



CITY OF EL PASO DE ROBLES

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2015

This year our cover page is presented to pay tribute to the hard work and dedication of the staff who worked on the City's new Wastewater Treatment Plant.

The City's Wastewater Treatment Plant is a physical, biological, and chemical process that currently treats and discharges 2.7 million gallons of wastewater to the Salinas River each day.

Until recently, the Plant was antiquated and struggled to comply with modern State and Federal water quality regulations. Thanks to the support of the City's many sewer customers, in 2015 the City completed a major upgrade of the Plant to a Biological Nutrient Removal process. The upgrade project included new headworks, rehabilitation of primary clarifiers, a new pump station, replacement of trickling filters with the Biological Nutrient Removal process, new secondary clarifiers, a chloramination disinfection process, a new effluent polishing channel, and a system that generates power and heat from biogas generated by digestion of sludge. This new treatment process effectively removes all harmful pollutants from the wastewater and is highly energy efficient.

The upgraded treatment process enables the City to produce high quality recycled water in the future. In 2013, the City adopted a master plan to produce tertiary-quality recycled water and distribute it to east Paso Robles, where it may be safely used for irrigation of City parks, golf courses, and vineyards. This will reduce the need to pump groundwater from the Paso Robles Groundwater Basin and further improve the sustainability of the City's water supply.

The City is presently designing the additional treatment facilities (filtration + ultraviolet light disinfection) needed to produce tertiary quality recycled water. The City is pursuing low-interest State loans and grants, with intent to begin construction of the tertiary treatment facilities in late 2016.



PRESS RELEASE

September 8, 2015

CITY OF PASO ROBLES RECEIVES MULTIPLE AWARDS FOR INFRASTRUCTURE PROJECTS

Paso Robles, California— The American Society of Civil Engineers (ASCE) San Luis Obispo Section recently recognized the City of Paso Robles for several infrastructure projects completed in 2015.

The City's Wastewater Treatment Plant Upgrade received ASCE's highest award, Project of the Year. The new wastewater treatment process, which became operational in April, is highly efficient and has greatly improved the quality of water released to the Salinas River.

The upgraded treatment plant will serve Paso Robles for 30 to 40 years and enable future production of very high quality recycled water.



Figure 1: Project team at startup of Wastewater Treatment Plant, April 2015

The upgrade project cost \$47 million and is the largest infrastructure project in the City's history. The project is funded by revenue from rates and fees adopted by City Council in 2011, and financed through the State's Clean Water Revolving Fund loan program. The project is designed by Black & Veatch and constructed by W.M. Lyles Company. The Covello Group is managing construction for the City.

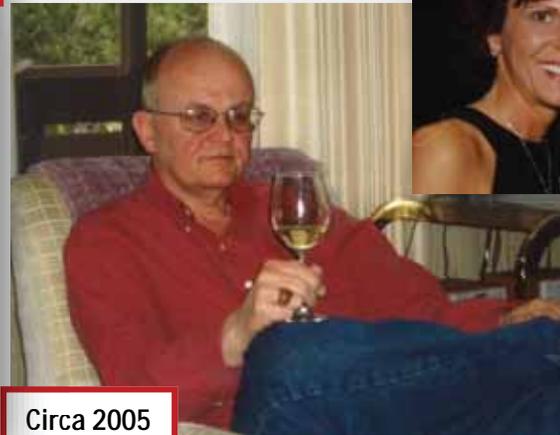
Dedication to James L. App, City Manager

The City Council and employees of the City of Paso Robles would like to thank James L. App for his 25 years of service to the City of Paso Robles and its citizens.

During Jim's tenure there have been many different economic booms and recessions, including the most recent historic recession, which Jim guided the City through its most critical period, as well as population growth, new water sources, large capital infrastructure projects, and much more. The following are some of the highlights during Jim's tenure.

- Population – growing from 18,000 to 30,000+
- Budget – 1991 - \$10.1 million, Budget 2015 - \$30.6 million
- Nacimiento Pipe Line Project
- Wastewater Treatment Plant Project
- Water Treatment Plant Project
- Street Repair/Replacement Program
- North County Cuesta College Campus
- New City Library
- Measure D – Niblick Bridge, 13th Street Bridge, Airport Terminal, etc.
- 2006 Economic Strategy
- And many, many more

We send Jim our best wishes for a relaxing, fun-filled, and well-deserved retirement!



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

Prepared by the Department of Administrative Services

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



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INTRODUCTORY SECTION



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

December 31, 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 2014-15

INTRODUCTION

The City of El Paso de Robles' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015 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. In addition, this is the first year of the new GASB 68 statement. This new statement requires the calculation and presentation of the City's pension obligations.

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 250 wineries and over 30,000 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, Foders, USAToday and as far away as England and Australia. In 2014, the City of Paso Robles was named one of the top 15 places to visit in the world by The Guardian newspaper. The Travel & Leisure magazine (Nov. 2015), again, said that Paso Robles was one of the 25 Top Places to Visit At Christmas. 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

6.8% over the prior fiscal year. The addition of a Business Improvement District for all hotels/motels in 2009 has generated approximately \$785,000 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 2015, Paso Robles issued building permits for 102 residential housing units. The median home price of a home in the County in FY2015 was \$494,000, or approximately a 8.8% increase from prior year.

Property tax collection is expected to increase by approximately 3.5% or \$279,000, to \$8,490,000 in 2016 as compared to \$8,211,000 in FY 2015. Sales tax collection was a bright spot rising 9.2% from FY2014. Sales tax collection for 2016 is forecasted to be an additional 8.1% more than FY2015.

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 2015, the General Fund posted a fourth, 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 are \$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 old plant was almost 60 years old and did not meet today's rigorous environmental standards. The new plant not only complies with all of the requirements, but will use "co-gen" applications to help lower the operating costs. There is currently a tertiary design underway to add recycled water at a later date. The new plant began operation in summer of 2015. Current sewer impact fees are \$9,800/residential unit. Commercial impact vary with the size of the water meter.

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 118 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 lines of coverage. The California JPIA 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 nine-member Executive Committee.

Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years 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. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

The total funding requirement for self-insurance programs is estimated using actuarial models and 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 general government 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 from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50% quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

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 general government 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 from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits 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 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, 2014 through July 1, 2017. 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 \$250,007,795. 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 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 or insured liability coverage in 2014-15.

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, 2015. 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 2014 CAFR. This was the sixteenth 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 **Catherine Piatti**, **Theresa Variano**, and **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,



James Throop
Director of Administrative Services

California Society of Municipal Finance Officers

Certificate of Award

***Outstanding Financial Reporting
Fiscal Year Ending June 30, 2014***

Presented to the

City of El Paso de Robles

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

March 21, 2015

Pamela Arends-King

***Pamela Arends-King
CSMFO President***

Michael Gomez

***Michael Gomez, Chair
Professional Standards and
Recognition Committee***



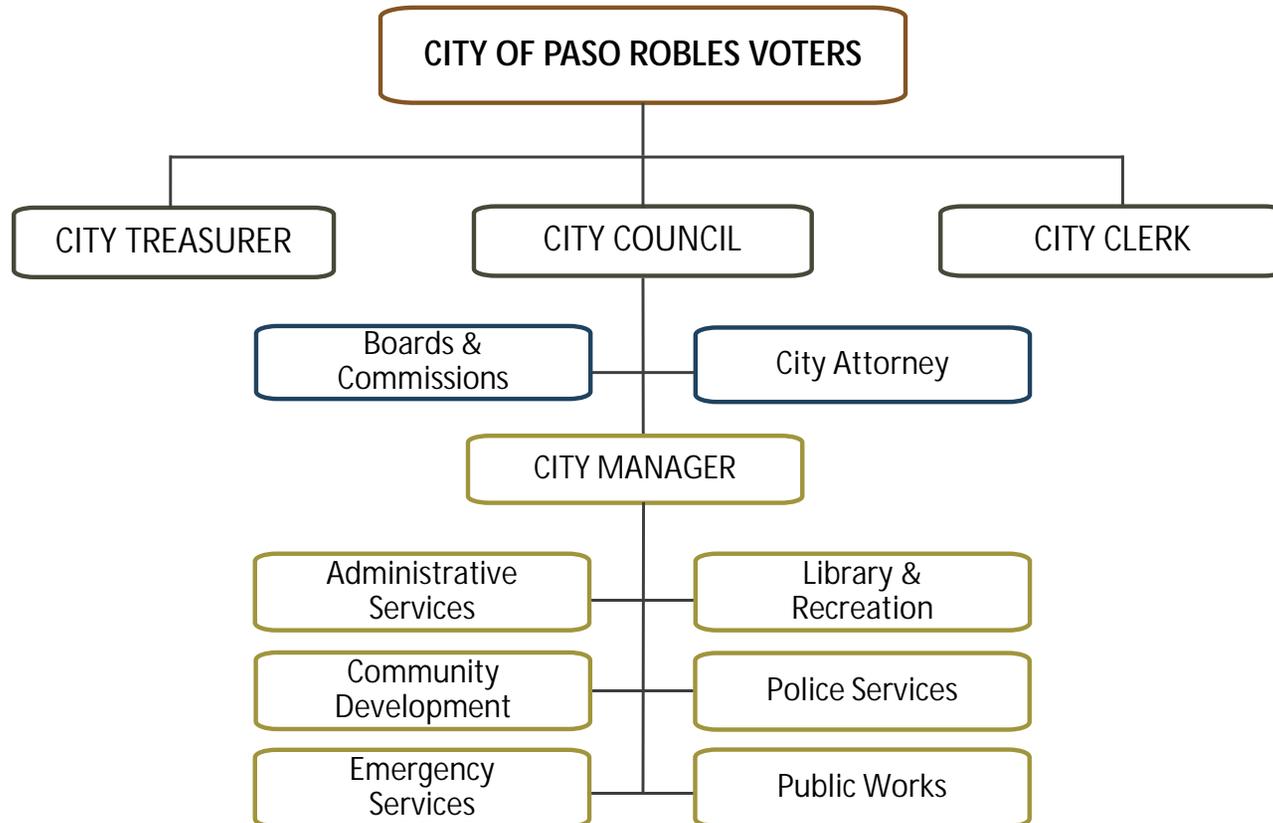
Dedicated Excellence in Municipal Financial Reporting



City of El Paso de Robles

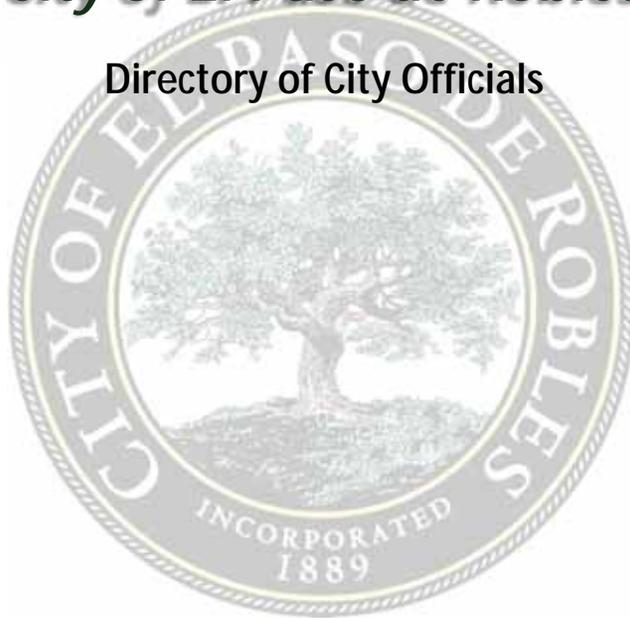


Organization of City Government



City of El Paso de Robles

Directory of City Officials



City Council

Steve Martin.....Mayor
Steve Gregory...Councilmember
John Hamon.....Councilmember
Jim Reed.....Councilmember
Fred Strong.....Councilmember

Appointed Officials

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

Executive Management

Meg Williamson.....Assistant City Manager
James Throop.....Administrative Services Director
Robert Burton.....Police Chief
Ken Johnson.....Fire Chief
Dick McKinley.....Public Works Director
Julie Dahlen....Library and Recreation Services Director
Warren Frace.....Community Development Director



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

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, 2015, 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. P, to the basic financial statements effective July 1, 2014, the City of El Paso de Robles adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 29, the General Fund budget comparison on page 110, the postemployment healthcare schedule of funding progress on page 111, the schedule of changes in the net pension liability and related ratios on page 112, the schedule of proportionate share of net pension liability on page 113, and the schedule of contributions on page 114 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 inquiries 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 December 22, 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 & Hutzheim LLP

Santa Maria, California
December 22, 2015



Management's Discussion and Analysis



This section of the City's Comprehensive Annual Financial Report presents an overview and analysis of the City's financial activities for the fiscal year ended June 30, 2015. City management encourages readers to consider the information presented here in conjunction with the accompanying transmittal letter located in the introductory section, 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 2015 fiscal year by \$276 million (net position). Of this amount, \$9.5 million may be used to meet the City's ongoing obligations to citizens and creditors (unrestricted net position).
- The City's total net position decreased by \$11.8 million.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$53.4 million, compared to \$50 million in the prior fiscal year.
- \$10.3 million of the combined fund balances is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$12.4 million, or 41% of total general fund expenditures.
- The City's total governmental activities debt increased by \$23.2 million during the current fiscal year. This net amount included an increase of a prior period adjustment for the net pension liability, leases payable for the new finance system and other equipment and vehicles, and closure/post closure, decreases of a prior period adjustment for the PERS side fund, and liability for compensated absences, offset by scheduled annual installment payments that include bonds and leases.
- The City's total business-type funds debt increased by \$21.3 million which was mainly due to increases of a prior period adjustment for the net pension liability and 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* report information about the City as a whole using accounting methods similar to those used by private sector companies or 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* presents information on all of the City's assets and liabilities, as well as any deferred outflows or inflows. 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.

The *Statement of Activities* includes all of the City's current fiscal year's revenues and expenses regardless of when cash is received or paid. These government-wide statements report the City's net position and how the City's net position has changed during the most recent fiscal year.

Both of these government-wide statements 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. Taxes and state and federal grants finance most of 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. These activities include the City's water system, sewer system, transit, and airport operations.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements include statements for each of the three categories of activities - governmental, business-type (proprietary) and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified



accrual basis of accounting. The business-type (proprietary) 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.

The City has three types of fund financial statements:

- **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, such as police, fire and public works, 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. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations that explain the relationship (or differences) between governmental funds and the governmental activities follow the governmental funds statements.
- **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 fund statements, like the government-wide statements, provide short-term and long-term financial information about the activities the City operates like businesses, such as utility services.
- **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 and statement of changes in fiduciary net position. These activities are excluded 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 Basic 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.

Required Supplementary Information

The notes are followed by a section of *required supplementary information* (RSI) that further explains and supports the information in the financial statements.

Other Supplementary Information

In addition to the basic financial statements, accompanying notes and required supplementary information, this report also presents certain other supplementary information including combining fund statements for the City's nonmajor special revenue, capital projects and debt service funds, individual budget and actual statements for nonmajor and major funds and combining statement of net position for fiduciary funds.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

This section provides analysis of the government-wide financial statements including long-term and short-term information about the City's overall financial conditions. The following tables address the financial results of the City as a whole.



CITY OF EL PASO DE ROBLES
 Net Position
 June 30, 2014 and 2015

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 61,789,079	\$ 57,482,348	\$ 31,063,336	\$ 34,817,910	\$ 92,852,415	\$ 92,300,258
Capital assets(net)	185,199,022	178,693,616	122,336,424	101,559,605	307,535,446	280,253,221
Total Assets	246,988,101	236,175,964	153,399,760	136,377,515	400,387,861	372,553,479
Deferred outflows of resources	3,634,244	847,993	717,377		4,351,621	847,993
Total Assets and Deferred Outflows of Resources	250,622,345	237,023,957	154,117,137	136,377,515	404,739,482	373,401,472
Long-term liabilities	58,891,339	39,679,703	55,667,495	34,416,446	114,558,834	74,096,149
Current and other liabilities	5,346,311	5,745,013	3,458,596	6,002,129	8,804,907	11,747,142
Total Liabilities	64,237,650	45,424,716	59,126,091	40,418,575	123,363,741	85,843,291
Deferred inflows of resources	4,451,130		1,143,332		5,594,462	
Total Liabilities and Deferred Inflows of Resources	68,688,780	45,424,716	60,269,423	40,418,575	128,958,203	85,843,291
NET POSITION						
Net investment in capital assets	155,232,979	148,396,118	75,041,798	67,537,766	230,274,777	215,933,884
Restricted	35,972,834	42,481,062			35,972,834	42,481,062
Unrestricted	(9,272,248)	722,061	18,805,916	28,421,174	9,533,668	29,143,235
Total Net Position	\$ 181,933,565	\$ 191,599,241	\$ 93,847,714	\$ 95,958,940	\$ 275,781,279	\$ 287,558,181

Analysis of Net Position

As noted earlier, the net position of the City decreased \$11.8 million from \$287.5 million at June 30, 2014 to \$275.7 million at June 30, 2015. Total assets increased \$27.8 million and total liabilities increased \$37.5 million. The following analysis of governmental and business-type activities provides more detailed information for these changes.

