	2,024,355		1,657,509
Capital Contributions and Grants	6,912,363	7,313,475	4,571,395	3,548,974	2,977,958	2,675,879	3,412,948	2,592,755	3,950,751	1,887,072
Total Business-type Activities Program Revenues	13,980,925	14,919,104	13,124,949	12,354,281	11,752,776	13,060,123	13,633,187	14,582,020	18,188,625	20,573,177
Total Primary Government Program Revenues	\$ 27,325,275	\$ 29,302,226	\$ 24,101,188	\$ 22,769,718	\$ 18,441,440	\$ 23,992,967	\$ 20,670,468	\$ 21,956,915	\$ 28,236,875	\$ 33,297,218

CITY OF EL PASO DE ROBLES

Changes in Net Position

Last Ten Fiscal Years

(UNAUDITED)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue										
Governmental Activities	\$ (14,705,051)	\$ (19,575,160)	\$ (26,136,341)	\$ (30,077,980)	\$ (31,575,292)	\$ (31,605,754)	\$ (30,635,434)	\$ (25,481,897)	\$ (23,686,968)	\$ (21,906,955)
Business-type Activities	5,839,740	5,793,801	3,327,464	1,926,067	(285,792)	76,047	(2,218,843)	(3,457,285)	(679,121)	(2,632,049)
Total Primary Government Net Expense	\$ (8,865,311)	\$ (13,781,359)	\$ (22,808,877)	\$ (28,151,913)	\$ (31,861,084)	\$ (31,529,707)	\$ (32,854,277)	\$ (28,939,182)	\$ (24,366,089)	\$ (24,539,004)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes	\$ 13,203,987	\$ 13,966,390	\$ 15,450,804	\$ 17,795,597	\$ 18,423,566	\$ 17,723,203	\$ 17,045,729	\$ 13,986,519	\$ 14,376,085	\$ 14,816,038
Sales taxes	5,414,505	6,183,527	8,237,072	7,691,562	6,702,166	5,945,622	7,072,495	7,632,113	8,558,016	12,659,400
Other taxes	4,249,273	4,640,054	4,933,674	5,182,504	5,027,312	4,885,432	5,158,832	5,453,697	4,054,553	4,722,744
From other agencies	2,975,864	3,953,811	3,837,498	2,972,863	2,610,537	328,877	1,035,443	84,201	69,527	70,923
Licenses and permits	330,120	341,034	376,088	420,059	432,448	424,333	412,206	869,709	1,019,087	952,686
Other	944,947	911,550	1,273,805	1,582,640	1,255,776	1,398,201	1,276,238	1,135,740	1,547,740	1,555,494
Uses of money and property	488,853	875,397	2,521,193	2,573,339	1,870,103	1,092,676	640,141	860,479	(72,650)	953,747
Transfers in/(out)	1,303,921	18,700	(330,235)	102,396	127,496	103,329	82,800	82,800	776,700	257,800
Total Governmental Activities	28,911,470	30,890,463	36,299,899	38,320,960	36,449,404	31,901,673	32,723,884	30,105,258	30,329,058	35,988,832
Business-type Activities										
Taxes	99,991	72,152	70,807	52,457	49,304	47,918	44,906	44,812	46,284	1,549
From other agencies	1,983,427	2,038,011	1,354,005	908,754	1,384,327					
Other	(113,931)	54,746	8,148	82,961	90,646					
Uses of money and property	1,062,244	1,369,416	1,855,720	1,999,423	1,636,168	1,139,931	586,713	723,400	447,930	534,246
Transfers in/(out)	(1,303,921)	(18,700)	330,235	(102,396)	(127,496)	(103,329)	(82,800)	(82,800)	(776,700)	(257,800)
Total Business-type Activities	1,727,810	3,515,625	3,618,915	2,941,199	3,032,949	1,084,520	548,819	685,412	(282,486)	277,995
Total Primary Government	\$ 30,639,280	\$ 34,406,088	\$ 39,918,814	\$ 41,262,159	\$ 39,482,353	\$ 32,986,193	\$ 33,272,703	\$ 30,790,670	\$ 30,046,572	\$ 36,266,827
Extraordinary Gain Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,943,608	\$ -	\$ -
Change in Net Position										
Governmental Activities	\$ 14,206,419	\$ 11,315,303	\$ 10,163,558	\$ 8,242,980	\$ 4,874,112	\$ 295,919	\$ 2,088,450	\$ 17,566,969	\$ 6,642,090	\$ 14,081,877
Business-type Activities	7,567,550	9,309,426	6,946,379	4,867,266	2,747,157	1,160,567	(1,670,024)	(2,771,873)	(961,607)	(2,354,054)
Total Primary Government	\$ 21,773,969	\$ 20,624,729	\$ 17,109,937	\$ 13,110,246	\$ 7,621,269	\$ 1,456,486	\$ 418,426	\$ 14,795,096	\$ 5,680,482	\$ 11,727,823