Governmental activities:

- Current and other assets increased \$7.1 million that includes the deferred outflows of resources that represent the unamortized portion of changes to the net pension liability.



- Capital assets increased \$6.5 million due to capital asset additions. More detailed capital asset information is located in the Capital Asset section of this MD&A and in Note 3 to the financial statements.
- Current and other liabilities increased by \$4.1 million, that includes deferred inflows of resources for pensions. More detailed information regarding pensions can be found in Note 10 to the financial statements.
- Long-term liabilities increased by \$19.2 million, which was mainly due to the net pension liability and various capital leases, that included implementation of a new finance system, vehicle replacements and equipment purchases, offset by the principal retirement of existing debt. More detail about the City's long-term liabilities is located in the Debt Administration section of this MD&A and in Note 8 to the financial statements.
- The largest portion of the City's net position reflects the investment in capital assets less any related debt used to acquire those assets still outstanding. Net investment in capital assets increased by \$6.8 million.
- Restricted net position, representing amounts that must be used in accordance with external restrictions decreased \$6.5 million. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. For fiscal year 2015, assets exceeded liabilities by \$181.9 million.

Business-type activities

- Total assets and deferred outflows increased by \$17.7 million that mainly includes the capital asset project additions that are detailed in the Capital Asset section of this MD&A and in Note 3 to the financial statements and the deferred outflows of resources for pensions.
- Total liabilities and deferred inflows increased by \$19.9 million mainly due to the State revolving loan for the new wastewater treatment plant and the net pension liability, offset by the principal retirement of existing debt. More detail about the City's long-term liabilities is located in the Debt Administration section of this MD&A and in Note 9 to the financial statements.
- Net investment in capital assets increased by \$7.5 million due to capital asset additions and offset by retirement of capital-related debt.

For fiscal year 2015, assets exceeded liabilities by \$93.8 million.



City of El Paso de Robles
 Management's Discussion and Analysis
 Fiscal Year Ended June 30, 2015

City of Paso Robles
 Changes in Net Position
 June 30, 2015

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
REVENUES						
Program revenues:						
Charges for services	\$ 2,335,002	\$ 2,336,541	\$17,581,990	\$17,028,596	\$ 19,916,992	\$ 19,365,137
Operating grants and contributions	2,926,438	4,470,294	1,881,513	1,657,509	4,807,951	6,127,803
Capital grants and contributions	1,814,700	5,917,206	1,873,174	1,887,072	3,687,874	7,804,278
General revenues:						
Property taxes	14,179,631	14,816,038	1,441	1,549	14,181,072	14,817,587
Sales tax	13,130,906	12,659,400			13,130,906	12,659,400
Other taxes	6,316,752	4,722,744			6,316,752	4,722,744
Licenses and permits	1,022,893	952,686			1,022,893	952,686
From other agencies	248,787	70,923			248,787	70,923
Investment earnings	3,775,572	953,747	1,096,015	534,246	4,871,587	1,487,993
Miscellaneous	2,582,644	1,555,494			2,582,644	1,555,494
Total Revenues	48,333,325	48,455,073	22,434,133	21,108,972	70,767,458	69,564,045
EXPENSES						
Governmental activities:						
General government	3,871,197	2,643,764			3,871,197	2,643,764
Public safety	13,726,955	15,038,106			13,726,955	15,038,106
Public works	10,961,768	9,910,021			10,961,768	9,910,021
Library and recreation services	2,382,435	3,834,022			2,382,435	3,834,022
Community development	2,415,910	1,527,348			2,415,910	1,527,348
Interest on long term debt	2,613,862	1,677,735			2,613,862	1,677,735
Capital outlay						
Business-Type activities:						
Water Operations			7,557,436	12,086,679	7,557,436	12,086,679
Sewer Operations			7,572,147	8,182,490	7,572,147	8,182,490
Airport Operations			806,321	775,646	806,321	775,646
Transit Operations			13,134	2,160,411	13,134	2,160,411
Total Expenses	35,972,127	34,630,996	15,949,038	23,205,226	51,921,165	57,836,222
Change in net position before special items and transfers	12,361,198	13,824,077	6,485,095	(2,096,254)	18,846,293	11,727,823
Transfers	195,024	257,800	(195,024)	(257,800)		
Change in Net Position	12,556,222	14,081,877	6,290,071	(2,354,054)	18,846,293	11,727,823
Net position - July 1	191,599,241	179,254,119	95,958,940	98,312,839	287,558,181	277,566,958
Prior period adjustments	(22,221,898)	(1,736,755)	(8,401,297)	155	(30,623,195)	(1,736,600)
Net position - June 30	\$181,933,565	\$191,599,241	\$93,847,714	\$95,958,940	\$275,781,279	\$287,558,181



Analysis of the Changes in Net Position

Governmental activities

The City's net position from governmental activities decreased by \$9.7 million. The cost of all governmental activities this fiscal year was \$36 million. As shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was \$28.9 million due to some of the cost being paid by those who directly benefited from the programs (\$2.3 million). Operating contributions and grants totaled \$2.9 million and capital contributions and grants of \$1.8 million provided capital asset infrastructure by building development. The City paid for the remaining "public benefit" portion of governmental activities with \$33.6 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, airport operations, and transit services.

Total resources available during the year to finance governmental activities consisted of net position at July 1, 2014 of \$191 million, program revenues of \$7.1 million, and general revenues of \$41.2 million. Total expenses for governmental activities during the fiscal year were \$36 million.

Business-type activities

The City's net position from business-type activities decreased by \$2.1 million. The cost of all proprietary (business-type) activities this year was \$15.9 million. As shown in the Statement of Activities, the amounts paid by users of the systems were \$17.6 million, operating contributions and grants were \$1.9 million and capital contributions and grants were \$1.9 million. Earnings from uses of money and property were \$1.1 million.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

For the fiscal year ended June 30, 2015, as compared with the fiscal year ended June 30, 2014, the City's general fund was \$18.7 million which is an overall increase of \$1.4 million compared to the prior fiscal year.

The Measure F12 Supplemental ½% Sales Tax fund shows an increase in the fund balance of \$1.4 million from the prior fiscal year which included \$4.6 million in revenues collected and \$2.9 million spent on roads in the current fiscal year.

The Traffic Mitigation Development fund shows a decrease in fund balance of \$9.1 million from the prior fiscal year as a result of a loan that never transpired and was written off in the current fiscal year.

The Public Facilities Development fund shows an increase in fund balance of \$290 thousand from the prior fiscal year.

The Specific Plan fund shows a decrease in fund balance of \$1.9 million from the prior fiscal year.

The Measure D GO Bonds debt service fund shows a decrease in fund balance of \$132 thousand as a result of lower receipts.

DEBT ADMINISTRATION

The following schedule summarizes the City's outstanding debt as of June 30, 2015:



City of El Paso de Robles
 Management's Discussion and Analysis
 Fiscal Year Ended June 30, 2015

	Balance June 30, 2014	Prior Period Adjustment	Incurred or Issued	Satisfied or Matured	Balance June 30, 2015
Governmental Activities:					
Leases payable	\$ 4,087,173	\$ -	\$ 1,704,811	\$ 523,204	\$ 5,268,780
Compensated absences	2,170,484		1,348,318	1,512,780	2,006,022
Closure/postclosure liability	2,396,670		105,403		2,502,073
General obligation bonds payable	27,058,318			1,578,292	25,480,026
Net Pension Liability		24,766,468	4,147,476	5,279,506	23,634,438
Total governmental activities	\$ 35,712,645	\$ 24,766,468	\$ 7,306,008	\$ 8,893,782	\$ 58,891,339
Business-type Activities:					
Compensated absences	\$ 394,607	\$ -	\$ 224,524	\$ 134,855	\$ 484,276
Leases payable	111,544		265,527	131,458	245,613
Loan payable	27,529,798		13,418,704	25,236	40,923,266
Revenue bonds payable	5,935,000			230,000	5,705,000
Net Pension Liability		8,984,798	1,293,553	2,389,758	7,888,593
Total business-type activities	\$ 33,970,949	\$ 8,984,798	\$ 15,202,308	\$ 2,911,307	\$ 55,246,748

Total outstanding long-term debt for governmental activities increased in FY 2014-15 by \$23.2 million and included an increase in the net pension liability which included a prior period adjustment of \$24.8 million, capital leases that included the new finance system of \$317 thousand, a fire engine of \$527 thousand and various equipment and vehicle replacements of \$861 thousand, a net decrease in compensated absences of \$164 thousand, a closure/post closure liability increase of \$105 thousand, offset by annual installment payments for bonds and leases per the schedule above.



Total outstanding long-term debt for business-type activities increased in FY 2014-15 by \$21.3 million mainly due to the net pension liability which included a prior period adjustment of \$9.0 million and the Wastewater Treatment Plant upgrade project that included an additional \$13.4 million added to the State revolving loan for the current fiscal year.

More detailed information about the city's total long-term liabilities is presented in Notes 8 and 9 to the financial statements.

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.

CAPITAL ASSETS

As of June 30, 2015, net capital assets of the governmental activities totaled \$185.2 million and the net capital assets of the business-type activities totaled \$122.3 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 type of asset. This allowed the estimated useful life of each asset type to be tailored to include the unique attributes of the City of El Paso de Robles.



The following table presents summary information on the City's capital assets as of June 30, 2015:

	Original Cost	Accumulated Depreciation	Book Value
Capital Assets - Governmental Activities:			
Land, Buildings, Equipment, CIP, and Infrastructure	\$ 271,532,935	\$ 86,333,912	\$ 185,199,023
Capital Assets - Business-type Activities:			
Land, Buildings, Equipment, CIP, and Infrastructure	\$ 183,521,448	\$ 61,185,024	\$ 122,336,424

This year's major capital asset additions included:

- Uptown Family Park was completed and placed in service. The project was grant funded for a cost of \$2.6 million.
- City Park Rehab project began, spending \$80 thousand on the project in fiscal year 2015.
- \$11.8 million was spent on roads, including projects such as 13th Street Bridge, Union Road and 16th-24th Spring Street.
- Included in the Water Fund projects was the Nacimiento Water Treatment Plant in the amount of \$9.9 million for fiscal year 2015.
- The Sewer Fund included the new Wastewater Treatment Plant project (featured on the front cover) in the amount of \$10.4 million for fiscal year 2015.
- Transit Fund included the Pine Street Parking Lot project in the amount of \$745 thousand for fiscal year 2015.
- Included in the Airport Fund was \$2.2 million in project additions that included the Fuel Island and Airport Taxiway Rehab – Design and Construction (Taxiway A&F).

More detailed information about the City's capital assets is presented in Note 3 to the financial statements.



GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the FY15 original (or adopted) general fund budget expenditure amount of \$26.3 million to the final budget of \$32.9 million shows a net increase of \$6.6 million. Included in this figure is \$3.7 million in CIP carry forward, \$1.5 million in City Park Rehab project and \$1.4 million in street maintenance. City Council approved all budget supplemental changes to the original budget.

Original Budget	+	Supplemental Changes	=	Final Budget
\$ 26,334,300	+	\$ 6,634,183	=	\$ 32,968,483

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 16, 2015 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 of the financial status of the City on an ongoing basis. Items not included in the actual numbers of the forecast, but were footnoted, include:

- No contractual wage increases

The City appears to be on track to grow its surplus annually if the Council continues its moderate 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 \$2,550,000, if no additional spending by Council takes place during this period.

The City's year-end results of the last twelve fiscal years (2004 through 2015) have increased the general fund's fund balance by nearly \$12.8 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 regarding this report, separate reports of the City's component units or need any additional financial information, please contact the Office of Administrative Services at 821 Pine Street, Suite A, Paso Robles, CA 93446 or by phone at (805)237-3999 or by email at 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 deferred outflows of resources and the City's total liabilities and deferred inflows of resources, 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 PASO DE ROBLES
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 47,581,274	\$ 25,964,046	\$ 73,545,320
Accounts receivable	4,386,887	2,205,349	6,592,236
Interest receivable	129,883		129,883
Inventory		226,822	226,822
Due from private-purpose trust fund	6,768,518		6,768,518
Loan contracts receivable	2,212,583	505,042	2,717,625
Internal balances	(650,341)	650,341	
Prepaid expenses	550,422	3,956	554,378
Other post employment benefits prepaid expense	809,852		809,852
Land	18,076,458	8,389,465	26,465,923
Buildings and improvements	58,740,522	108,558,867	167,299,389
Equipment	9,713,678	5,365,773	15,079,451
Construction in progress	27,335,319	61,207,343	88,542,662
Infrastructure	157,666,958		157,666,958
Accumulated depreciation	(86,333,912)	(61,185,024)	(147,518,936)
Deposit held by County		1,507,780	1,507,780
Total Assets	246,988,101	153,399,760	400,387,861
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding bonds	782,762		782,762
Deferred outflow - pension	2,851,482	717,377	3,568,859
Total Deferred Outflows of Resources	3,634,244	717,377	4,351,621
Total Assets and Deferred Outflows of Resources	250,622,345	154,117,137	404,739,482

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

CITY OF PASO DE ROBLES
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	3,383,303	3,117,012	6,500,315
Accrued payroll expenses	470,621	134,719	605,340
Interest payable	686,981	19,152	706,133
Customer deposits		187,713	187,713
Unearned revenue	805,406		805,406
Long term debt			
Due within one year	2,373,481	301,693	2,675,174
Due in more than one year	56,517,858	55,365,802	111,883,660
Total Liabilities	<u>64,237,650</u>	<u>59,126,091</u>	<u>123,363,741</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow - pension	4,451,130	1,143,332	5,594,462
Total Deferred Inflows of Resources	<u>4,451,130</u>	<u>1,143,332</u>	<u>5,594,462</u>
Total Liabilities and Deferred Inflows of Resources	<u>68,688,780</u>	<u>60,269,423</u>	<u>128,958,203</u>
NET POSITION			
Net investment in capital assets	155,232,979	75,041,798	230,274,777
Restricted for:			
Debt service	5,624,289		5,624,289
Community development	141,486		141,486
Capital projects	28,433,491		28,433,491
Public safety	270,275		270,275
Library and recreation	7,747		7,747
Public works	1,495,546		1,495,546
Unrestricted	(9,272,248)	18,805,916	9,533,668
Total net position	<u>\$ 181,933,565</u>	<u>\$ 93,847,714</u>	<u>\$ 275,781,279</u>

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

CITY OF EL PASO DE ROBLES
Statement of Activities
For the Fiscal Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government		Total
			Capital Grants and Contributions	Governmental Activities	Business-type Activities		
Governmental Activities:							
General government	\$ 3,871,197	\$ 312,563	\$ 55,619	\$ -	\$ (3,503,015)	\$ -	(3,503,015)
Public safety	13,726,955	310,790	144,524		(13,271,641)		(13,271,641)
Public works	10,961,768	1,167,920	1,096,540	1,814,700	(6,882,608)		(6,882,608)
Library and recreation services	2,382,435	393,824	661,132		(1,327,479)		(1,327,479)
Community development	2,415,910	149,905	968,623		(1,297,382)		(1,297,382)
Interest on long term debt	2,613,862				(2,613,862)		(2,613,862)
Total Governmental Activities	35,972,127	2,335,002	2,926,438	1,814,700	(28,895,987)		(28,895,987)
Business-type Activities:							
Water Operations	7,557,436	9,413,872		1,215,612		3,072,048	3,072,048
Sewer Operations	7,572,147	7,554,595	131,193	657,562		771,203	771,203
Airport Operations	806,321	613,523	1,257,394			1,064,596	1,064,596
Transit Operations	13,134		492,926			479,792	479,792
Total Business-type Activities	15,949,038	17,581,990	1,881,513	1,873,174		5,387,639	5,387,639
Total Primary Government	\$ 51,921,165	\$ 19,916,992	\$ 4,807,951	\$ 3,687,874	(28,895,987)	5,387,639	(23,508,348)
General Revenues and Transfers:							
Taxes:							
Property tax					14,179,631	1,441	14,181,072
Sales tax					13,130,906		13,130,906
Other taxes					6,316,752		6,316,752
From other agencies					248,787		248,787
Licenses and permits					1,022,893		1,022,893
Other					2,582,644		2,582,644
Uses of money and property					3,775,572	1,096,015	4,871,587
Transfers in/(out)					195,024	(195,024)	
Total General Revenues and Transfers					41,452,209	902,432	42,354,641
Change in Net Position					12,556,222	6,290,071	18,846,293
Net Position - Beginning of Fiscal Year					191,599,241	95,958,940	287,558,181
Prior Period Adjustment					(22,221,898)	(8,401,297)	(30,623,195)
Net Position - Beginning of Fiscal Year, Restated					169,377,343	87,557,643	256,934,986
Net Position - Ending of Fiscal Year					\$ 181,933,565	\$ 93,847,714	\$ 275,781,279

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



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.