CITY OF EL PASO DE ROBLES
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(UNAUDITED)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 1,270,154	\$ 1,819,571	\$ 2,171,603	\$ 2,544,927	\$ 601,123	\$ 2,340,337	\$ -	\$ -	\$ -	\$ -
Unreserved	6,345,507	6,602,512	6,400,258	6,027,797		4,559,268				
Nonspendable										
Prepaid items							21,960	62,634	601,123	593,095
Advances receivable									2,403,673	2,437,059
Assigned to										
Capital projects							3,792,244	4,392,854	601,123	5,347,242
Unassigned							6,942,863	8,995,590	12,811,174	8,985,634
Total General Fund	\$ 7,615,661	\$ 8,422,083	\$ 8,571,861	\$ 8,572,724	\$ 601,123	\$ 6,899,605	\$ 10,757,067	\$ 13,451,078	\$ 16,417,093	\$ 17,363,030
All Other Governmental Funds										
Reserved	\$ 7,981,356	\$ 7,115,402	\$ 17,667,211	\$ 18,661,111	\$ (601,123)	\$ 21,522,402	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special revenue funds	7,064,663	6,963,650	7,911,169	8,112,255	7,084,440	4,919,632				
Capital projects funds	15,870,891	10,521,780	(3,977,038)	(4,618,045)	(4,308,354)	(3,204,741)				
Debt service funds	(48,628)	1,474,597	33,930	(309,871)	1,015,232	7,789,940				
Nonspendable										
Prepaid items							70,000			
Restricted for										
Debt service funds							15,620,479	7,160,414	6,661,912	6,456,724
Community development							703,038	420,635	348,603	211,170
Capital projects							28,840,189	30,470,953	30,401,804	34,917,915
Other restrictions							1,026,113	1,262,543	1,378,951	1,587,039
Assigned to										
Capital projects							116,873	127,027	139,979	149,405
Unassigned							(20,188,846)	(12,062,341)	(12,047,144)	(10,700,232)
Total All Other Governmental Funds	\$ 30,868,282	\$ 26,075,429	\$ 21,635,272	\$ 21,845,450	\$ 3,190,195	\$ 31,027,233	\$ 26,187,846	\$ 27,379,231	\$ 26,884,105	\$ 32,622,021

CITY OF EL PASO DE ROBLES
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(UNAUDITED)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 22,867,765	\$ 24,789,972	\$ 28,660,022	\$ 30,672,302	\$ 7,139,952	\$ 28,554,257	\$ 29,277,055	\$ 27,072,329	\$ 26,988,654	\$ 32,198,182
Licenses and permits	1,505,948	1,531,411	924,967	853,515	417,588	674,693	722,679	869,709	1,019,087	952,686
Fines and forfeitures	271,611	307,138	321,533	379,876	587,494	268,484	235,076	213,947	175,187	202,049
Uses of money and property	1,207,993	1,193,603	2,690,477	1,882,106		1,224,746	727,223	860,479	(72,650)	953,747
From other agencies	3,614,646	4,477,647	3,777,991	4,758,566	179,308	4,702,105	4,345,730	5,572,117	6,172,319	7,731,658
Charges for current services	6,981,779	6,441,726	6,103,246	4,598,357		4,331,563	2,825,739	1,886,979	3,437,199	2,336,541
Other	681,691	911,549	1,273,806	1,581,564		1,403,160	1,274,859	1,056,555	1,372,553	1,184,120
Total Revenues	37,131,433	39,653,046	43,752,042	44,726,286	8,324,342	41,159,008	39,408,361	37,532,115	39,092,349	45,558,983
Expenditures										
General government	1,788,934	194,652	1,271,921	2,294,079		4,095,371	2,863,428	2,219,514	1,661,897	2,070,542
Public safety	9,316,491	11,625,058	13,105,217	13,106,157		13,218,140	13,843,752	12,422,504	13,649,360	14,485,009
Public works	3,911,126	5,578,195	5,998,723	6,870,697		5,652,991	5,155,004	4,803,282	5,584,072	5,119,768
Library and recreation services	3,962,880	4,173,170	4,554,183	4,053,268		3,860,779	3,918,655	3,057,688	3,322,860	3,432,729
Community development	3,035,274	4,837,054	3,549,712	3,551,725	173,694	3,201,403	2,231,242	1,331,908	1,357,819	1,524,070
Interest	1,501,775	1,687,136	2,238,598	2,588,398		2,399,784	2,677,813	2,608,707	1,734,611	1,707,598
Principal	2,865,225	2,845,829	2,917,391	2,837,346		2,157,373	2,135,975	2,138,759	1,870,437	1,955,389
Paying agent fees	6,801	8,267	7,019	7,440		6,292	7,633	7,458	3,664	1,355
Bond issuance costs	3,000					403,734				
Capital outlay	12,294,772	13,497,123	13,144,260	7,103,548		5,638,717	5,581,717	4,414,330	8,712,460	9,286,599
Fiscal agreements payments	522,797	918,079	1,112,911	1,215,983		4,418,893	2,057,867	691,839		
Total Expenditures	39,209,075	45,364,563	47,899,935	43,628,641	173,694	45,053,477	40,473,086	33,695,989	37,897,180	39,583,059
Excess of Revenues										
Over (Under) Expenditures	(2,077,642)	(5,711,517)	(4,147,893)	1,097,645	8,150,648	(3,894,469)	(1,064,725)	3,836,126	1,195,169	5,975,924
Other Financing Sources (Uses):										
Operating transfers in	18,898,369	12,983,207	6,639,069	3,665,614		3,747,587	2,248,465	1,109,922	3,319,374	3,126,415
Operating transfers out	(17,594,448)	(12,964,507)	(6,969,304)	(3,563,218)		(3,644,258)	(2,165,665)	(1,027,122)	(2,542,674)	(2,868,615)
Capital leases/bond proceeds	263,254	1,789,000		31,435,000		12,339,508			499,020	137,133
Bond premium				963,102						
Payments to refunded debt				(33,387,102)		(2,320,000)				
Proceeds from postclosure liability	135,544	154,126	187,749							
Extraordinary loss								(33,530)		
Total Other Financing Sources (Uses)	1,702,719	1,961,826	(142,486)	(886,604)		10,122,837	82,800	49,270	1,275,720	394,933
Net Change in Fund Balances	(374,923)	(3,749,691)	(4,290,379)	211,041	8,150,648	6,228,368	(981,925)	3,885,396	2,470,889	6,370,857
Fund Balances - July 1	38,858,866	38,483,943	34,497,512	30,207,133	139,979	31,698,470	37,926,838	36,944,913	40,830,309	43,301,198
Prior Period Adjustment		(236,740)								
Fund Balances - June 30	\$ 38,483,943	\$ 34,497,512	\$ 30,207,133	\$ 30,418,174	\$ 8,290,627	\$ 37,926,838	\$ 36,944,913	\$ 40,830,309	\$ 43,301,198	\$ 49,672,055

CITY OF EL PASO DE ROBLES
 Tax Revenue By Source, General Fund
 Last Ten Fiscal Years
 (UNAUDITED)

Fiscal Year	Property ^a	Sales & Use ^b	Occupancy	Franchise	Property Transfer	Prop 172 - Sales Tax - Public Safety	Total
2005	\$ 6,008,163	\$ 5,414,506	\$ 1,446,059	\$ 1,999,715	\$ 340,630	\$ 271,594	15,209,073
2006	6,860,660	6,183,527	1,614,347	2,197,861	332,074	290,782	17,479,251
2007	9,835,326	5,986,431	2,025,859	2,429,063	219,287	297,937	20,793,902
2008	10,606,433	5,723,861	2,549,065	2,185,058	146,972	301,408	21,512,797
2009	10,794,531	4,753,451	2,692,915	1,964,038	95,767	274,592	20,575,294
2010	9,489,718	4,841,765	2,735,664	1,794,918	105,999	248,851	19,216,915
2011	10,077,071	5,286,398	2,998,498	1,793,603	104,931	261,799	20,522,300
2012	9,871,851	5,768,849	3,229,875	1,805,699	132,246	285,877	21,094,398
2013	10,444,564	5,965,282	3,550,009	1,993,223	147,094	316,329	22,416,501
2014	10,786,122	6,054,666	3,983,191	2,223,241	142,156	377,971	23,567,346
Percentage Change							
2005-2014	79.5%	11.8%	175.5%	11.2%	-58.3%	39.2%	55.0%

Notes:

^a Due to passage of Proposition 13, the maximum tax rate is set at 1% of assessed valuation unless otherwise approved by vote of electorate. Except for general obligation bond override approved by the voters in 1998, there are no general use property tax overrides authorized. The growth in property revenues is due to significant growth in assessed valuations arising from new residential and commercial development and property ownership turnover.

^b The growth in sales tax revenues is solely attributable to growth in retail sales.

Source: City of Paso Robles Finance Dept

CITY OF EL PASO DE ROBLES
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (UNAUDITED)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2005	\$ 1,431,862,012	\$301,924,082	\$105,570,399	\$ (15,227,842)	\$ 1,824,128,651	1.00000	\$2,336,844,323	78.06%
2006	1,656,550,223	335,058,825	111,044,371	(17,359,195)	2,120,012,614	1.00000	2,744,186,720	77.25%
2007	1,930,820,904	345,382,147	111,510,547	(21,405,648)	2,409,119,246	1.00000	3,225,596,576	74.69%
2008	2,195,861,062	407,470,899	114,920,595	(23,917,027)	2,742,169,583	1.00000	3,592,822,457	76.32%
2009	2,529,439,815	533,512,510	153,731,724	(34,496,695)	3,251,180,744	1.00000	3,793,427,118	85.71%
2010	2,429,476,741	481,525,922	161,004,214	(34,861,735)	3,106,868,612	1.00000	3,654,522,643	85.01%
2011	2,400,890,771	559,587,252	134,399,199	(35,069,073)	3,129,946,295	1.00000	3,595,053,216	87.06%
2012	2,319,074,668	572,085,673	139,719,212	(35,776,566)	3,066,656,119	1.00000	3,500,381,961	87.61%
2013	2,312,134,492	570,072,355	148,490,580	(34,604,333)	3,065,301,760	1.00000	3,521,053,824	87.06%
2014	2,467,046,044	611,733,520	149,693,810	(32,421,718)	3,260,895,092	1.00000	3,711,779,958	87.85%

Source: San Luis Obispo County Assessor's Office as reported by HdL Coren & Cone

CITY OF EL PASO DE ROBLES
 Assessed Value of Taxable Property
 Last Ten Fiscal Years
 (UNAUDITED)