Measure F12 Supplemental 1/2% Sales Tax

This fund accounts for the citizen-approved transaction/use tax. Funds may be used for any general City operation.

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.

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.

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.

CITY OF EL PASO DE ROBLES
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Measure F12 Supplemental 1/2% Sales Tax	Traffic Mitigation Development Fund	Public Facilities Development Fund	Specific Plans Fund	Measure D GO Bonds Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS								
Cash and investments	\$ 16,603,031	\$ 4,722,391	\$ 2,019,740	\$ 10,336,633	\$ -	\$ 5,852,527	\$ 7,628,840	\$ 47,163,162
Cash and investments with fiscal agent							418,112	418,112
Accounts receivable	2,356,188	715,700	29,405		770,500	40,631	213,450	4,125,874
Interest receivable	129,883							129,883
Due from private-purpose trust fund			280,401	6,338,832			149,285	6,768,518
Due from other funds	261,013							261,013
Loan contracts receivable	152,002		359,950	327,446			1,373,185	2,212,583
Prepaid items	550,422							550,422
Advances receivable	2,768,621							2,768,621
Total Assets	\$ 22,821,160	\$ 5,438,091	\$ 2,689,496	\$ 17,002,911	\$ 770,500	\$ 5,893,158	\$ 9,782,872	\$ 64,398,188
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 2,601,461	\$ 193,881	\$ 66,068	\$ 7,220	\$ 196,450	\$ -	\$ 57,210	\$ 3,122,290
Accrued payroll expenses	464,855						5,766	470,621
Compensated absences	50,000							50,000
Unearned revenue	805,406							805,406
Due to other funds					230,140		30,873	261,013
Advances payable		300,773	650,341		2,275,266		192,582	3,418,962
Total Liabilities	3,921,722	494,654	716,409	7,220	2,701,856		286,431	8,128,292
Deferred Inflows of Resources:								
Unavailable revenue	152,002		640,351	6,666,278			1,522,470	8,981,101
Total Deferred Inflows of Resources	152,002		640,351	6,666,278			1,522,470	8,981,101
Total Liabilities and Deferred Inflows of Resources	4,073,724	494,654	1,356,760	6,673,498	2,701,856		1,808,901	17,109,393
Fund Balances (Deficits):								
Nonspendable:								
Prepaid items	550,422							550,422
Advance receivable	2,768,621							2,768,621
Restricted for:								
Debt service								
						5,893,158	418,112	6,311,270
Community development								
							141,486	141,486
Capital projects								
		4,943,437	1,332,736	10,329,413			5,685,320	22,290,906
Public safety								
							270,275	270,275
Library and recreation								
							7,747	7,747
Public works								
							1,495,546	1,495,546
Assigned for capital projects								
	2,992,638						148,067	3,140,705
Unassigned								
	12,435,755				(1,931,356)		(192,582)	10,311,817
Total Fund Balances (Deficits)	18,747,436	4,943,437	1,332,736	10,329,413	(1,931,356)	5,893,158	7,973,971	47,288,795
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 22,821,160	\$ 5,438,091	\$ 2,689,496	\$ 17,002,911	\$ 770,500	\$ 5,893,158	\$ 9,782,872	\$ 64,398,188

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

**City of Paso Robles
Reconciliation of Balance Sheet
To the Statement of Net Position
June 30, 2015**

Fund balances of governmental funds	\$47,288,795
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	185,199,023
Other post employment benefits prepaid	809,852
Unavailable revenues	8,981,101
Accrued closure and postclosure costs added to long term debt	(2,502,073)
Deferred loss on refunding of bonds	782,762
Interest payable	(686,981)
Lease contracts payable	(2,808,780)
Bonds and certificates of participation payable	(27,940,026)
Compensated absences payable	(1,956,022)
Net pension liability	(23,634,438)
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:	
Deferred inflows of resources relating to pensions	(4,451,130)
Deferred outflows of resources relating to pensions	2,851,482
Net position of governmental activities	\$181,933,565

The notes to 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, 2015

	Measure F12			Measure D GO			Total Nonmajor Funds	Total Governmental Funds
	General Fund	Supplemental 1/2% Sales Tax	Traffic Mitigation Development Fund	Public Facilities Development Fund	Specific Plans Fund	Bonds Debt Service Fund		
REVENUES								
Taxes	\$ 24,682,466	\$ 4,600,283	\$ -	\$ -	\$ -	2,712,608	\$ 1,631,932	\$ 33,627,289
Licenses and permits	1,022,893							1,022,893
Fines and forfeitures	206,714							206,714
Uses of money and property	1,702,200	42,256	1,796,350	97,257	5,047	52,081	80,381	3,775,572
From other agencies	1,157,720		1,814,700		770,500	24,606	1,222,400	4,989,926
Charges for current services	914,950		878,953	312,563	21,318		207,219	2,335,003
Other	919,736		11,500		6,663		9,081	946,980
Total Revenues	30,606,679	4,642,539	4,501,503	409,820	803,528	2,789,295	3,151,013	46,904,377
EXPENDITURES								
General government	4,990,300			119,419				5,109,719
Public safety	13,183,127						23,782	13,206,909
Public works	4,864,410	3,301	15,766		54		1,694,442	6,577,973
Library and recreation services	1,965,964						14,540	1,980,504
Community development	2,160,653						218,583	2,379,236
Interest	57,237	773	1,020,610		28,386	1,341,970	103,405	2,552,381
Principal	308,204					1,578,292	215,000	2,101,496
Paying agent fees						755		755
Capital outlay	3,133,092	2,904,427	3,674,093		2,641,156		80,344	12,433,112
Total Expenditures	30,662,987	2,908,501	4,710,469	119,419	2,669,596	2,921,017	2,350,096	46,342,085
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,308)	1,734,038	(208,966)	290,401	(1,866,068)	(131,722)	800,917	562,292
OTHER FINANCING SOURCES (USES)								
Operating transfers in	727,488		1,584,729				10,569,765	12,881,982
Operating transfer out	(1,678,403)	(300,000)	(10,444,765)				(263,790)	(12,686,958)
Proceeds from capital leases	1,704,811							1,704,811
Transfer from the Successor Agency	686,818						297,384	984,202
Total Other Financing Sources (Uses)	1,440,714	(300,000)	(8,860,036)				10,603,359	2,884,037
Net Change in Fund Balances	1,384,406	1,434,038	(9,069,002)	290,401	(1,866,068)	(131,722)	11,404,276	3,446,329
Fund Balances - July 1	17,363,030	3,509,399	10,401,738	16,181,597	(65,288)	6,024,880	(3,430,305)	49,985,051
Prior Period Adjustment				(6,142,585)				(6,142,585)
Fund Balances - July 1, restated	17,363,030	3,509,399	10,401,738	10,039,012	(65,288)	6,024,880	(3,430,305)	43,842,466
Fund Balances - June 30	\$ 18,747,436	\$ 4,943,437	\$ 1,332,736	\$ 10,329,413	\$ (1,931,356)	\$ 5,893,158	\$ 7,973,971	\$ 47,288,795

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

City of Paso Robles
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2015

Net change in fund balances - total governmental funds		\$3,446,329
Amounts reported for governmental activities in the statement of net position are different because:		
<p>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.</p>		
Capital outlay	\$ 12,433,111	
Depreciation	(5,923,518)	
Loss on disposal of capital assets	(4,186)	
		6,505,407
<p>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.</p>		
		(65,231)
<p>In governmental 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:</p>		
		4,505
<p>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 used exceeded the amounts earned by:</p>		
		164,462
<p>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.</p>		
		1,800,332
<p>In governmental funds, proceeds from debt are recognized as Other Financing Sources. In 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.</p>		
		(1,704,811)
<p>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.</p>		
		2,101,496

City of Paso Robles
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2015

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.	(105,403)
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.	444,746
In governmental funds, pension costs are recognized when the employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and the actual employer contribution:	<u>(35,610)</u>
Change in net position of governmental activities	<u><u>\$12,556,222</u></u>

The notes to 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, 2015

	Business-type Activities				Total Enterprise Funds
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	
ASSETS					
Current Assets:					
Cash and investments	\$ 11,816,657	\$ 11,555,606	\$ 1,856,868	\$ 734,915	\$ 25,964,046
Accounts receivable	1,105,483	702,562	287,304	110,000	2,205,349
Loan contracts receivable	12,059	492,983			505,042
Prepaid expenses	3,956				3,956
Inventory	226,822				226,822
Total Current Assets	<u>13,164,977</u>	<u>12,751,151</u>	<u>2,144,172</u>	<u>844,915</u>	<u>28,905,215</u>
Long-term Assets:					
Advances receivable		650,341			650,341
Deposit	1,507,780				1,507,780
Capital Assets:					
Plant, property and equipment	58,829,146	99,641,367	24,071,538	979,397	183,521,448
Less accumulated depreciation	(22,901,445)	(28,963,726)	(9,300,734)	(19,119)	(61,185,024)
Total Long-term Assets	<u>37,435,481</u>	<u>71,327,982</u>	<u>14,770,804</u>	<u>960,278</u>	<u>124,494,545</u>
Total Assets	<u>50,600,458</u>	<u>84,079,133</u>	<u>16,914,976</u>	<u>1,805,193</u>	<u>153,399,760</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflow - pension	305,525	382,701	29,151		717,377
Total Deferred Outflows of Resources	<u>305,525</u>	<u>382,701</u>	<u>29,151</u>		<u>717,377</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 50,905,983</u>	<u>\$ 84,461,834</u>	<u>\$ 16,944,127</u>	<u>\$ 1,805,193</u>	<u>\$ 154,117,137</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, 2015

	Business-type Activities				Total Enterprise Funds
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 1,786,508	\$ 1,027,833	\$ 258,702	\$ 43,969	\$ 3,117,012
Accrued payroll expenses	55,882	73,737	5,100		134,719
Accrued interest expense		19,152			19,152
Lease contracts payable - current portion	3,231	11,226	12,104		26,561
Loan contracts payable - current portion			26,256		26,256
Customer deposits	183,480	4,233			187,713
Bond principal payable - current portion		235,000			235,000
Total current liabilities	<u>2,029,101</u>	<u>1,371,181</u>	<u>302,162</u>	<u>43,969</u>	<u>3,746,413</u>
Noncurrent liabilities:					
Compensated absences	219,059	245,891	19,326		484,276
Lease contracts payable, net-less current portion	75,133	123,084	20,835		219,052
Loan contracts payable, net-less current portion		40,348,502	548,508		40,897,010
Premium on refunding bonds		420,747			420,747
Bond principal payable, net-less current portion		5,470,000			5,470,000
Net pension liability	3,359,689	4,208,346	320,558		7,888,593
Total noncurrent liabilities	<u>3,653,881</u>	<u>50,816,570</u>	<u>909,227</u>		<u>55,379,678</u>
Total liabilities	<u>5,682,982</u>	<u>52,187,751</u>	<u>1,211,389</u>	<u>43,969</u>	<u>59,126,091</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow	486,936	609,936	46,460		1,143,332
Total Deferred Inflows of Resources	<u>486,936</u>	<u>609,936</u>	<u>46,460</u>		<u>1,143,332</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,169,918</u>	<u>52,797,687</u>	<u>1,257,849</u>	<u>43,969</u>	<u>60,269,423</u>
NET POSITION					
Net investment in capital assets	35,849,337	24,069,082	14,163,101	960,278	75,041,798
Unrestricted	8,886,728	7,595,065	1,523,177	800,946	18,805,916
Total Net Position	<u>\$ 44,736,065</u>	<u>\$ 31,664,147</u>	<u>\$ 15,686,278</u>	<u>\$ 1,761,224</u>	<u>\$ 93,847,714</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, 2015

	Business-type Activities				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Total Enterprise Funds
OPERATING REVENUES:					
Charges for current services	\$ 9,412,457	\$ 7,552,146	\$ 67,320	\$ -	\$ 17,031,923
Rents and leases			545,877		545,877
Other	1,415	2,449	326		4,190
Total Operating Revenues	<u>9,413,872</u>	<u>7,554,595</u>	<u>613,523</u>		<u>17,581,990</u>
OPERATING EXPENSES:					
Maintenance, operations, and administration	6,350,826	5,660,957	396,126	1,451	12,409,360
Depreciation and amortization	1,205,375	1,671,511	385,540	11,683	3,274,109
Total Operating Expenses	<u>7,556,201</u>	<u>7,332,468</u>	<u>781,666</u>	<u>13,134</u>	<u>15,683,469</u>
Operating Income (Loss)	<u>1,857,671</u>	<u>222,127</u>	<u>(168,143)</u>	<u>(13,134)</u>	<u>1,898,521</u>
NONOPERATING REVENUES (EXPENSES):					
Taxes			1,441		1,441
Revenues from other agencies		131,193	1,257,394	492,926	1,881,513
Interest revenue	148,448	1,122,674	18,552	9,156	1,298,830
Gain/(loss) on disposal of capital asset		(176,332)	3,375	2,252	(170,705)
Interest expense	(1,235)	(239,679)	(24,655)		(265,569)
Payments to other agencies		(32,110)			(32,110)
Total Nonoperating Revenues (Expenses)	<u>147,213</u>	<u>805,746</u>	<u>1,256,107</u>	<u>504,334</u>	<u>2,713,400</u>
Income (Loss) Before Transfers and Capital Contributions	2,004,884	1,027,873	1,087,964	491,200	4,611,921
Transfers out	(95,922)	(90,015)	(9,087)		(195,024)
Capital contributions	1,215,612	657,562			1,873,174
Change in Net Position	<u>3,124,574</u>	<u>1,595,420</u>	<u>1,078,877</u>	<u>491,200</u>	<u>6,290,071</u>
Total Net Position - July 1	45,189,537	34,550,586	14,948,793	1,270,024	95,958,940
Prior Period Adjustment	(3,578,046)	(4,481,859)	(341,392)		(8,401,297)
Total Net Position - July 1, restated	<u>41,611,491</u>	<u>30,068,727</u>	<u>14,607,401</u>	<u>1,270,024</u>	<u>87,557,643</u>
Total Net Position - June 30	<u>\$ 44,736,065</u>	<u>\$ 31,664,147</u>	<u>\$ 15,686,278</u>	<u>\$ 1,761,224</u>	<u>\$ 93,847,714</u>

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

CITY OF PASO ROBLES
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds				
	Water Operations	Sewer Operations	Airport Operations	Transit Operations	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	\$ 9,613,281	\$ 8,048,181	\$ 471,619	\$ 210,784	\$ 18,343,865
Payments to suppliers	(4,908,910)	(5,321,257)	(17,343)	18,040	(10,229,470)
Payments to employees	(2,062,295)	(2,515,454)	(189,511)		(4,767,260)
Net Cash Provided (Used) by Operating Activities	<u>2,642,076</u>	<u>211,470</u>	<u>264,765</u>	<u>228,824</u>	<u>3,347,135</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating transfers in/(out)	(95,922)	(90,015)	(9,087)		(195,024)
Taxes			1,441		1,441
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(95,922)</u>	<u>(90,015)</u>	<u>(7,646)</u>		<u>(193,583)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Revenues from other agencies		131,193	1,257,394	492,926	1,881,513
Payments to other agencies		(32,110)			(32,110)
Acquisitions of capital assets	(10,027,590)	(11,219,719)	(2,281,260)	(745,740)	(24,274,309)
Loan, lease contract, bond principal paid	(14,732)	(336,400)	(35,562)		(386,694)
Interest paid on long term debt	(1,235)	(240,254)	(24,655)		(266,144)
Contributed capital received	1,215,612	657,562			1,873,174
Loan/lease proceeds state revolving fund	82,241	13,562,344	39,646		13,684,231
Proceeds (loss) on disposal of capital assets		22,300	3,375	2,252	27,927
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(8,745,704)</u>	<u>2,544,916</u>	<u>(1,041,062)</u>	<u>(250,562)</u>	<u>(7,492,412)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	148,448	1,122,674	18,552	9,156	1,298,830
Net Cash Provided (Used) by Investing Activities	<u>148,448</u>	<u>1,122,674</u>	<u>18,552</u>	<u>9,156</u>	<u>1,298,830</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,051,102)	3,789,045	(765,391)	(12,582)	(3,040,030)
Cash and Cash Equivalents - Beginning of Year	17,867,759	7,766,561	2,622,259	747,497	29,004,076
Cash and Cash Equivalents - End of the year	<u>\$ 11,816,657</u>	<u>\$ 11,555,606</u>	<u>\$ 1,856,868</u>	<u>\$ 734,915</u>	<u>\$ 25,964,046</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income	\$ 1,857,671	\$ 222,127	\$ (168,143)	\$ (13,134)	\$ 1,898,521
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Add depreciation and amortization	1,205,375	1,671,511	385,540	11,683	3,274,109
Changes in Assets and Liabilities:					
(Increase) decrease in accounts receivable	193,241	44,854	(141,904)	210,784	306,975
(Increase) decrease in prepaid expenses	2,793				2,793
(Increase) decrease in inventory	(37,205)				(37,205)
Increase (decrease) in accounts payable	(576,554)	(2,174,893)	192,095	19,491	(2,539,861)
Increase (decrease) in accrued payroll expenses	(18,066)	4,174	(2,125)		(16,017)
Increase (decrease) in compensated absences	45,599	41,243	2,827		89,669
Increase (decrease) in customer deposits	12,920				12,920
(Increase) decrease in loan contracts receivable and advances	(6,752)	448,732			441,980
Increase (decrease) in pension liability	(466,865)	(584,795)	(44,545)		(1,096,205)
(Increase) decrease in deferred outflows	(57,017)	(71,419)	(5,440)		(133,876)
Increase (decrease) in deferred inflows	486,936	609,936	46,460		1,143,332
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,642,076</u>	<u>\$ 211,470</u>	<u>\$ 264,765</u>	<u>\$ 228,824</u>	<u>\$ 3,347,135</u>

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, 2015

	Private-Purpose Trust Funds	Agency Funds
ASSETS		
Cash and investments	\$ 2,349,957	\$ 1,236,549
Accounts receivable		146,697
Due from others		390
Discount on bonds payable	85,754	
Long term loan receivables	1,243,782	
Total Assets	3,679,493	\$ 1,383,636
LIABILITIES		
Accounts payable	\$ -	\$ 61,937
Interest payable	394,623	
Customer deposits		756,971
Bonds payable	13,600,000	
Due to the City of El Paso de Robles	6,768,518	
Accrued payroll expenses	2,614	
Due to others		564,728
Total Liabilities	20,765,755	\$ 1,383,636
NET POSITION		
Held in trust for pension benefits and other purposes	\$ (17,086,262)	

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, 2015

	Private-Purpose Trust Funds
ADDITIONS	
Property Taxes	\$ 1,021,514
Uses of money and property	31,282
Total Additions	1,052,796
 DELETIONS	
Administration, amortization, principal retirement, fiscal agreement payments, agent charges and interest expense	808,706
Transfer to the City of El Paso de Robles	984,202
Total Deletions	1,792,908
Change in Net Position	(740,112)
Net Position - July 1	(16,346,150)
Net Position - June 30	\$ (17,086,262)

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



Notes to the Basic Financial Statements



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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 El Paso de Robles Public Financing Authority (Authority). The financial activities of the foregoing entity have 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 the 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 sessions, 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.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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 are included in the accompanying Statement of Net Position. This includes capital assets, infrastructure assets, and long-term liabilities. 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.

Fund Financial Statements: The 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)



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

are presented. The emphasis of the Fund 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 non-major 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 received and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, depreciation and amortization on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

C. Major Funds

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

General Fund- 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.

Measure F12 Supplemental ½% Sales Tax- Accounts for funds collected from the citizen approved transaction/use tax. Funds may be used for any general City operation.

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.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measure D GO Bonds Debt Service Fund- Accounts 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 Funds- 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.

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

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

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

Airport Operations Fund- Accounts for the operation and maintenance activities of the City's airport.

Transit Operations Fund- Accounts for the operation and maintenance activities for 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 type:

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 the category are the following four funds: 1) Accounts for funds received and expended by the Senior Advisory Committee, 2) Accounts for funds to provide scholarships to graduated local high school students



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

who undertake courses in the medical field, scholarships are awarded by the Paso Robles High School District, 3) Accounts for 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) Accounts 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 the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for the principal and interest on general long-term debt, claims and judgements, 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.

Non-exchange transactions, in which the City gives or received 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 are recognized in the fiscal year in which all eligibility requirements have been satisfied.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 budget 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 this 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.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The City participates in an investment pool managed by the State of California titles 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-backed Securities are subject to market risk as to change in interest rates.

For purposed 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 in the date received.

The costs or 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 depreciates. See Note 3.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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:

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	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 the 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.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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” represents the short-term transfer of cash resources at fiscal year-end to 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.



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 two items which qualify for reporting in this category, the loss on refunding bonds and deferred outflow-pension.

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. Refer to Note 7 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 purposed for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position first.

O. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Paso Robles California Public Employees' Retirement System (CalPERS) Miscellaneous, Safety Police, Safety Police Second Tier, PEPRA Safety Police and Safety Fire Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by Cal PERS. For



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 68

For the fiscal year ended June 30, 2015, the City of El Paso de Robles implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions." This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" as well as the requirements of GASB Statement No. 50, "Pension Disclosures." This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. Implementation of the GASB Statement No. 68 and the impact on the City's financial statements are explained in Note 10-Employee Benefits and Note 18-Prior Period Adjustment.

Governmental Accounting Standards Board Statement No. 71

For the fiscal year ended June 30, 2015, the City of El Paso de Robles implemented Governmental Accounting Standards Board (GASB) Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement will eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities. Implementation of



NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

the GASB Statement No. 71 and the impact on the City's financial statements are explained in Note 7-Deferred Inflows and Outflows of Resources, Note 10-Employee Benefits and Note 18-Prior Period Adjustment.

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 were 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 2015 was .0299% while the apportioned rate for the quarter ending June 30, 2015 was .28%. For the month ended June 30, 2015, the City recognized a weighted average daily rate of return of .89%. 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.



NOTE 2 - CASH AND INVESTMENTS - continued

Investment Types Authorized by Law	Maximum Maturity	Maximum % of Portfolio	Maximum in One Issuer
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 trustees that are governed by the provisions of the debt agreement between the City and the 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.

Investment Types Authorized by Law	Maximum Maturity	Maximum % of Portfolio	Maximum in One Issuer
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
Bankers Acceptances	180 days	40%	30%
Commercial Paper	180 days	None	None
Corporate Notes	5 years	20%	\$2 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.



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. This 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, 2015.

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, there is a greater 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 cash flow and liquidity needed for operations.



NOTE 2 - CASH AND INVESTMENTS - continued

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.

	Remaining Maturity (in months)			
	Total	12 Months Or Less	13 to 24 Months	25 to 60 Months
U.S. Agency Notes	\$ 36,959,190	\$ -	\$ -	\$ 36,959,190
Corporate Notes	8,017,960	4,004,200	2,054,460	1,959,300
Certificates of Deposit	4,741,000	1,748,000	2,493,000	500,000
Local Agency Investment Fund (LAIF)	22,108,309	22,108,309		
Held by Bond Trustee:				
Money Market Funds	2,538,367	2,538,367		
	<u>\$ 74,364,826</u>	<u>\$ 30,398,876</u>	<u>\$ 4,547,460</u>	<u>\$ 39,418,490</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.



NOTE 2 - CASH AND INVESTMENTS - continued

	Total	Minimum Legal rating	AAA	AA	Not Rated
U.S. Agency Notes	\$ 36,959,190	N/A	\$ 36,959,190	\$ -	\$ -
Corporate Notes	8,017,960	N/A		8,017,960	
Certificates of Deposit	4,741,000	N/A			4,741,000
Local Agency Investment Fund (LAIF) Held by Bond Trustee:	22,108,309	N/A			22,108,309
Money Market Funds	2,538,367				2,538,367
	<u>\$ 74,364,826</u>		<u>\$ 36,959,190</u>	<u>\$ 8,017,960</u>	<u>\$ 29,387,676</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:

Issuer	Reported Amount
Federal Home Loan Bank	\$ 7,988,520
Federal Home Loan Mortgage Corporation	9,988,160
Federal National Mortgage Association	18,982,510
	<u>\$ 36,959,190</u>



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 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, 2015, 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 \$2,736,100 at June 30, 2015. Cash on hand and in the revolving account was \$30,900 and bank balances, before reconciling items, were \$2,568,210 at June 30, 2015. At June 30, 2015, 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	\$ 47,581,274
Business Activities	25,964,046
Fiduciary Funds	<u>3,586,506</u>
Total Cash and Investments	<u>\$ 77,131,826</u>



NOTE 2 - CASH AND INVESTMENTS - continued

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.



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, 2015. 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 estimate lives.



NOTE 3 - CAPITAL ASSETS – continued

Summary

The following is a summary of capital assets as of June 30, 2015:

	Governmental Activities	Business-Type Activities	Total
Capital assets not being depreciated			
Land	\$ 18,076,458	\$ 8,389,465	\$ 26,465,923
CIP Infrastructure	27,176,882		27,176,882
Construction in progress	158,437	61,207,343	61,365,780
	<u>45,411,777</u>	<u>69,596,808</u>	<u>115,008,585</u>
Depreciable capital assets			
Buildings and improvements	58,740,522	108,558,867	167,299,389
Equipment	9,713,678	5,365,773	15,079,451
Infrastructure	157,666,958		157,666,958
	<u>226,121,158</u>	<u>113,924,640</u>	<u>340,045,798</u>
Less accumulated depreciation	<u>(86,333,912)</u>	<u>(61,185,024)</u>	<u>(147,518,936)</u>
Depreciable capital assets, net	<u>139,787,246</u>	<u>52,739,616</u>	<u>192,526,862</u>
Total capital assets, net	<u><u>\$185,199,023</u></u>	<u><u>\$122,336,424</u></u>	<u><u>\$307,535,447</u></u>



NOTE 3 - CAPITAL ASSETS – continued

Governmental Activities

Governmental capital asset activity for the year ended June 30, 2015 was as follows:

	Balance 6/30/2014	Increases	Decreases	Balance 6/30/2015
Capital assets not being depreciated				
Land	\$ 18,076,458	\$ -	\$ -	\$ 18,076,458
CIP Infrastructure	19,667,322	9,634,812	2,125,252	27,176,882
Construction in progress	2,168,324	851,469	2,861,356	158,437
	<u>39,912,104</u>	<u>10,486,281</u>	<u>4,986,608</u>	<u>45,411,777</u>
Depreciable capital assets				
Buildings and improvements	55,879,166	2,861,356		58,740,522
Equipment	8,147,598	1,806,378	240,298	9,713,678
Infrastructure	155,403,259	2,263,699		157,666,958
	<u>219,430,023</u>	<u>6,931,433</u>	<u>240,298</u>	<u>226,121,158</u>
Less accumulated depreciation	<u>(80,648,511)</u>	<u>(5,923,518)</u>	<u>(238,117)</u>	<u>(86,333,912)</u>
Depreciable capital assets, net	<u>138,781,512</u>	<u>1,007,915</u>	<u>2,181</u>	<u>139,787,246</u>
Governmental activity capital assets, net	<u><u>\$178,693,616</u></u>	<u><u>\$11,494,196</u></u>	<u><u>\$4,988,789</u></u>	<u><u>\$185,199,023</u></u>

Depreciation expense was charged to functions as follows:

General Government	\$ 449,117
Public Safety	512,297
Public Works	4,558,005
Library and Recreation Services	396,412
Community Development	<u>7,687</u>
Total Depreciation Expense	<u><u>\$ 5,923,518</u></u>



NOTE 3 - CAPITAL ASSETS – continued

Business-type Activities

Business-type capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance 6/30/2014	Increases	Decreases	Balance 6/30/2015
Water				
Capital assets not being depreciated				
Construction in progress	\$ 5,226,291	\$ 9,945,349	\$ -	\$ 15,171,640
	5,226,291	9,945,349		15,171,640
Depreciable capital assets				
Buildings	817,782			817,782
Improvements other than buildings	40,136,479			40,136,479
Equipment	2,621,004	82,241		2,703,245
	43,575,265	82,241		43,657,506
Less accumulated depreciation	(21,696,070)	(1,205,375)		(22,901,445)
Depreciable capital assets, net	21,879,195	(1,123,134)		20,756,061
Water activities capital assets, net	\$ 27,105,486	\$ 8,822,215	\$ -	\$ 35,927,701
Sewer				
Capital assets not being depreciated				
Land	\$ 559,050	\$ -	\$ -	\$ 559,050
Construction in progress	31,936,975	10,991,399		42,928,374
	32,496,025	10,991,399		43,487,424
Depreciable capital assets				
Buildings	654,654			654,654
Improvements other than buildings	53,460,840		309,619	53,151,221
Equipment	2,119,748	228,320		2,348,068
	56,235,242	228,320	309,619	56,153,943
Less accumulated depreciation	(27,378,453)	(1,696,261)	(110,988)	(28,963,726)
Depreciable capital assets, net	28,856,789	(1,467,941)	198,631	27,190,217
Sewer activities capital assets, net	\$ 61,352,814	\$ 9,523,458	\$ 198,631	\$ 70,677,641



NOTE 3 - CAPITAL ASSETS - continued

	Balance 6/30/2014	Increases	Decreases	Balance 6/30/2015
Airport				
Capital assets not being depreciated				
Land	\$ 7,830,415	\$ -	\$ -	\$ 7,830,415
Construction in progress	119,976	2,241,613		2,361,589
	<u>7,950,391</u>	<u>2,241,613</u>		<u>10,192,004</u>
Depreciable capital assets				
Buildings	1,956,948			1,956,948
Improvements other than buildings	11,705,745			11,705,745
Equipment	205,454	39,647	28,260	216,841
	<u>13,868,147</u>	<u>39,647</u>	<u>28,260</u>	<u>13,879,534</u>
Less accumulated depreciation	(8,943,454)	(385,540)	(28,260)	(9,300,734)
Depreciable capital assets, net	<u>4,924,693</u>	<u>(345,893)</u>		<u>4,578,800</u>
Airport activities capital assets, net	<u>\$ 12,875,084</u>	<u>\$ 1,895,720</u>	<u>\$ -</u>	<u>\$ 14,770,804</u>
Transit				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 745,740	\$ -	\$ 745,740
		<u>745,740</u>		<u>745,740</u>
Depreciable capital assets				
Improvements other than buildings	136,038			136,038
Equipment	97,619			97,619
	<u>233,657</u>			<u>233,657</u>
Less accumulated depreciation	(7,436)	(11,683)		(19,119)
Depreciable capital assets, net	<u>226,221</u>	<u>(11,683)</u>		<u>214,538</u>
Transit activities capital assets, net	<u>\$ 226,221</u>	<u>\$ 734,057</u>	<u>\$ -</u>	<u>\$ 960,278</u>



NOTE 3 - CAPITAL ASSETS - continued

Construction Commitments

As of June 30, 2015 the City had a number of construction projects in progress. The governmental activity projects had a total work in progress amount of \$158,437 and infrastructure WIP of \$27,176,882. The business-type activity projects included various water, sewer, and airport infrastructure improvements totaling \$61,207,343.

NOTE 4 - LOANS RECEIVABLE

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, 2015 was \$778,233 and Cal Home Loans was \$393,900.

On January 31, 2013, the City entered into an agreement with Oak Park I, LP to construct 39 new low-income residential units as part of Phase I of the Oak Park Housing Project. The total amount outstanding, including accrued interest at June 30, 2015 was \$828,768.

On February 7, 2014 the City entered into an agreement with Oak Park II, LP to construct 41 new low-income residential units as part of Phase II of the Oak Park Housing Project. The total amount outstanding, including accrued interest at June 30, 2015 was \$716,724.

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, 2015, for Chandler Ranch was \$1,415,048 and Olsen Beechwood was \$860,217.



NOTE 5 - INTERFUND TRANSACTIONS - continued

On August 3, 2004, the City entered into an agreement to loan \$280,000 from the General Fund to the 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, 2015 was \$192,583.

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. The total balance of \$10,444,765 was written off in FY 15.

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, 2015 was \$650,341.

On July 15, 2014 the City entered into a reimbursement agreement, such that the General Fund would advance the cost incurred to resurface Riverside Avenue from 10th Street to 12th Street. The Supplemental Sales Tax Fund shall repay the City's General Fund in fiscal year 2019, all or in part may be repaid without penalty at any time. The total amount outstanding, including accrued interest at June 30, 2015 was \$300,773.

B. *Due from Trust*

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 services payments. The RDA began making the debt service payments in 2007. Total amount outstanding for the Library/City Hall facility at June 30, 2015 was \$6,142,585.

On June 10, 2010, the City and the 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



NOTE 5 - INTERFUND TRANSACTIONS - continued

Village, an 81-unit low-income apartment complex, in the amount of \$1,000,000. Total amount outstanding at June 30, 2015, including accrued interest, was \$625,933.