Fiscal Year	Secured^a	Unsecured^b	Homeowners Exempt^c	Total Taxable Assessed Value	Total Direct Tax Rate
2005	\$ 2,209,220,841	\$ 116,769,665	\$ (34,060,600)	\$ 2,291,929,906	1.00000
2006	2,602,130,386	120,324,144	(34,826,400)	2,687,628,130	1.00000
2007	3,077,152,015	127,044,894	(36,149,400)	3,168,047,509	1.00000
2008	3,434,872,893	141,592,656	(37,343,600)	3,539,121,949	1.00000
2009	3,612,661,077	164,939,855	(37,632,000)	3,739,968,932	1.00000
2010	3,468,323,850	171,031,032	(37,640,954)	3,601,713,928	1.00000
2011	3,411,573,503	169,726,949	(37,424,800)	3,543,875,652	1.00000
2012	3,318,357,717	165,900,527	(37,086,000)	3,447,172,244	1.00000
2013	3,339,102,289	167,478,429	(36,818,600)	3,469,762,118	1.00000
2014	3,512,946,159	184,279,788	(36,415,400)	3,660,810,547	1.00000

Notes:

^a Secured property is generally real property, defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees, and vines.

^b Unsecured property is generally personal property including machinery, equipment, office tools and supplies.

^c Homeowners exemption

Source: HdL, San Luis Obispo County Assessor's Office

CITY OF EL PASO DE ROBLES
 Taxable Sales By Category
 Last Ten Fiscal Years
 (UNAUDITED)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Consumer Goods	\$ 170,463,100	\$ 185,474,900	\$ 191,799,000	\$184,760,900	\$178,468,000	\$176,825,700	\$175,037,400	\$172,839,100	\$176,968,200	\$177,975,800
Auto and Transportation	138,936,500	158,172,000	151,434,500	120,267,100	92,053,800	85,848,800	97,557,400	110,860,400	116,409,100	127,780,100
Fuel and Service Stations	73,442,500	92,815,700	91,988,100	112,027,000	106,805,400	87,244,800	107,832,700	127,520,000	131,180,900	125,406,100
Building and Construction	75,787,100	81,811,200	79,867,200	60,632,400	45,084,400	48,919,700	60,252,400	66,518,400	77,194,500	86,493,500
Restaurants and Hotels	63,677,100	70,684,200	78,978,300	87,414,800	85,521,900	80,181,600	76,327,900	83,257,500	84,467,600	102,738,300
Business and Industry	64,153,200	83,545,900	95,576,400	80,075,000	70,764,900	67,797,200	73,454,200	81,000,900	92,035,100	94,135,500
Food and Drugs	38,995,100	39,610,200	41,126,700	39,921,200	40,841,000	39,864,500	39,088,500	39,403,100	40,808,900	46,436,400
Total	\$ 625,454,600	\$ 712,114,100	\$ 730,770,200	\$ 685,098,400	\$ 619,539,400	\$ 586,682,300	\$ 629,550,500	\$ 681,399,400	\$ 719,064,300	\$ 760,965,700
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Source: HdL companies

Data: Point of sale payments only - unadjusted for economic data

CITY OF EL PASO DE ROBLES
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (UNAUDITED)

Fiscal Year	City Direct Rates			Overlapping Rates	Total Rate
	Basic Rate	General Obligation Debt Service	Total Direct Rate	SLO County Flood Control - State Water Project	
2005	1.00000	0.1775	1.1775	0.00223	1.17973
2006	1.00000	0.1082	1.1082	0.00222	1.11042
2007	1.00000	0.0952	1.0952	0.00221	1.09741
2008	1.00000	0.0888	1.0888	0.00220	1.09100
2009	1.00000	0.0839	1.0839	0.00220	1.08610
2010	1.00000	0.0876	1.0876	0.00220	1.08980
2011	1.00000	0.0748	1.0748	0.00290	1.07770
2012	1.00000	0.0697	1.0697	0.00300	1.07270
2013	1.00000	0.0696	1.0696	0.00400	1.07360
2014	1.00000	0.0696	1.0696	0.00400	1.07360

Note: Due to passage of Proposition 13, the maximum general tax rate is set at 1% of assessed valuation unless otherwise approved by vote of electorate. Except for general obligation bond override approved by the voters in 1998, there are no general use property tax overrides authorized.

Source: San Luis Obispo County Auditor-Controller

CITY OF EL PASO DE ROBLES
 Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years
 (UNAUDITED)

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>San Luis Obispo County Rate</u>	<u>Total Rate</u>
2005	1.00%	6.25%	7.25%
2006	1.00%	6.25%	7.25%
2007	1.00%	6.25%	7.25%
2008	1.00%	6.25%	7.25%
2009	1.00%	6.25%	7.25%
2010	1.00%	6.25%	7.25%
2011	1.00%	6.25%	7.25%
2012	1.00%	6.25%	7.25%
2013	0.50%	7.50%	8.00%
2014	0.50%	7.50%	8.00%

Note: The sales tax rate was changed in January of 2013 and uniformly set at 7.50% county wide. The City increased the rate an additional .50% with approval of the electorate that became effective April 1 of 2013.