C. *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	\$ 727,488	\$ 1,678,403
Traffic Mitigation Fund	1,584,729	10,444,765
Measure F12 Supplemental 1/2% Sales Tax Fund		300,000
Nonmajor Funds:		
Highway 101/46 West	10,444,765	
Landfill Closure/Postclosure Fund	125,000	
Gas Tax Fund		204,440
City Facility Repair Fund		59,350
Enterprise Funds:		
Water Fund		95,922
Sewer Fund		90,015
Airport Fund		9,087
Totals	<u>\$ 12,881,982</u>	<u>\$ 12,881,982</u>



NOTE 5 - INTERFUND TRANSACTIONS - continued

D. Due To/From Other Funds

Due to/from other funds are identified as follows:

	<u>Due To</u>	<u>Due From</u>
Major Funds:		
General Fund	\$ 261,013	\$ -
Specific Plans Fund		230,140
Nonmajor Funds:		
Police Grants		4,234
Community Development Block Grant		26,639
Totals	<u>\$ 261,013</u>	<u>\$ 261,013</u>

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. There have been no settlements in the last three years that exceeded the City's insurance coverage. 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.



NOTE 6 - RISK MANAGEMENT - continued

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 Workers’ Compensation “tail” Claims Fund.

The Joint Powers Authority manages the “tail” claims separately from its regular programs. The City of Paso Robles has agreed to allow the Joint Powers Authority to manage said “tail” claims for workers’ compensation.

NOTE 7 - DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

At June 30, 2015, deferred inflows of resource, reported in the governmental fund financial statements, consisted of the following:

Unavailable Revenues:	
General Fund	\$ 152,002
Traffic Mitigation Development Fund	640,351
Public Facilities Development Fund	6,666,278
Community Development Block Grant Fund	778,233
Building Department Special Fees Fund	12,462
Cal Home Loan Program Fund	393,900
Park Development Fund	320,112
Bike and Pedestrian Path Fund	17,763
Total	<u>\$ 8,981,101</u>



NOTE 7 - DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES - continued

At June 30, 2015, deferred inflows and outflows of resources, reported on the Statement of Net Position, consisted of the following:

Deferred Inflows of Resources - Pensions	\$ 5,594,462
Total Deferred Inflows	<u>\$ 5,594,462</u>
Deferred Outflows of Resources - Pensions	\$ 3,568,859
Total Deferred Outflows	<u>\$ 3,568,859</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 matured annually on August 1 between 2009 and 2027. The prior GO Bonds were 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 were called on August 1, 2009. The advance refunding met the requirements of an in-substance defeasance and 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.



NOTE 8 - GOVERNMENTAL ACTIVITIES LONG-TERM DEBT - continued

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 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 Financing Authority issued \$5,460,000 in Certificates of Participation (COPS) with interest rates ranging from 2.0% to 4.25% to current refund 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 the 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 U.S. 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.



NOTE 8 - GOVERNMENTAL ACTIVITIES LONG-TERM DEBT – continued

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 in 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 dated September 12, 2014, for the acquisition of multiple pieces of City equipment, including items such as a mower, utility trailer, aerator, patrol and public works vehicles, etc., for a total of \$860,596 principal only. Principal and interest payments are due semi-annually beginning March 12, 2015 with the last payment due September 12, 2024.

The City entered into a \$527,000 lease purchase agreement with Chase Bank for the purchase of a new Fire Engine, with an annual payment of \$59,842 for 10 years, with the first payment beginning in August 15, 2015 and the last payment due August 15, 2024.

The City entered into a lease purchase agreement with Umpqua Bank for the purchase of the 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 \$454,348 with an annual finance cost of \$96,879 for five years.

B. Changes in Long-Term Debt

As of June 30, 2015, the City had the following long-term obligations outstanding including the current portion:



NOTE 8 - GOVERNMENTAL ACTIVITIES LONG-TERM DEBT - continued

	Governmental Activities					
	Balance June 30, 2014	Prior Period Adjustment	Incurred or Issued	Satisfied or Matured	Balance June 30, 2015	Current Portion
Governmental Activities:						
Capital Leases Payable	\$ 1,412,173	\$ -	\$ 1,704,811	\$ (308,204)	\$ 2,808,780	\$ 482,519
Certificates of Participation	2,675,000			(215,000)	2,460,000	220,000
General Obligation Bonds	27,058,318			(1,578,292)	25,480,026	1,620,962
Compensated Absences	2,170,484		1,348,318	(1,512,780)	2,006,022	50,000
Landfill Closure/Postclosure Liability	2,396,670		105,403		2,502,073	
Net Pension Liability		24,766,468	4,147,476	(5,279,506)	23,634,438	
Total Governmental Activities	\$ 35,712,645	\$ 24,766,468	\$ 7,306,008	\$ (8,893,782)	\$ 58,891,339	\$ 2,373,481

C. Annual Repayment Requirements of Long-Term Debt

The annual requirements to amortize all debt outstanding (excluding compensated absences, OPEB, net pension liability, and landfill closure/postclosure liability) as of June 30, 2015 are as follows:

Governmental Activities		
Year End June 30	Principal	Interest
2016	\$ 2,323,481	\$ 1,474,819
2017	2,415,713	1,413,343
2018	2,379,312	1,344,545
2019	2,341,893	1,277,276
2020	2,409,646	1,199,192
2021-2025	11,891,287	4,730,316
2026-2030	6,987,474	1,697,526
	<u>\$ 30,748,806</u>	<u>\$ 13,137,017</u>



NOTE 8 - GOVERNMENTAL ACTIVITIES LONG-TERM DEBT - continued

D. Bond Requirements

At June 30, 2015, management believes the City and its component units are in compliance with all covenants of the various debt indentures.

NOTE 9 - BUSINESS-TYPE ACTIVITIES LONG TERM DEBT

A. Description

Sewer Installment Sale Revenue Bonds- On April 24, 2012, the City issued \$6,355,000 of Wastewater Revenue Refunding Bonds with interest rates ranging from 2.0% to 5.0% to current refund prior Wastewater Revenue Bonds with interest rates ranging from 3.5% to 5.0% and a par value of \$6,895,000. The purpose of the bonds were the retro-fitting of the city's 50 year-old wastewater treatment plant. 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 on \$494,996 and, after paying issuance costs of \$123,631 and the underwriter's discount of \$68,538 the net proceeds were \$6,657,827. The net 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 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.

The City entered into an installment sale agreement with the State Water Resource Control Board dated March 12, 2013 for the construction of the Wastewater Treatment Plant, annual installments, including accrued interest are payable starting one year after completion of construction. The current balance at June 30, 2015 is \$40,348,502.



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

Lease Purchase Obligations- The City entered into a \$265,527 lease purchase agreement dated September 12, 2014 for the acquisition of equipment, including a tractor, gator, trailers (2), vehicles (4) and a valve operator. Principal and interest payments are due semi-annually beginning March 12, 2015, with the last payment due September 12, 2024.

B. Changes in Long-Term Debt

As of June 30, 2015, the City had the following long-term obligations including the current portion:

	Business Activities					
	Balance June 30, 2014	Prior Period Adjustment	Incurred or Issued	Satisfied or Matured	Balance June 30, 2015	Current Portion
Business-type Activities:						
Compensated Absences	\$ 394,607	\$ -	\$ 224,524	\$ (134,855)	\$ 484,276	\$ -
Leases Payable	111,544		265,527	(131,458)	245,613	26,561
Loan Payable **	26,929,798		13,418,704		40,348,502	
Loan Payable	600,000			(25,236)	574,764	26,256
Revenue Bonds	5,935,000			(230,000)	5,705,000	235,000
Net Pension Liability		8,984,798	1,293,553	(2,389,758)	7,888,593	
Total Business-type Activities	\$ 33,970,949	\$ 8,984,798	\$ 15,202,308	\$ (2,911,307)	\$ 55,246,748	\$ 287,817

** 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 and net pension liability) as of June 30, 2015 are as follows:



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

Year End June 30	Business Activities	
	Principal	Interest
2016	\$ 287,817	\$ 258,671
2017	2,019,387	935,651
2018	2,049,616	895,009
2019	2,085,118	853,697
2020	2,126,898	811,317
2021-2025	11,334,356	3,354,747
2026-2030	12,481,087	2,100,397
2031-2035	12,132,942	830,008
2036	2,356,658	40,063
	<u>\$ 46,873,879</u>	<u>\$ 10,079,560</u>

D. Bond Requirements

At June 30, 2015, management believes the City and its component units are in compliance with all covenants of the various debt indentures.



NOTE 10 - EMPLOYEE BENEFITS

A. *General Information about the Pension Plans*

Plan Descriptions

The City includes two separate types of employer plans where all qualified permanent and probationary employees are eligible to participate, depending on the employee classification, 1) Miscellaneous Employee Pension Plan, an agent multiple-employer defined benefit pension plan and 2) Safety (includes police and fire), a cost-sharing multiple employer defined benefit pension plan. Both types of pension plans are administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employees. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website (<https://www.calpers.ca.gov/>).

Benefits Provided

For both plans, CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:



NOTE 10 - EMPLOYEE BENEFITS - continued

	Miscellaneous	Safety Plan	
	Plan 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	23.079%	38.867%	26.571%
Total current covered payroll	\$ 8,069,310	\$ 3,231,183	\$ 2,261,768
Required employee contributions made	\$ 626,128	\$ 294,463	\$ 203,559
Required employer contributions made	\$ 1,868,455	\$ 1,102,597	\$ 597,471
	MISC	Police	Fire
	2nd Tier	2nd Tier	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	23.079%	21.367%	21.367%
	MISC	Police	Fire
	PEPRA	PEPRA	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	23.079%	11.5%	11.5%



NOTE 10 - EMPLOYEE BENEFITS – continued

Employees Covered - At June 30, 2015, the following employees were covered by the benefit terms for the miscellaneous plan:

	<u>Miscellaneous Plan</u>
Inactive employees or beneficiaries currently receiving benefits	112
Inactive employees entitled to but not yet receiving benefits	33
Active employees	<u>101</u>
Total	<u>246</u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the City were \$3,568,859 for the fiscal year ended June 30, 2015.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2015, the City reported a net pension liability of \$31,523,031. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Miscellaneous Plan – At June 30, 2015, the City's net pension liability for the miscellaneous plan was \$20,548,562.



NOTE 10 - EMPLOYEE BENEFITS – continued

Safety Plan - The City's proportion of the net pension liability of \$10,974,469 was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2014, the City's proportion was 0.17637%, which was unchanged from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$3,517,720. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plan		Safety Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes in assumptions				
Net difference between projected and actual earnings on retirement plan investments		2,978,203		2,328,799
Changes in proportion and differences between City contributions and proportionate share of contributions				287,460
City contributions subsequent to the measurement date	1,868,657		1,700,202	
	\$ 1,868,657	\$ 2,978,203	\$ 1,700,202	\$ 2,616,259



NOTE 10 - EMPLOYEE BENEFITS - continued

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$3,568,859 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Fiscal Year Ending June 30,	<u>Miscellaneous</u>	<u>Safety</u>
2016	\$ (744,551)	\$ (684,866)
2017	(744,551)	(684,866)
2018	(744,551)	(664,331)
2019	(744,550)	(582,196)
	<u>\$ (2,978,203)</u>	<u>\$ (2,616,259)</u>



NOTE 10 - EMPLOYEE BENEFITS - continued

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

	All Plans
Valuation Date	June 30, 2014
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.5% Net Pension Plan Investment and Administrative Expenses includes Inflation
Mortality	Derived using CalPERS' Membership Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies; 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the 2014 experience study report.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate



NOTE 10 - EMPLOYEE BENEFITS - continued

that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary.

The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly high Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits were calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present



NOTE 10 - EMPLOYEE BENEFITS - continued

value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

For All Plans Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100.0%</u>		

(a) An expected inflation rate of 2.5% was used for this period.

(b) An expected inflation rate of 3.0% was used for this period.

C. *Changes in the Net Pension Liability*



NOTE 10 - EMPLOYEE BENEFITS - continued

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	\$ 60,497,088	\$ 37,093,083	\$ 23,404,005
Changes in the year:			
Service cost	1,364,965		1,364,965
Interest on the total pension liability	4,495,074		4,495,074
Contributions from employer		1,519,929	(1,519,929)
Contributions from employees		707,207	(707,207)
Net investment income		6,488,346	(6,488,346)
Benefit payments, including refunds of employee contributions	(2,490,534)	(2,490,534)	-
Net changes	3,369,505	6,224,948	(2,855,443)
Balance at June 30, 2014	\$ 63,866,593	\$ 43,318,031	\$ 20,548,562

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in Discount Rate

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower (6.5 percent) or 1- percentage point higher (8.5 percent) than the current rate:



NOTE 10 - EMPLOYEE BENEFITS - continued

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Miscellaneous Plan City's pension plan liability	\$28,674,434	\$20,548,562	\$13,763,855
	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Safety Plan City's proportionate share of the net pension plan liability	\$16,971,391	\$10,974,469	\$6,033,264

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

D. Payable to Pension Plan

At June 30, 2015, the City had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2015.

E. 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 retirees 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



NOTE 10 - EMPLOYEE BENEFITS - continued

individual benefits. This obligation to make coverage available under the City's group health plan is discontinued at such time as the retiree reaches the age of 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 the retiree. Each retiree choosing to receive the City provided health care insurance must reimburse the City the full premium cost that exceeded 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 No. 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.

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	ICMA Trust Balance	Net OPEB Asset/ (Liability)	% of Annual OPEB Cost Contributed
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%
6/30/2015	\$ 669,150	\$ 2,745,050 **	\$ 5,291,122	\$ 809,852	410%

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



NOTE 10 - EMPLOYEE BENEFITS - continued

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>
7/1/2014	\$ 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.

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 OPEB actuarial study used an 8% expectation for medical premium increases (inflation), a discounted rate of 6%, and an amortization method of 30-year level dollar, open period. The OPEB study did not take into account salary increases, or other post-employment increases, as the OPEB is a set amount, that will not increase, rather it has been removed as employment benefit starting in fiscal year 2014.

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



NOTE 10 - EMPLOYEE BENEFITS - continued

F. 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, 2015, the total City contribution on behalf of eligible employees was \$180,142.

G. 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



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 on 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.

H. Compensated Absences

The City's policy relating to compensated absences is described in Note 1. The long-term portion of this liability, amounting to \$1,956,022 for governmental activities and \$484,276 for business-type activities at June 30, 2015, 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:

Non-spendable 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.



NOTE 11 - FUND BALANCES - continued

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 legislations.

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 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 spend 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.



NOTE 11 - FUND BALANCES - continued

As of June 30, 2015, the following funds had deficit fund balances:

Major Fund:	
Specific Plans Fund	\$ 1,931,356
Nonmajor Fund:	
Airport Road PSR Fund	192,582

NOTE 12 - FUNDS WITH EXPENDITURES EXCEEDING APPROPRIATIONS

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

Major Funds:	
Traffic Mitigation Development Fund	\$ 397,277
Public Facilities Development Fund	11,918
Nonmajor Funds:	
Citizens Option Public Safety Fund	9,011
Police Grants Fund	8,110
Youth Scholarship Fund	14,540
Community Facilities District Operations Fund	4,206
Landscape and Lighting District Fund	125,257
Oak Tree Preservation Fund	501
Public Works Grant Fund	644
Downtown Parking in Lieu Fund	213,440



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 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 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:



NOTE 14 - NACIMIENTO WATER PROJECT - continued

Nacimiento Water Project	
Year End - June 30	Net Annual Debt Service
2016	\$ 4,226,789
2017	4,228,814
2018	4,226,439
2019	4,225,689
2020	4,226,314
2021-2025	21,134,571
2026-2030	21,117,946
2031-2035	21,126,571
2036-2040	21,024,135
	<u>\$ 105,537,268</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's rate structure was designed to increase over a 5-year period, thus allowing its customers to acclimated 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 that previously had reported a Redevelopment Agency within the reporting entity of the City as a blended component unit.



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 the 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.



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

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, 2015 was \$40,282.

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, 2015 was \$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, 2015 was \$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.



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

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 4.75% to 6.50 to currently refund prior 1996 Tax Allocation Bonds with interest rates ranging from 5.25% 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 the 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, the 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:

Fiscal Year Ending June 30	Principal	Interest	Total
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	475,000	680,564	1,155,564
2021-2025	3,120,000	2,987,279	6,107,279
2026-2030	3,505,000	1,935,956	5,440,956
2031-2035	2,420,000	1,145,509	3,565,509
2036-2039	2,260,000	297,048	2,557,048
Total	<u>\$ 13,600,000</u>	<u>\$ 10,014,193</u>	<u>\$ 23,614,193</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 ending June 30, 2015, Paso Robles Ford provided \$18,491 worth of automotive parts and service to the City. Mrs. Williamson is not consulted, nor does she advise on any part of the expenses with Paso Robles Ford and the City.

NOTE 17 - 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 position.

NOTE 18 - PRIOR PERIOD ADJUSTMENTS

General Government – Governmental Funds Statement – A prior period adjustment was made to the Statement of Revenues, Expenditures and Changes in Fund Balances due to an adjustment of (\$6,142,585) to record the deferral of revenue from the reimbursement agreement with the former Redevelopment Agency for the construction of the library/city hall facility in the Public Facilities Development Fund.