CITY OF EL PASO DE ROBLES
Principal Property Tax Payers
Current Year and Nine Years Ago
(UNAUDITED)

Taxpayer	2013/14			2004/05		
	Value	Percentage of Taxable Assessed Total City Taxable Assessed Value	Rank	Value	Percentage of Taxable Assessed Total City Taxable Assessed Value	Rank
DS Paso Crossing LLC ETAL	\$ 36,720,000	0.99%	1			
Paso Golden Hill LLC ETAL	30,332,882	0.82%	2			
Justin Vineyards and Winery LLC	27,770,930	0.75%	3			
Dry Creek Apartments a California LP	21,218,031	0.57%	4	\$18,390,472	0.79%	1
Rollie Gates Investment Properties LLC	19,697,212	0.53%	5			
Firestone Walker LLC	18,955,344	0.51%	6			
Specialty Silicone Fabrications INC	14,634,617	0.39%	7			
Pacific Coast Hotel Properties LLC	14,356,247	0.39%	8			
John Stephenson Trust ETAL	13,485,187	0.36%	9			
Tri-W Enterprises INC	13,439,714	0.36%	10	11,640,270	0.50%	7
Falling Star Homes INC A California Corp				16,254,623	0.70%	4
Paso Robles Ventures LLC				18,274,270	0.78%	3
Weyrich Development Co Inc				13,753,488	0.59%	5
Paris Sales Company Inc				10,280,943	0.44%	10
Martin Resorts INC A California Corp				11,447,403	0.49%	8
Health Care Reit Inc a De Corp				10,786,528	0.46%	9
Estrella Communities LLC				18,343,026	0.78%	2
Paso Robles Partners LLC				11,970,000	0.51%	6
Total Principal Taxpayers	210,610,164	5.67%		141,141,023	6.04%	
All Other Taxpayers	3,501,169,794	94.33%		2,195,703,300	93.96%	
Total Taxpayers	<u>\$ 3,711,779,958</u>	<u>100.00%</u>		<u>\$ 2,336,844,323</u>	<u>100.00%</u>	

Source: HdI Coren & Cone, San Luis Obispo County Assessor 2012/13 Combined Tax Rolls and the SBE Non Unitary Tax Roll

CITY OF EL PASO DE ROBLES
Principal Sales Tax Remitters
Current Year and Nine Years Ago
(UNAUDITED)

2013/14	2004/05
Tax Remitter	Tax Remitter
7 Eleven	AJ Contractors Supply
Albertsons	Albertsons
AM PM Mini Mart	AM PM Mini Mart
Arco Am PM	Bay Area Diablo Petroleum
Big Creek Lumber	Beacon Oil
Borjon Auto Center	Big Creek Lumber
Chevron	Borjon Auto Center
Farm Supply	Hayward Lumber
Chevron	Chevron
Fireston Walker	GMC
Jaco Oil	Hayward Lumber
JB Dewar	Jack in the Box
Kohls	JB Dewar
Lowe's	JC Penney
Paco AM PM	Orchard Supply Hardware
Paso Robles Chevrolet Cadillac	Paso Robles Ford Lincoln Mercury
Paso Robles Ford Lincoln Mercury	Reneau Chrysler Dodge
Ross	Rite Aid
San Luis Bay Suzuki Kia	Ross
Santa Cruz Biotechnology	San Luis Bat Suzuki Kia
Sky River	San Luis Obispo County Farm Supply
Smart and Final	Sky River
Target	Staples
Valero Corner Store	Target
Vons	Vons
Wal Mart	Wal Mart
Top 25 accounts	Top 25 accounts

Note: Firms are listed alphabetically
Source: HdL Companies, State Board of Equalization

CITY OF EL PASO DE ROBLES
Property Tax Levies and Collections
Last Ten Fiscal Years
(UNAUDITED)

Fiscal Year	Estimated Tax Levy	Collected within the Fiscal year of the Levy		Collections in Subsequent Year	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$3,396,708	\$3,266,913	96.18%	\$79,978	\$3,346,891	98.53%
2006	3,918,826	3,750,938	95.72%	130,612	3,881,550	99.05%
2007	4,497,234	4,306,515	95.76%	144,667	4,451,182	98.98%
2008	4,922,828	4,527,838	91.98%	268,297	4,796,135	97.43%
2009	5,059,300	4,637,382	91.66%	308,859	4,946,241	97.77%
2010	4,834,774	4,405,221	91.12%	288,601	4,693,821	97.08%
2011	4,772,036	4,425,214	92.73%	207,775	4,632,990	97.09%
2012	4,696,011	4,405,557	93.81%	158,668	4,564,226	97.19%
2013	4,707,213	4,401,973	93.52%	36,262	4,438,236	94.29%
2014	5,037,520	4,779,172	94.87%	143,106	4,922,278	97.71%

Note: Collections do not include supplemental roll revenues (secured or unsecured) and are "net" the Redevelopment Agency distribution.