General Government – Government-wide Statement - A prior period adjustment was made to the governmental activities which affects the Government-Wide Statement of Activities due to an adjustment of (\$25,198,476), less the previous year's side fund asset of \$2,976,578, for a net of (\$22,221,898) was made which affects the statement of net position. The prior period adjustment was to



NOTE 18 - PRIOR PERIOD ADJUSTMENTS - continued

record the net pension liability of (\$27,743,046) and deferred pension outflow of resources of \$2,544,570, due to the implementation of GASB Statement No. 68 and No. 71.

Business-type Activities:

Water Enterprise - A prior period adjustment of \$(3,578,046) was made which affects the statement of net position. Prior period adjustment was to record net pension liability of \$(3,826,555) and deferred pension outflow of resources of \$248,509, due to the implementation of GASB Statements No. 68 and No. 71.

Sewer Enterprise - A prior period adjustment of \$(4,481,859) was made which affects the statement of net position. Prior period adjustment was to record net pension liability of \$(4,793,141) and deferred pension outflow of resources of \$311,282, due to the implementation of GASB Statements No. 68 and No. 71.

Airport Enterprise - A prior period adjustment of \$(341,392) was made which affects the statement of net position. Prior period adjustment was to record net pension liability of \$(365,102) and deferred pension outflow of resources of \$23,711, due to the implementation of GASB Statements No. 68 and No. 71.



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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 23,360,000	\$ 23,360,000	\$ 24,682,466	\$ 1,322,466
Licenses and permits	1,001,000	1,001,000	1,022,893	21,893
Fines and forfeitures	193,000	193,000	206,714	13,714
Uses of money and property	387,000	387,000	1,702,200	1,315,200
From other agencies	410,000	2,475,441	1,157,720	(1,317,721)
Charges for current services	877,000	877,000	914,950	37,950
Other	1,079,000	1,169,752	919,736	(250,016)
Total Revenues	27,307,000	29,463,193	30,606,679	1,143,486
EXPENDITURES				
General government	3,121,200	3,148,950	4,990,300	(1,841,350)
Public safety	14,232,500	14,246,200	13,183,127	1,063,073
Public works	2,861,800	3,511,430	4,864,410	(1,352,980)
Library and recreation services	3,405,000	3,424,500	1,965,964	1,458,536
Community development	2,134,300	2,143,600	2,160,653	(17,053)
Interest	48,400	48,400	57,237	(8,837)
Principal	195,500	195,500	308,204	(112,704)
Capital outlay	335,600	6,249,903	3,133,092	3,116,811
Total Expenditures	26,334,300	32,968,483	30,662,987	2,305,496
Excess (Deficiency) of Revenues Over (Under) Expenditures	972,700	(3,505,290)	(56,308)	3,448,982
OTHER FINANCING SOURCES (USES)				
Operating transfers in	648,800	2,935,915	1,434,188	(1,501,727)
Operating transfer out	(441,000)	(1,745,611)	(1,698,285)	47,326
Proceeds from capital leases			1,704,811	1,704,811
Total Other Financing Sources (Uses)	207,800	1,190,304	1,440,714	250,410
Net Change in Fund Balances	1,180,500	(2,314,986)	1,384,406	3,699,392
Fund Balance - July 1	17,363,030	17,363,030	17,363,030	
Fund Balance - June 30	\$ 18,543,530	\$ 15,048,044	\$ 18,747,436	\$ 3,699,392

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%
7/1/2014	\$ 8,309,436	\$ 2,821,640	\$ 5,487,796	34%	\$ 11,829,087	46%

CITY OF EL PASO DE ROBLES
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years*
As of June 30, 2015

	2015
Total Pension Liability	
Service Cost	\$ 1,364,965
Interest on total pension liability	4,495,074
Benefit payments, including refunds of employee contributions	(2,490,534)
Net change in total pension liability	\$ 3,369,505
Total pension liability - beginning	60,497,088
Total pension liability - ending (a)	\$ 63,866,593
 Plan fiduciary net position	
Contributions - employer	\$ 1,519,929
Contributions - employee	707,207
Net investment income	6,488,346
Benefit payments	(2,490,534)
Net change in plan fiduciary net position	6,224,948
Plan fiduciary net position - beginning	37,093,083
Plan fiduciary net position - ending (b)	\$ 43,318,031
 Net pension liability - ending (a)-(b)	\$ 20,548,562
 Plan fiduciary net position as a percentage of the total pension liability	 67.83%
 Covered - employee payroll	 \$ 7,695,579
 Net pension liability as a percentage of covered - employee payroll	 267.02%

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF EL PASO DE ROBLES
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
For the Fiscal Year Ended June 30, 2015

	<u>Safety</u>
Proportion of the net pension liability	0.17637%
Proportionate share of the net pension liability	\$10,974,469
Covered- employee payroll	\$5,103,941
Proportionate share of the net pension liability as percentage of covered-employee payroll	215.01%
Plan's total pension liability	\$17,719,018,179
Plan's fiduciary net position	\$13,968,041,341
Plan fiduciary net position as a percentage of the total pension liability	78.83%

CITY OF EL PASO DE ROBLES
SCHEDULE OF CONTRIBUTIONS
 Last 10 Years*
 As of June 30, 2015

The following table provides required supplementary information regarding the City's Pension Plan.

	2015	
	Miscellaneous	Safety
Contractually required contribution (actuarially determined)	\$ 1,868,657	\$ 1,700,202
Contribution in relation to the actuarially determined contributions	(1,868,657)	(1,700,202)
Contribution deficiency (excess)	\$ -	\$ -
Covered- employee payroll	\$ 8,069,310	\$ 5,492,951
Contributions as a percentage of covered-employee payroll	23.16%	30.95%

Notes to Schedule

Valuation Date:
 Methods and assumptions used to determine contribution rates:
 Discount Rate
 Inflation
 Salary Increases
 Investment Rate of Return

Mortality Rate Table (1)

Post Retirement Benefit Increase

6/30/2014
7.50%
2.75%
Varies by Entry Age and Service
7.5% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Derived using CalPERS' Membership Data for all Funds
Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the 2014 experience study report.

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.



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:

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 medians 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.

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

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, 2015

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 5,990,169	\$ 1,638,671	\$ -	\$ 7,628,840
Cash and investments with fiscal agent			418,112	418,112
Accounts receivable	213,450			213,450
Due from private-purpose trust fund		149,285		149,285
Loan contracts receivable	1,184,595	188,590		1,373,185
Total Assets	<u>\$ 7,388,214</u>	<u>\$ 1,976,546</u>	<u>\$ 418,112</u>	<u>\$ 9,782,872</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 57,210	\$ -	\$ -	\$ 57,210
Accrued payroll expenses	5,766			5,766
Due to other funds	30,873			30,873
Advances payable		192,582		192,582
Total Liabilities	<u>93,849</u>	<u>192,582</u>		<u>286,431</u>
Deferred Inflows of Resources:				
Unavailable revenue	1,184,595	337,875		1,522,470
Total Deferred Inflows of Resources	<u>1,184,595</u>	<u>337,875</u>		<u>1,522,470</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,278,444</u>	<u>530,457</u>		<u>1,808,901</u>
Fund Balances (Deficits):				
Restricted for:				
Debt service			418,112	418,112
Community development	141,486			141,486
Capital projects	4,046,649	1,638,671		5,685,320
Public safety	270,275			270,275
Library and recreation	7,747			7,747
Public works	1,495,546			1,495,546
Assigned to capital projects	148,067			148,067
Unassigned		(192,582)		(192,582)
Total Fund Balances (Deficits)	<u>6,109,770</u>	<u>1,446,089</u>	<u>418,112</u>	<u>7,973,971</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 7,388,214</u>	<u>\$ 1,976,546</u>	<u>\$ 418,112</u>	<u>\$ 9,782,872</u>

CITY OF EL PASO DE ROBLES
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	Building Department Special Fees	City/School Facility Improvement	Citizens Option Public Safety	Other Funds	Police Grants	State Gas Tax
ASSETS						
Cash and investments	\$ 582,102	\$ 47,586	\$ 270,603	\$ 620,262	\$ -	\$ 962,013
Accounts receivable					4,234	84,893
Loan contracts receivable	12,462			393,900		
Total Assets	<u>\$ 594,564</u>	<u>\$ 47,586</u>	<u>\$ 270,603</u>	<u>\$ 1,014,162</u>	<u>\$ 4,234</u>	<u>\$ 1,046,906</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 5,946	\$ -	\$ 328	\$ 3		\$ -
Accrued payroll expenses						
Due to other funds					4,234	
Total Liabilities	<u>5,946</u>		<u>328</u>	<u>3</u>	<u>4,234</u>	
Deferred Inflows of Resources						
Unavailable revenue	12,462			393,900		
Total Deferred Inflows of Resources	<u>12,462</u>			<u>393,900</u>		
Total Liabilities and Deferred Inflows of Resources	<u>18,408</u>		<u>328</u>	<u>393,903</u>	<u>4,234</u>	
Fund Balances (Deficits):						
Restricted for:						
Debt service						
Community development				98,962		
Capital projects		47,586		363,380		1,046,906
Public safety			270,275			
Library and recreation						
Public works	576,156			9,850		
Assigned to capital projects				148,067		
Total Fund Balances	<u>576,156</u>	<u>47,586</u>	<u>270,275</u>	<u>620,259</u>		<u>1,046,906</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 594,564</u>	<u>\$ 47,586</u>	<u>\$ 270,603</u>	<u>\$ 1,014,162</u>	<u>\$ 4,234</u>	<u>\$ 1,046,906</u>

CITY OF EL PASO DE ROBLES
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015

	Transportation Development Act	Community Development Block Grant	Youth Scholarship	Landscape and Lighting District	Landfill Closure/Postclosure	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and investments	\$ 125,235	\$ -	\$ 7,747	\$ 911,079	\$ 2,463,542	\$ 5,990,169
Accounts receivable		103,660		20,663		213,450
Loan contracts receivable		778,233		-		1,184,595
Total Assets	<u>\$ 125,235</u>	<u>\$ 881,893</u>	<u>\$ 7,747</u>	<u>\$ 931,742</u>	<u>\$ 2,463,542</u>	<u>\$ 7,388,214</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 30,925	\$ -	\$ 20,008	\$ -	\$ 57,210
Accrued payroll expenses		3,572		2,194		5,766
Due to other funds		26,639				30,873
Total Liabilities		<u>61,136</u>		<u>22,202</u>		<u>93,849</u>
Deferred Inflows of Resources						
Unavailable revenue		778,233				1,184,595
Total Deferred Inflows of Resources		<u>778,233</u>				<u>1,184,595</u>
Total Liabilities and Deferred Inflows of Resources		<u>839,369</u>		<u>22,202</u>		<u>1,278,444</u>
Fund Balances (Deficits):						
Restricted for:						
Debt service						
Community development		42,524				141,486
Capital projects	125,235				2,463,542	4,046,649
Public safety						270,275
Library and recreation			7,747			7,747
Public works				909,540		1,495,546
Assigned to capital projects						148,067
Total Fund Balances	<u>125,235</u>	<u>42,524</u>	<u>7,747</u>	<u>909,540</u>	<u>2,463,542</u>	<u>6,109,770</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 125,235</u>	<u>\$ 881,893</u>	<u>\$ 7,747</u>	<u>\$ 931,742</u>	<u>\$ 2,463,542</u>	<u>\$ 7,388,214</u>

CITY OF EL PASO DE ROBLES
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2015

	Park Development	Storm Drain Development	Airport Road PSR	Bike and Pedestrian Path	Highway 101/46 West Communit Facilities District Fund	Total Nonmajor Capital Projects Funds
ASSETS						
Cash and investments	\$ 1,504,470	\$ 107,056	\$ -	\$ 27,145	\$ -	\$ 1,638,671
Due from private-purpose trust fund	131,522			17,763		149,285
Loan contracts receivable	188,590					188,590
Total Assets	\$ 1,824,582	\$ 107,056	\$ -	\$ 44,908	\$ -	\$ 1,976,546
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Advances payable	\$ -	\$ -	\$ 192,582	\$ -	\$ -	\$ 192,582
Total Liabilities			192,582			192,582
Deferred Inflows of Resources						
Unavailable revenue	320,112			17,763		337,875
Total Deferred Inflows of Resources	320,112			17,763		337,875
Total Liabilities and Deferred Inflows of Resources	320,112		192,582	17,763		530,457
Fund Balances (Deficits):						
Restricted for:						
Capital projects	1,504,470	107,056		27,145		1,638,671
Unassigned			(192,582)			(192,582)
Total Fund Balances	1,504,470	107,056	(192,582)	27,145		1,446,089
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,824,582	\$ 107,056	\$ -	\$ 44,908	\$ -	\$ 1,976,546

CITY OF EL PASO DE ROBLES
 Balance Sheet
 Nonmajor Debt Service Fund
 June 30, 2015

	1993 Public Facilities Debt Service
ASSETS	
Cash and investments with fiscal agent	\$ 418,112
Total Assets	\$ 418,112
LIABILITIES	
Total Liabilities	\$ -
FUND BALANCE (DEFICIT)	
Restricted	418,112
Total Fund Balance (Deficit)	418,112
Total Liabilities and Fund Balance (Deficit)	\$ 418,112

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, 2015

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 1,631,932	\$ -	\$ -	\$ 1,631,932
Uses of money and property	60,341	15,154	4,886	80,381
From other agencies	1,222,400			1,222,400
Charges for current services	65,928	141,291		207,219
Other	9,081			9,081
Total Revenues	2,989,682	156,445	4,886	3,151,013
EXPENDITURES				
Public safety	23,782			23,782
Public works	1,694,442			1,694,442
Library and recreation services	14,540			14,540
Community development	218,583			218,583
Interest		2,403	101,002	103,405
Principal			215,000	215,000
Capital outlay	80,344			80,344
Total Expenditures	2,031,691	2,403	316,002	2,350,096
Excess (Deficiency) of Revenues Over (Under) Expenditures	957,991	154,042	(311,116)	800,917
OTHER FINANCING SOURCES (USES)				
Operating transfers in	125,000	10,444,765		10,569,765
Operating transfer out	(263,790)			(263,790)
Transfer from the Successor Agency			297,384	297,384
Total Other Financing Sources (Uses)	(138,790)	10,444,765	297,384	10,603,359
Net Change in Fund Balances	819,201	10,598,807	(13,732)	11,404,276
Fund Balances - July 1	5,290,569	(9,152,718)	431,844	(3,430,305)
Fund balances - June 30	\$ 6,109,770	\$ 1,446,089	\$ 418,112	\$ 7,973,971

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, 2015

	Building Department Special Fees	City/School Facility Improvement	Citizens Option Public Safety	*Other Funds	Police Grants	State Gas Tax
REVENUES						
Taxes	\$ -	\$ -	\$ -	93,528	\$ -	-
Uses of money and property	5,434	5,443	2,373	5,717		7,894
From other agencies			100,000		8,110	884,467
Charges for current services	59,305			6,623		
Other						
Total Revenues	64,739	5,443	102,373	105,868	8,110	892,361
EXPENDITURES						
Public safety	6,661		9,011		8,110	
Public works				214,585		
Library and recreation services						
Community development	25,665			4,206		
Capital outlay						
Total Expenditures	32,326		9,011	218,791	8,110	
Excess (Deficiency) of Revenues Over (Under)						
Expenditures	32,413	5,443	93,362	(112,923)		892,361
OTHER FINANCING SOURCES (USES)						
Operating transfers in						
Operating transfer out				(59,350)		(204,440)
Total Other Financing Sources (Uses)				(59,350)		(204,440)
Net Change in Fund Balances	32,413	5,443	93,362	(172,273)		687,921
Fund Balances - July 1	543,743	42,143	176,913	792,532		358,985
Fund Balances - June 30	\$ 576,156	\$ 47,586	\$ 270,275	\$ 620,259	\$ -	1,046,906

* 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 Special Revenue Funds
For the Fiscal Year Ended June 30, 2015

	Transportation Development Act	Community Development Block Grant	Youth Scholarship	Landscape and Lighting District	Landfill Closure/Postclosure	Total Nonmajor Special Revenue Funds
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 1,538,404	\$ -	\$ 1,631,932
Uses of money and property	1,132	311	104	8,612	23,321	60,341
From other agencies	31,700	198,123				1,222,400
Charges for current services						65,928
Other			9,081			9,081
Total Revenues	32,832	198,434	9,185	1,547,016	23,321	2,989,682
EXPENDITURES						
Public safety						23,782
Public works				1,479,857		1,694,442
Library and recreation services			14,540			14,540
Community development		188,712				218,583
Capital outlay		80,344				80,344
Total Expenditures		269,056	14,540	1,479,857		2,031,691
Excess (Deficiency) of Revenues Over (Under) Expenditures	32,832	(70,622)	(5,355)	67,159	23,321	957,991
OTHER FINANCING SOURCES (USES)						
Operating transfers in					125,000	125,000
Operating transfer out						(263,790)
Total Other Financing Sources (Uses)					125,000	(138,790)
Net Change in Fund Balances	32,832	(70,622)	(5,355)	67,159	148,321	819,201
Fund Balances - July 1	92,403	113,146	13,102	842,381	2,315,221	5,290,569
Fund Balances - June 30	\$ 125,235	\$ 42,524	\$ 7,747	\$ 909,540	\$ 2,463,542	\$ 6,109,770

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, 2015

	Park Development	Storm Drain Development	Airport Road PSR	Bike and Pedestrian Path	Hwy 101/46 West Community Facilities District Fund	Total Nonmajor Capital Projects Funds
REVENUES						
Uses of money and property	\$ 13,903	\$ 1,006	\$ -	\$ 245	\$ -	\$ 15,154
Charges for current services	134,312	4,141		2,838		141,291
Total Revenues	<u>148,215</u>	<u>5,147</u>		<u>3,083</u>		<u>156,445</u>
EXPENDITURES						
Interest				2,403		2,403
Total Expenditures				<u>2,403</u>		<u>2,403</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>148,215</u>	<u>5,147</u>	<u>(2,403)</u>	<u>3,083</u>		<u>154,042</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in					10,444,765	10,444,765
Total Other Financing Sources (Uses)					<u>10,444,765</u>	<u>10,444,765</u>
Net Change in Fund Balances	148,215	5,147	(2,403)	3,083	10,444,765	10,598,807
Fund Balances - July 1	1,356,255	101,909	(190,179)	24,062	(10,444,765)	(9,152,718)
Fund Balances - June 30	<u>\$ 1,504,470</u>	<u>\$ 107,056</u>	<u>\$ (192,582)</u>	<u>\$ 27,145</u>	<u>\$ -</u>	<u>\$ 1,446,089</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, 2015

	1993 Public Facilities Debt Service
REVENUES	
Uses of money and property	\$ 4,886
Total Revenues	4,886
EXPENDITURES	
Interest	101,002
Principal	215,000
Total Expenditures	316,002
Excess (Deficiency) of Revenues Over (Under) Expenditures	(311,116)
OTHER FINANCING SOURCES (USES)	
Transfer from the Successor Agency	297,384
Total Other Financing Sources (Uses)	297,384
Net Change in Fund Balance	(13,732)
Fund Balance - July 1	431,844
Fund Balance - June 30	\$ 418,112

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Building Department Special Fees Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 5,000	\$ 5,000	\$ 5,434	\$ 434
Charges for current services	37,500	37,500	59,305	21,805
Total Revenues	<u>42,500</u>	<u>42,500</u>	<u>64,739</u>	<u>22,239</u>
EXPENDITURES				
Public safety			6,661	(6,661)
Community development		64,850	25,665	39,185
Total Expenditures		<u>64,850</u>	<u>32,326</u>	<u>32,524</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>42,500</u>	<u>(22,350)</u>	<u>32,413</u>	<u>54,763</u>
Net Change in Fund Balances	42,500	(22,350)	32,413	54,763
Fund Balance - July 1	543,743	543,743	543,743	
Fund Balance - June 30	<u>\$ 586,243</u>	<u>\$ 521,393</u>	<u>\$ 576,156</u>	<u>\$ 54,763</u>

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
City/School Facility Improvement Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 5,300	\$ 5,300	\$ 5,443	\$ 143
Total Revenues	5,300	5,300	5,443	143
EXPENDITURES				
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,300	5,300	5,443	143
Net Change in Fund Balances	5,300	5,300	5,443	143
Fund Balance - July 1	42,143	42,143	42,143	
Fund Balance - June 30	\$ 47,443	\$ 47,443	\$ 47,586	\$ 143

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Citizens Option Public Safety Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 1,000	\$ 1,000	\$ 2,373	\$ 1,373
From other agencies	100,000	100,000	100,000	
Total Revenues	<u>101,000</u>	<u>101,000</u>	<u>102,373</u>	<u>1,373</u>
EXPENDITURES				
Public safety			9,011	(9,011)
Total Expenditures			<u>9,011</u>	<u>(9,011)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>101,000</u>	<u>101,000</u>	<u>93,362</u>	<u>(7,638)</u>
Net Change in Fund Balances	101,000	101,000	93,362	(7,638)
Fund Balance - July 1	176,913	176,913	176,913	
Fund Balance - June 30	<u>\$ 277,913</u>	<u>\$ 277,913</u>	<u>\$ 270,275</u>	<u>\$ (7,638)</u>

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
City Facility Repair Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 1,000	\$ 1,000	\$ 1,390	\$ 390
Charges for current services	9,000	9,000	6,623	(2,377)
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>8,013</u>	<u>(1,987)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,000</u>	<u>10,000</u>	<u>8,013</u>	<u>(1,987)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer out		(151,415)	(9,350)	142,065
Total Other Financing Sources (Uses)		<u>(151,415)</u>	<u>(9,350)</u>	<u>142,065</u>
Net Change in Fund Balances	10,000	(141,415)	(1,337)	140,078
Fund Balance - July 1	149,405	149,405	149,405	
Fund Balance - June 30	<u>\$ 159,405</u>	<u>\$ 7,990</u>	<u>\$ 148,068</u>	<u>\$ 140,078</u>

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Public Works Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Public works	\$ -	\$ -	644	\$ (644)
Total Expenditures			644	(644)
Excess (Deficiency) of Revenues Over (Under) Expenditures			644	(644)
Net Change in Fund Balances			(644)	(644)
Fund Balance - July 1	644	644	644	
Fund Balance - June 30	\$ 644	\$ 644	- \$	(644)

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Prop 1B Public Transportation Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 2,000	\$ 2,000	\$ 1,305	\$ (695)
Total Revenues	2,000	2,000	1,305	(695)
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	2,000	1,305	(695)
Net Change in Fund Balances	2,000	2,000	1,305	(695)
Fund Balance - July 1	136,610	136,610	136,610	
Fund Balance - June 30	\$ 138,610	\$ 138,610	\$ 137,915	\$ (695)

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Cal Home Loan Program Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 900	\$ 900	\$ 937	\$ 37
Total Revenues	900	900	937	37
Excess (Deficiency) of Revenues Over (Under) Expenditures	900	900	937	37
Net Change in Fund Balances	900	900	937	37
Fund Balance - July 1	98,028	98,025	98,025	
Fund Balance - June 30	\$ 98,928	\$ 98,925	\$ 98,962	\$ 37

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Oak Tree Preservation Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 100	\$ 100	\$ 95	\$ (5)
Total Revenues	100	100	95	(5)
EXPENDITURES				
Public works			501	(501)
Total Expenditures			501	(501)
Excess (Deficiency) of Revenues Over (Under) Expenditures	100	100	(406)	(506)
Net Change in Fund Balances	100	100	(406)	(506)
Fund Balance - July 1	10,256	10,256	10,256	
Fund Balance - June 30	\$ 10,356	\$ 10,356	\$ 9,850	\$ (506)

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Downtown Parking In Lieu Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 6,000	\$ 6,000	\$ 1,754	\$ (4,246)
Other	5,000	5,000		(5,000)
Total Revenues	11,000	11,000	1,754	(9,246)
EXPENDITURES				
Public works			213,440	(213,440)
Total Expenditures			213,440	(213,440)
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,000	11,000	(211,686)	(222,686)
Net Change in Fund Balances	11,000	11,000	(211,686)	(222,686)
Fund Balance - July 1	396,993	396,993	396,993	
Fund Balance - June 30	\$ 407,993	\$ 407,993	\$ 185,307	\$ (222,686)

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Services Community Facilities District Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 64,000	\$ 64,000	\$ 93,528	\$ 29,528
Uses of money and property	300	300	230	(70)
Total Revenues	<u>64,300</u>	<u>64,300</u>	<u>93,758</u>	<u>29,458</u>
EXPENDITURES				
Community development			4,206	(4,206)
Total Expenditures			<u>4,206</u>	<u>(4,206)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>64,300</u>	<u>64,300</u>	<u>89,552</u>	<u>25,252</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer out	(50,000)	(50,000)	(50,000)	
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	
Net Change in Fund Balances	14,300	14,300	39,552	25,252
Fund Balance - July 1				
Fund Balance - June 30	<u>\$ 14,300</u>	<u>\$ 14,300</u>	<u>\$ 39,552</u>	<u>\$ 25,252</u>

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Art in Public Places Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$	-	\$	6
Total Revenues			6	6
Excess (Deficiency) of Revenues Over (Under) Expenditures			6	6
Net Change in Fund Balances			6	6
Fund Balance - July 1		599	599	599
Fund Balance - June 30	\$	599	\$	605
		\$	\$	6

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Police Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
From other agencies	\$	-	\$	8,110
Total Revenues			8,110	8,110
EXPENDITURES				
Public safety			8,110	(8,110)
Total Expenditures			8,110	(8,110)
Excess (Deficiency) of Revenues Over (Under) Expenditures				
Net Change in Fund Balances				
Fund Balance - July 1				
Fund Balance - June 30	\$	-	\$	-

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
State Gas Tax Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 2,000	\$ 2,000	\$ 7,894	\$ 5,894
From other agencies	883,000	883,000	884,467	1,467
Total Revenues	<u>885,000</u>	<u>885,000</u>	<u>892,361</u>	<u>7,361</u>
EXPENDITURES				
Public works	35,000	35,000		35,000
Total Expenditures	<u>35,000</u>	<u>35,000</u>		<u>35,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>850,000</u>	<u>850,000</u>	<u>892,361</u>	<u>42,361</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer out	(200,000)	(1,229,000)	(204,440)	1,024,560
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>(1,229,000)</u>	<u>(204,440)</u>	<u>1,024,560</u>
Net Change in Fund Balances	650,000	(379,000)	687,921	1,066,921
Fund Balance - July 1	358,985	358,985	358,985	
Fund Balance - June 30	<u>\$ 1,008,985</u>	<u>\$ (20,015)</u>	<u>\$ 1,046,906</u>	<u>\$ 1,066,921</u>

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Transportation Development Act Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$	-	\$	1,132
From other agencies			31,700	31,700
Total Revenues			32,832	32,832
Excess (Deficiency) of Revenues Over (Under) Expenditures			32,832	
Net Change in Fund Balances			32,832	32,832
Fund Balance - July 1	92,403	92,403	92,403	
Fund Balance - June 30	\$ 92,403	\$ 92,403	\$ 125,235	\$ 32,832

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ -	\$ -	311	\$ 311
From other agencies	167,000	431,499	198,123	(233,376)
Other	2,500	2,500		(2,500)
Total Revenues	<u>169,500</u>	<u>433,999</u>	<u>198,434</u>	<u>(235,565)</u>
EXPENDITURES				
Community development	224,200	279,000	188,712	90,288
Capital outlay	1,200	210,899	80,344	130,555
Total Expenditures	<u>225,400</u>	<u>489,899</u>	<u>269,056</u>	<u>220,843</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(55,900)</u>	<u>(55,900)</u>	<u>(70,622)</u>	<u>(14,722)</u>
Net Change in Fund Balances	(55,900)	(55,900)	(70,622)	(14,722)
Fund Balance - July 1	113,146	113,146	113,146	
Fund Balance - June 30	<u>\$ 57,246</u>	<u>\$ 57,246</u>	<u>\$ 42,524</u>	<u>\$ (14,722)</u>

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Youth Scholarship Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 1,000	\$ 1,000	\$ 104	\$ (896)
Other	8,000	8,000	9,081	1,081
Total Revenues	<u>9,000</u>	<u>9,000</u>	<u>9,185</u>	<u>185</u>
EXPENDITURES				
Library and recreation services			14,540	(14,540)
Total Expenditures			<u>14,540</u>	<u>(14,540)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,000</u>	<u>9,000</u>	<u>(5,355)</u>	<u>(14,355)</u>
Net Change in Fund Balances	9,000	9,000	(5,355)	(14,355)
Fund Balance - July 1	13,102	13,102	13,102	
Fund Balance - June 30	<u>\$ 22,102</u>	<u>\$ 22,102</u>	<u>\$ 7,747</u>	<u>\$ (14,355)</u>

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Landscape and Lighting District Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,538,404	\$ 138,404
Uses of money and property	300	300	8,612	8,312
Total Revenues	<u>1,400,300</u>	<u>1,400,300</u>	<u>1,547,016</u>	<u>146,716</u>
EXPENDITURES				
Public works	1,353,400	1,353,400	1,479,857	(126,457)
Capital outlay	1,200	1,200		1,200
Total Expenditures	<u>1,354,600</u>	<u>1,354,600</u>	<u>1,479,857</u>	<u>(125,257)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>45,700</u>	<u>45,700</u>	<u>67,159</u>	<u>21,459</u>
Net Change in Fund Balances	45,700	45,700	67,159	21,459
Fund Balance - July 1	842,381	842,381	842,381	
Fund Balance - June 30	<u>\$ 888,081</u>	<u>\$ 888,081</u>	<u>\$ 909,540</u>	<u>\$ 21,459</u>

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Landfill Closure/Postclosure Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 21,000	\$ 21,000	\$ 23,321	\$ 2,321
Total Revenues	21,000	21,000	23,321	2,321
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,000	21,000	23,321	2,321
OTHER FINANCING SOURCES (USES)				
Operating transfers in	125,000	125,000	125,000	
Total Other Financing Sources (Uses)	125,000	125,000	125,000	
Net Change in Fund Balances	146,000	146,000	148,321	2,321
Fund Balance - July 1	2,315,221	2,315,221	2,315,221	
Fund Balance - June 30	\$ 2,461,221	\$ 2,461,221	\$ 2,463,542	\$ 2,321

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Park Development Capital Projects Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 18,000	\$ 18,000	\$ 13,903	\$ (4,097)
Charges for current services	150,000	150,000	134,312	(15,688)
Total Revenues	168,000	168,000	148,215	(19,785)
Excess (Deficiency) of Revenues Over (Under) Expenditures	168,000	168,000	148,215	(19,785)
Net Change in Fund Balances	168,000	168,000	148,215	(19,785)
Fund Balance - July 1	1,356,255	1,356,255	1,356,255	
Fund Balance - June 30	\$ 1,524,255	\$ 1,524,255	\$ 1,504,470	\$ (19,785)

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Storm Drain Development Capital Projects Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 1,000	\$ 1,000	\$ 1,006	\$ 6
Charges for current services	17,000	17,000	4,141	(12,859)
Total Revenues	<u>18,000</u>	<u>18,000</u>	<u>5,147</u>	<u>(12,853)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,000</u>	<u>18,000</u>	<u>5,147</u>	<u>(12,853)</u>
Net Change in Fund Balances	18,000	18,000	5,147	(12,853)
Fund Balance - July 1	101,909	101,909	101,909	
Fund Balance - June 30	<u>\$ 119,909</u>	<u>\$ 119,909</u>	<u>\$ 107,056</u>	<u>\$ (12,853)</u>

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Airport Road PSR Capital Projects Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Interest			\$ 2,403	\$ (2,403)
Capital outlay	-	55,552		55,552
Total Expenditures		55,552	2,403	53,149
Excess (Deficiency) of Revenues Over (Under) Expenditures		(55,552)	(2,403)	53,149
Net Change in Fund Balances		(55,552)	(2,403)	53,149
Fund Balance - July 1	(190,179)	(190,179)	(190,179)	
Fund Balance - June 30	\$ (190,179)	\$ (245,731)	\$ (192,582)	\$ 53,149

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Hwy 101/46 West Community Facilities District Capital Projects Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Operating transfers in	\$ -	\$ -	\$ 10,444,765	\$ 10,444,765
Total Other Financing Sources (Uses)			10,444,765	10,444,765
Net Change in Fund Balances			10,444,765	10,444,765
Fund Balance - July 1	(10,444,765)	(10,444,765)	(10,444,765)	
Fund Balance - June 30	\$ (10,444,765)	\$ (10,444,765)	\$ -	\$ 10,444,765

CITY OF EL PASO DE ROBLES
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
1993 Public Facilities Debt Service Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 1,000	\$ 1,000	\$ 4,886	\$ 3,886
Total Revenues	1,000	1,000	4,886	3,886
EXPENDITURES				
Interest	101,000	101,000	101,002	(2)
Principal	215,000	215,000	215,000	
Total Expenditures	316,000	316,000	316,002	(2)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(315,000)	(315,000)	(311,116)	3,884
OTHER FINANCING SOURCES (USES)				
Transfer from the Successor Agency	316,000	316,000	297,384	(18,616)
Total Other Financing Sources (Uses)	316,000	316,000	297,384	(18,616)
Net Change in Fund Balances	1,000	1,000	(13,732)	(14,732)
Fund Balance - July 1	431,844	431,844	431,844	
Fund Balance - June 30	\$ 432,844	\$ 432,844	\$ 418,112	\$ (14,732)

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, 2015

	Totals		
	Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,464,000	\$ 1,631,932	\$ 167,932
Uses of money and property	65,900	80,381	14,481
From other agencies	1,414,499	1,222,400	(192,099)
Charges for current services	213,500	207,219	(6,281)
Other	15,500	9,081	(6,419)
Total Revenues	3,173,399	3,151,013	(22,386)
EXPENDITURES			
Public safety		23,782	(23,782)
Public works	1,418,400	1,694,442	(276,042)
Library and recreation services		14,540	(14,540)
Community development	343,850	218,583	125,267
Interest	101,000	103,405	(2,405)
Principal	215,000	215,000	
Capital outlay	267,651	80,344	187,307
Total Expenditures	2,345,901	2,350,096	(4,195)
Excess (Deficiency) of Revenues Over (Under) Expenditures	827,498	800,917	(26,581)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	125,000	10,569,765	10,444,765
Operating transfer out	(1,430,415)	(263,790)	1,166,625
Transfer from the Successor Agency	316,000	297,384	(18,616)
Total Other Financing Sources (Uses)	(989,415)	10,603,359	11,592,774
Net Change in Fund Balances	(161,917)	11,404,276	11,566,193
Fund Balances - July 1	(3,430,305)	(3,430,305)	
Fund balances - June 30	\$ (3,592,222)	\$ 7,973,971	\$ 11,566,193

MAJOR FUNDS

Measure F12 Supplemental 1/2% Sales Tax Fund

This Special Revenue Fund accounts for the funds collected from the citizen-approved transaction/use tax. Funds may be used for any general City operation.