Source: San Luis Obispo County Auditor-Controller

CITY OF EL PASO DE ROBLES
Ratios of Debt Payment by Type
Last Ten Fiscal Years
(UNAUDITED)

Fiscal Year	Governmental Activities					Business-type Activities		Total Government	Percentage Value ^a	Capita ^b
	General Bonds	Bonds - RDA ^c	Certificates Participation	Leases	Internal Payable	Sewer Bonds	Internal Payable			
1998	\$ -	\$ 190,093	\$ 664,876	\$ 110,445	\$ 2,254,477	\$ 566,078	\$ 194,150	\$ 3,980,119	0.41%	\$ 181
2000	-	297,780	665,284	139,471	587,045	573,055	194,150	2,456,785	0	107
2001	-	349,069	666,541	148,504	127,753	577,055	157,138	2,026,060	0	80
2002	-	694,350	666,601	148,504	127,753	579,415	75,644	2,292,267	0	89
2003	297,970	470,288	660,434	244,819	127,753	1,026,336	75,644	2,903,244	0	108
2004	2,772,294	509,720	658,079	292,976	127,753	1,024,689	75,644	5,461,155	0	201
2005	2,891,825	512,939	651,569	246,648	127,753	1,032,289		5,463,023	0	195
2006	2,990,888	510,699	570,070	254,565	3,159,884	934,489		8,420,595	0.26%	188
2007	3,088,075	503,152	573,798	265,124	16,690,230	1,041,389		22,161,768	0.70%	751
2008	3,166,531	524,709	568,120	168,809	16,589,162	1,048,426		22,065,757	0.62%	737
2009	3,143,112	510,495	227,870	120,652	16,508,621	523,826		21,034,576	0.56%	725
2010	2,928,713	688,209	314,608	99,459	15,626,541	523,364		20,180,894	0.56%	673
2011	2,932,613	1,235,184	314,920	67,452	15,365,068	527,319		20,442,556	0.58%	680
2012	2,925,013		309,933	200,770	15,203,651	714,717		19,354,084	0.56%	640
2013	2,926,513		314,320	200,770	14,492,602	465,318		18,399,523	0.53%	603
2014	2,924,450		312,989	259,480	14,197,137	466,225		18,160,281	0.50%	596

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

^a See the "Assessed Value of Taxable Property" table for figures.

^b See the "Demographic and Economic Statistics" table for population data.

^c RDA was dissolved on 1/31/2012.

CITY OF EL PASO DE ROBLES
Ratios of General Bonded Debt Outstanding and Legal Debt Margin
Last Ten Fiscal Years
(UNAUDITED)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General bonded debt outstanding										
General obligation bonds	\$33,972,549	\$ 31,972,970	\$ 29,966,715	\$ 36,159,473	\$ 34,528,500	\$ 33,082,412	\$ 31,610,258	\$ 30,123,261	\$ 28,605,820	\$ 27,058,318
Total	\$33,972,549	\$ 31,972,970	\$ 29,966,715	\$ 36,159,473	\$ 34,528,500	\$ 33,082,412	\$ 31,610,258	\$ 30,123,261	\$ 28,605,820	\$ 27,058,318
Percentage of estimated actual assessed value ^a	1.48%	1.19%	0.95%	1.02%	0.92%	0.92%	0.89%	0.87%	0.82%	0.78%
Per capita ^b	\$ 1,215	\$ 1,104	\$ 1,015	\$ 1,208	\$ 1,189	\$ 1,103	\$ 1,051	\$ 997	\$ 938	\$ 888
Less: Amounts set aside to repay general debt ^c	\$ 5,785,833	\$ 6,465,576	\$ 7,128,829	\$ 6,277,461	\$ 6,699,648	\$ 7,152,832	\$ 7,058,529	\$ 6,657,765	\$ 6,192,956	\$ -
Total net debt applicable to debt limit	\$28,186,716	\$ 25,507,394	\$ 22,837,886	\$ 29,882,012	\$ 27,828,852	\$ 25,929,580	\$ 24,551,729	\$ 23,465,496	\$ 22,412,864	\$ 27,058,318
Legal debt limit ^d	\$85,947,371	\$ 100,786,055	\$ 118,801,782	\$ 132,717,073	\$ 140,248,835	\$ 135,064,272	\$ 132,895,337	\$ 129,268,959	\$ 130,116,079	\$ 137,280,396
Legal debt margin	\$57,760,655	\$ 75,278,661	\$ 95,963,896	\$ 102,835,061	\$ 112,419,983	\$ 109,134,692	\$ 108,343,608	\$ 105,803,463	\$ 107,703,215	\$ 110,222,078
Legal debt margin as a percentage of the debt limit	67.2%	74.7%	80.8%	77.5%	80.2%	80.8%	81.5%	81.8%	82.8%	80.3%

^a See the "Assessed Value of Taxable Property" table for figures.

^b See the "Demographic and Economic Statistics" table for population data.

^c City has established an internal reserve for debt repayment in case of economic downturn.

^d Legal debt limit is calculated as 3.75% of assessed value - see footnote "a".

Source: San Luis Obispo County Auditor-Controller and City of Paso Robles

CITY OF EL PASO DE ROBLES
 Direct and Overlapping Governmental Activities Debt
 For the Fiscal Year Ended June 30, 2014
 (UNAUDITED)

2014 Assessed Valuation

\$ 3,711,642,671

	Debt Outstanding	Percentage Applicable (1)	City's Share of Debt 6/30/14
Direct and Overlapping Tax and Assessment Debt			
Paso Robles Joint Unified School District	\$ 19,234,998	51.624%	\$ 9,929,875
Templeton Unified School District	14,000,000	4.120%	576,800
City of Paso Robles	27,058,318	100.000%	27,058,318
Total Direct and Overlapping Tax and Assessment Debt			<u>\$ 37,564,993</u>
Direct and Overlapping Tax General Fund Debt			
San Luis Obispo County Certificates of Participation	\$ 29,685,000	9.157%	\$ 2,718,255
San Luis Obispo County Pension Obligations	111,234,398	9.157%	10,185,734
San Luis Obispo Community College District Certificates of Participation	19,660,000	9.123%	1,793,582
Paso Robles Joint Unified School District Certificates of Participation	910,000	51.624%	469,778
City of Paso Robles Certificates of Participation	2,675,000	100.000%	2,675,000
Total Direct and Overlapping Tax General Fund Debt			<u>\$ 17,842,349</u>
OVERLAPPING TAX INCREMENT DEBT:	\$ 14,040,000	100.000%	<u>\$ 14,040,000</u>
TOTAL DIRECT DEBT			\$ 29,733,318
TOTAL OVERLAPPING DEBT			<u>39,714,024</u>
Combined Total Debt			<u>\$ 69,447,342 (2)</u>
Ratios to 2009-10 Assessed Valuation:			
Direct Debt (\$33,082,413)	0.91%		
Total Direct and Overlapping Tax and Assessment Debt	1.17%		
Ratios to Adjusted Assessed Valuation			
Direct Debt (\$27,058,318)	0.73%		
Total Direct and Overlapping Tax and Assessment Debt	1.01%		
Total Direct Debt (\$29,733,318)	0.80%		
Combined Total Debt	1.87%		
Ratios to Redevelopment Incremental Valuation (\$434,511,763)			
Total Overlapping Tax Increment Debt	3.23%		

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

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

CITY OF EL PASO DE ROBLES
Pledged Revenue Coverage
Last Ten Fiscal Years
(UNAUDITED)

Fiscal Year	Tax Allocation Bonds				Sewer Revenue Bonds					
	Property Tax Increment ⁽¹⁾	Debt Service		Coverage	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
		Principal	Interest					Principal	Interest	
2005	\$1,165,757	\$160,000	\$352,939	3.82	\$3,412,963	\$1,911,324	\$1,501,639	\$640,000	\$392,289	1.45
2006	1,570,486	165,000	345,699	4.62	3,923,094	2,229,684	1,693,410	655,000	279,489	1.81
2007	1,752,963	165,000	338,153	3.48	4,094,968	2,269,625	1,825,343	675,000	366,389	1.75
2008	2,565,692	195,000	329,709	4.89	4,444,240	2,714,563	1,729,677	695,000	353,426	1.65
2009	2,748,930	190,000	320,495	5.38	4,608,895	2,929,406	1,679,489	190,000	333,826	3.21
2010	2,252,954	140,000	548,209	3.27	4,535,599	3,247,229	1,288,370	195,000	328,364	2.46
2011	2,139,438	380,000	855,184	1.73	4,680,024	3,390,689	1,289,335	205,000	322,319	2.45
2012					4,657,489	3,443,584	1,213,905	540,000	174,717	1.70
2013					6,054,546	3,994,888	2,059,658	195,000	270,318	4.43
2014					6,667,391	6,291,836	375,555	225,000	241,225	0.81

Source: City of Paso Robles Financial Reports

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

⁽¹⁾ Net Tax Increment after deducting LMI set aside and fiscal agreement contributions

** Redevelopment Agency dissolved as of 1/31/12

CITY OF EL PASO DE ROBLES
Demographic and Economic Statistics
Last Ten Fiscal Years
(UNAUDITED)

Calendar Year	Population	Est. Median Household Income	Per Capita Personal Income	Median Age	Total Employment, All Industries	K-12 School Enrollment	Median Home Price (thousands)	County Unemployment Rate
2005	27,964	\$45,650	\$21,068	34	13,786	6,800	\$437.0	4.1%
2006	28,969	45,755	21,180	34	14,229	6,900	445.5	4.0%
2007	29,514	47,298	22,204	33	15,166	6,910	446.8	4.2%
2008	29,934	48,399	22,721	33	15,254	6,910	452.8	6.1%
2009	29,032	52,226	24,073	33	14,390	6,910	299.8	9.2%
2010	30,004	52,242	24,554	34	13,653	6,910	295.5	10.7%
2011	30,072	49,051	23,054	34	N/A	6,875	280.0	12.0%
2012	30,225	52,372	24,615	34	N/A	6,794	271.5	11.0%
2013	30,500	54,196	25,472	34.3	N/A	6,604	325.0	7.2%
2014	30,469	56,540	26,574	35.1	N/A	6,528	368.2	6.2%

Source: HdL Coren & Cone, Demographic and Economic Statistics

CITY OF EL PASO DE ROBLES
 Full-Time-Equivalent City Government Employees by Function/Program
 Last Ten Fiscal Years
 (UNAUDITED)

Function/Program	Full-time-Equivalent Employees as of June 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
City manager	4	4	4	4	4	4	3	3	3	3
Information technology	2	4	4	6	6	5	5	5	5	5
Human resources	2	3	3	3	3	3	2	2	3	3
Administrative services	9	10	11	11	11	10	9	10	11	10
Police department										
Officers	37	40	41	43	45	45	27	29	31	32
Others	10	12	12	12	12	12	12	12	11	13
Emergency services										
Firefighters	20	24	24	27	30	26	24	24	23	23
Others	1	1	1	1	1	1	1	1	1	1
Public works										
Maintenance services	32	36	33	36	38	29	21	21	19	20
Airport	1	1	1	1	1	1	1	1	1	2
Water	8	9	9	11	12	12	13.5	13.5	12.5	14.5
Wastewater	9	9	9	12	15	12	13.5	13.5	13.5	17.5
Building/Engineering			9	8	8	6	5	5	4.4	6.4
Library and recreation services										
Library services	5	5	5	5	5	5	4	4	4	4.6
Recreation services	11	11	11	10	10	10	5	5	5.6	5
Community development										
Planning	3	3	3	4	4	4	4	4	3	4.47
Housing	1	1	1	1	1	1	0	0	0	0
Engineering	2	2	2	2	2	1	1	1	1	1
Building	8	9	2	2	2	2	0	0	0	0
Total	165	184	185	199	210	189	151	154	152	165

Source: City Forecast 2015

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

CITY OF EL PASO DE ROBLES
 Operating Indicators by Function/Program
 Las Ten Fiscal Years
 (UNAUDITED)

Function/Program	Fiscal Years									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Police department										
Physical arrests	1,486	1,673	1,694	1,575	1688	1662	1345	1296	1302	1510
Parking violations	1,160	963	1,124	1,019	953	573	505	648	276	424
Traffic violations	3,406	2,927	5,008	4,517	4165	3273	2718	1528	1838	1914
Emergency services										
Emergency responses	2,567	2679	2,803	2,821	3018	2918	2902	3075	3055	2968
Fires extinguished	121	125	129	115	124	109	111	117	121	136
Inspections			N/A	329	178	203	328	851	1205	1374
Public works										
Water										
New connections	N/A	328	54	35	N/A	N/A	32	25	85	37
Water main breaks	N/A	7	2	N/A	N/A	N/A	5	4	3	3
Average daily production (millions of gallons)	N/A	7	7	7	6	N/A	5.64	5.83	6.68	6.82
Peak daily production (millions of gallons)	N/A	12.3	12.33	N/A	N/A	N/A	9.74	9.87	11.223	10.164
Wastewater										
Average daily sewage treatment (millions of gallons)	2.9590	2.7514	2.983	3.02	2.94	2.94	2.95	2.95	2.95	2.8
Library and recreation services										
Library services										
Volumes in collection	56,228	56,070	55,885	57,580	59,109	60,690	64,067	85,082	78,411	71,973
Total volumes borrowed	120,923	160,832	160,249	176,132	191,335	193,716	209,771	312,568	305,526	291,294
Recreation services										
Athletic field permits issued	1,472	2,508	2,595	1,564	2,578	2,104	2,390	2,579	2,924	3,353
Activity admissions	24,501	23,953	25,325	26,060	36,921	50,365	36,500	25,827	27,704	29,326
Community development										
Building permits issued	972	947	654	504	433	424	431	571	707	600
Building inspections conducted	8,603	7140	3,608	2563	2529	2451	3228	3756	4281	3982

CITY OF EL PASO DE ROBLES
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years
 (UNAUDITED)

Function/Program	Fiscal year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government										
Personal computers	161	166	174	193	211	211	216	216	218	223
Police department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	11	12	13	14	14	14	14	14	14
Emergency services										
Fire stations	3	3	3	3	2	2	2	2	2	2
Public works										
Streets (miles)	N/A	140.0	160	173.5	173.5	173.5	173.5	173.5	173.5	173.5
Traffic signals	N/A	20	24	25	26	26	26	26	26	26
Bridges	N/A	4	4	4	4	4	4	4	4	4
Airport	1	1	1	1	1	1	1	1	1	1
Water										
Fire hydrants	900	900	900	1087	1087	1087	1728	1785	1804	1812
Storage tanks	4	4	4	4	4	4	4	4	4	4
Storage capacity (millions of gallons)	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1
Water Mains (miles)	125	125	125	164	164	164	172.4	173	173	173
Wastewater										
Sanitary sewers (miles)	N/A	137.07	137.07	137.07	140	140	140	140	140	140
Storm sewers (miles)	15	15	15	15	15	15	15	15	15	15
Treatment capacity (millions of gallons)	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
Library and recreation services										
Acreage	101.095	101.095	101.095	101.095	101.095	101.095	101.095	101.095	101.095	101.095
Pools	4	4	4	4	4	4	4	4	4	4
Playgrounds	14	13	10	10	10	10	10	10	10	10
Baseball/softball diamonds	10	10	10	10	10	10	10	10	11	11
Soccer/football fields	6	6	6	6	6	6	6	6	6	6
Community centers	3	3	3	3	3	3	2	2	2	2