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.

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.

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.

CITY OF EL PASO DE ROBLES
Measure F12 Supplemental 1/2% Sales Tax
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 3,650,000	\$ 3,650,000	\$ 4,600,283	\$ 950,283
Uses of money and property			42,257	42,257
Total Revenues	<u>3,650,000</u>	<u>3,650,000</u>	<u>4,642,540</u>	<u>992,540</u>
EXPENDITURES				
Public works			3,301	(3,301)
Interest			773	(773)
Capital outlay		5,335,257	2,904,427	2,430,830
Total Expenditures		<u>5,335,257</u>	<u>2,908,501</u>	<u>2,426,756</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,650,000</u>	<u>(1,685,257)</u>	<u>1,734,039</u>	<u>3,419,296</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer out		(300,000)	(300,000)	
Total Other Financing Sources (Uses)		<u>(300,000)</u>	<u>(300,000)</u>	
Net Change in Fund Balances	3,650,000	(1,985,257)	1,434,039	3,419,296
Fund Balance - July 1	3,509,399	3,509,399	3,509,399	
Fund Balance - June 30	<u>\$ 7,159,399</u>	<u>\$ 1,524,142</u>	<u>\$ 4,943,438</u>	<u>\$ 3,419,296</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 19,000	\$ 19,000	\$ 1,796,350	\$ 1,777,350
From other agencies		2,642,414	1,814,700	(827,714)
Charges for current services	550,000	550,000	878,953	328,953
Other			11,500	11,500
Total Revenues	<u>569,000</u>	<u>3,211,414</u>	<u>4,501,503</u>	<u>1,290,089</u>
EXPENDITURES				
Current:				
Public works			15,766	(15,766)
Interest			1,020,610	(1,020,610)
Capital outlay		4,313,192	3,674,093	639,099
Total Expenditures		<u>4,313,192</u>	<u>4,710,469</u>	<u>(397,277)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>569,000</u>	<u>(1,101,778)</u>	<u>(208,966)</u>	<u>892,812</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in		1,584,729	1,584,729	
Operating transfer out			(10,444,765)	(10,444,765)
Total Other Financing Sources (Uses)		<u>1,584,729</u>	<u>(8,860,036)</u>	<u>(10,444,765)</u>
Net Change in Fund Balances	569,000	482,951	(9,069,002)	(9,551,953)
Fund Balance - July 1	10,401,738	10,401,738	10,401,738	
Fund Balance - June 30	<u>\$ 10,970,738</u>	<u>\$ 10,884,689</u>	<u>\$ 1,332,736</u>	<u>\$ (9,551,953)</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 71,200	\$ 71,200	\$ 97,257	\$ 26,057
Charges for current services	185,000	185,000	312,563	127,563
Total Revenues	256,200	256,200	409,820	153,620
EXPENDITURES				
General government	100,000	107,500	119,418	(11,918)
Total Expenditures	100,000	107,500	119,418	(11,918)
Excess (Deficiency) of Revenue Over (Under) Expenditures	156,200	148,700	290,402	141,702
Net Change in Fund Balances	156,200	148,700	290,402	141,702
Fund Balance - July 1	16,181,597	16,181,597	16,181,597	
Prior Period Adjustment			(6,142,585)	(6,142,585)
Fund Balance - July 1, restated	16,181,597	16,181,597	10,039,012	(6,142,585)
Fund Balance - June 30	\$ 16,337,797	\$ 16,330,297	\$ 10,329,414	\$ (6,008,883)

CITY OF EL PASO DE ROBLES
 Specific Plans Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Uses of money and property	\$ 5,400	\$ 5,400	\$ 5,047	\$ (353)
From other agencies		830,500	770,500	(60,000)
Charges for current services	58,500	58,500	21,318	(37,182)
Other			6,663	6,663
Total Revenues	63,900	894,400	803,528	(90,872)
EXPENDITURES				
Public works			54	(54)
Interest			28,386	(28,386)
Capital outlay		3,360,058	2,641,156	718,902
Total Expenditures		3,360,058	2,669,596	690,462
Excess (Deficiency) of Revenue Over (Under) Expenditures	63,900	(2,465,658)	(1,866,068)	599,590
Net Change in Fund Balances	63,900	(2,465,658)	(1,866,068)	599,590
Fund Balance - July 1	(65,288)	(65,288)	(65,288)	
Fund Balance - June 30	\$ (1,388)	\$ (2,530,946)	\$ (1,931,356)	\$ 599,590

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,636,000	\$ 2,636,000	\$ 2,712,608	\$ 76,608
Uses of money and property	55,000	55,000	52,081	(2,919)
From other agencies	25,000	25,000	24,606	(394)
Total Revenues	<u>2,716,000</u>	<u>2,716,000</u>	<u>2,789,295</u>	<u>73,295</u>
EXPENDITURES				
Interest	1,342,000	1,342,000	1,341,970	30
Principal	1,578,300	1,578,300	1,578,292	8
Paying agent fees	1,400	1,400	755	645
Total Expenditures	<u>2,921,700</u>	<u>2,921,700</u>	<u>2,921,017</u>	<u>683</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(205,700)</u>	<u>(205,700)</u>	<u>(131,722)</u>	<u>73,978</u>
Net Change in Fund Balances	(205,700)	(205,700)	(131,722)	73,978
Fund Balance - July 1	6,024,880	6,024,880	6,024,880	
Fund Balance - June 30	<u>\$ 5,819,180</u>	<u>\$ 5,819,180</u>	<u>\$ 5,893,158</u>	<u>\$ 73,978</u>

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 Assets and Liabilities
 Agency Funds
 June 30, 2015

	Senior Citizen	War Memorial Hospital Scholarship	Customer Deposits	PEG Funds	Tourism and Lodging BID	Total Agency Funds
ASSETS						
Cash and investments	\$ 157,650	\$ 98,719	\$ 717,655	\$ 240	\$ 262,285	\$ 1,236,549
Accounts receivable			59,110	12,792	74,795	146,697
Due from others			390			390
Total Assets	<u>\$ 157,650</u>	<u>\$ 98,719</u>	<u>\$ 777,155</u>	<u>\$ 13,032</u>	<u>\$ 337,080</u>	<u>\$ 1,383,636</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 20,184	\$ -	\$ 41,753	\$ 61,937
Deposit			756,971		-	756,971
Due to others	157,650	98,719		13,032	295,327	564,728
Total Liabilities	<u>\$ 157,650</u>	<u>\$ 98,719</u>	<u>\$ 777,155</u>	<u>\$ 13,032</u>	<u>\$ 337,080</u>	<u>\$ 1,383,636</u>

STATISTICAL SECTION



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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 155,232,979
Restricted	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	35,972,834
Unrestricted	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	(9,272,248)
Total Governmental Activities Net Position	\$ 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	\$ 181,933,565
Business-type Activities										
Net investment in capital assets	\$ 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	\$ 75,041,798
Restricted	479									
Unrestricted	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	18,805,916
Total Business-type Activities Net Position	\$ 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	\$ 93,847,714
Primary Government										
Net Investment in capital assets	\$ 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	\$ 230,274,777
Restricted	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	35,972,834
Unrestricted	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	9,533,668
Total Primary Government Net Position	\$ 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	\$ 275,781,279

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
General government	\$ 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	\$ 3,871,197
Public safety	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	13,726,955
Public works	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	10,961,768
Library and recreation services	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	2,382,435
Community development	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	2,415,910
Interest on long-term debt	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	2,613,862
Total Governmental Activities Expenses	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	35,972,127
Business-type Activities										
Water operations	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	7,557,436
Sewer operations	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	7,572,147
Airport operations	681,207	765,078	748,673	779,181	750,705	676,039	680,230	726,620	775,646	806,321
Transit operations	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	13,134
Total Business-type Activities Expenses	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	15,949,038
Total Primary Government Expenses	\$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	\$51,921,165
Program Revenues										
Governmental Activities										
Charges for Services										
General government	\$ 43,872	\$ 46,693	\$ 45,877	\$ 39,648	\$ 34,819	\$ 42,696	\$ 104,148	\$ 146,967	\$ 210,956	\$ 312,563
Public safety	620,003	760,126	1,025,247	922,764	531,567	437,302	258,195	340,212	332,114	310,790
Public works	20,944	7,626	1,612	340,091	250,738	199	922,333	2,081,518	1,195,531	1,167,920
Library and recreation services	791,830	827,976	795,118	710,085	696,325	656,694	388,950	358,650	396,477	393,824
Community development	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	149,905
Operating Contributions and Grants		300,000			2,009,355	2,430,437	2,676,760	2,521,901	4,470,294	2,926,438
Capital Contributions and Grants	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	1,814,700
Total Governmental Activities Program Revenues	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	7,076,140
Business-type Activities										
Charges for Services										
Water operations	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	9,413,872
Sewer operations	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	7,554,595
Airport operations	18,544	20,935	53,839	121,382	34,550	57,812	71,294	82,846	588,537	613,523
Transit operation	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	1,881,513
Capital Contributions and Grants	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	1,873,174
Total Business-type Activities Program Revenues	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	21,336,677
Total Primary Government Program Revenues	\$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	\$28,412,817

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (28,895,987)
Business-type Activities	5,793,801	3,327,464	1,926,067	(285,792)	76,047	(2,218,843)	(3,457,285)	(679,121)	(2,632,049)	5,387,639
Total Primary Government Net Expense	\$ (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)	\$ (23,508,348)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes	\$ 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	\$ 14,179,631
Sales taxes	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	13,130,906
Other taxes	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	6,316,752
From other agencies	3,953,811	3,837,498	2,972,863	2,610,537	328,877	1,035,443	84,201	69,527	70,923	248,787
Licenses and permits	341,034	376,088	420,059	432,448	424,333	412,206	869,709	1,019,087	952,686	1,022,893
Other	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	2,582,644
Uses of money and property	875,397	2,521,193	2,573,339	1,870,103	1,092,676	640,141	860,479	(72,650)	953,747	3,775,572
Transfers in/(out)	18,700	(330,235)	102,396	127,496	103,329	82,800	82,800	776,700	257,800	195,024
Total Governmental Activities	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	41,452,209
Business-type Activities										
Taxes	72,152	70,807	52,457	49,304	47,918	44,906	44,812	46,284	1,549	1,441
From other agencies	2,038,011	1,354,005	908,754	1,384,327						
Other	54,746	8,148	82,961	90,646						
Uses of money and property	1,369,416	1,855,720	1,999,423	1,636,168	1,139,931	586,713	723,400	447,930	534,246	1,096,015
Transfers in/(out)	(18,700)	330,235	(102,396)	(127,496)	(103,329)	(82,800)	(82,800)	(776,700)	(257,800)	(195,024)
Total Business-type Activities	3,515,625	3,618,915	2,941,199	3,032,949	1,084,520	548,819	685,412	(282,486)	277,995	902,432
Total Primary Government	\$ 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	\$ 42,354,641
Extraordinary Gain Governmental Activities	\$ -	\$ 12,943,608	\$ -	\$ -	\$ -					
Change in Net Position										
Governmental Activities	\$ 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	\$ 12,556,222
Business-type Activities	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)	6,290,071
Total Primary Government	\$ 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	\$ 18,846,293

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 1,819,571	\$ 2,171,603	\$ 2,544,927	\$601,123	\$2,340,337	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,602,512	6,400,258	6,027,797		4,559,268					
Nonspendable										
Prepaid items						21,960	62,634	601,123	593,095	550,422
Advances receivable								2,403,673	2,437,059	2,768,621
Assigned to										
Capital projects						3,792,244	4,392,854	601,123	5,347,242	2,992,638
Unassigned						6,942,863	8,995,590	12,811,174	8,985,634	12,435,755
Total General Fund	\$ 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	\$ 18,747,436
All Other Governmental Funds										
Reserved	\$ 7,115,402	\$ 17,667,211	\$ 18,661,111	\$ (601,123)	\$21,522,402	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special revenue funds	6,963,650	7,911,169	8,112,255	7,084,440	4,919,632					
Capital projects funds	10,521,780	(3,977,038)	(4,618,045)	(4,308,354)	(3,204,741)					
Debt service funds	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	6,311,270
Community development						703,038	420,635	348,603	211,170	141,486
Capital projects						28,840,189	30,470,953	30,401,804	34,917,915	22,290,906
Other restrictions						1,026,113	1,262,543	1,378,951	1,587,039	1,773,568
Assigned to										
Capital projects						116,873	127,027	139,979	149,405	148,067
Unassigned						(20,188,846)	(12,062,341)	(12,047,144)	(10,700,232)	(2,123,938)
Total All Other Governmental Funds	\$ 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	\$ 28,541,359

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 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	\$ 33,627,289
Licenses and permits	1,531,411	924,967	853,515	417,588	674,693	722,679	869,709	1,019,087	952,686	1,022,893
Fines and forfeitures	307,138	321,533	379,876	587,494	268,484	235,076	213,947	175,187	202,049	206,714
Uses of money and property	1,193,603	2,690,477	1,882,106		1,224,746	727,223	860,479	(72,650)	953,747	3,775,572
From other agencies	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	4,989,926
Charges for current services	6,441,726	6,103,246	4,598,357		4,331,563	2,825,739	1,886,979	3,437,199	2,336,541	2,335,003
Other	911,549	1,273,806	1,581,564		1,403,160	1,274,859	1,056,555	1,372,553	1,184,120	946,980
Total Revenues	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	46,904,377
Expenditures										
General government	194,652	1,271,921	2,294,079		4,095,371	2,863,428	2,219,514	1,661,897	2,070,542	5,109,719
Public safety	11,625,058	13,105,217	13,106,157		13,218,140	13,843,752	12,422,504	13,649,360	14,485,009	13,206,909
Public works	5,578,195	5,998,723	6,870,697		5,652,991	5,155,004	4,803,282	5,584,072	5,119,768	6,577,973
Library and recreation services	4,173,170	4,554,183	4,053,268		3,860,779	3,918,655	3,057,688	3,322,860	3,432,729	1,980,504
Community development	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	2,379,236
Interest	1,687,136	2,238,598	2,588,398		2,399,784	2,677,813	2,608,707	1,734,611	1,707,598	2,552,381
Principal	2,845,829	2,917,391	2,837,346		2,157,373	2,135,975	2,138,759	1,870,437	1,955,389	2,101,496
Paying agent fees	8,267	7,019	7,440		6,292	7,633	7,458	3,664	1,355	755
Bond insurance costs					403,734					
Capital outlay	13,497,123	13,144,260	7,103,548		5,638,717	5,581,717	4,414,330	8,712,460	9,286,599	12,433,112
Fiscal agreements payments	918,079	1,112,911	1,215,983		4,418,893	2,057,867	691,839			
Total Expenditures	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	46,342,085
Excess of Revenues										
Over (Under) Expenditures	(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	562,292
Other Financing Sources (Uses):										
Operating transfers in	12,983,207	6,639,069	3,665,614		3,747,587	2,248,465	1,109,922	3,319,374	3,126,415	12,881,982
Operating transfers out	(12,964,507)	(6,969,304)	(3,563,218)		(3,644,258)	(2,165,665)	(1,027,122)	(2,542,674)	(2,868,615)	(12,686,958)
Capital leases/bond proceeds	1,789,000		31,435,000		12,339,508			499,020	137,133	1,704,811
Bond premium			963,102							
Payments to refunded debt			(33,387,102)		(2,320,000)					
Proceeds from postclosure liability	154,126	187,749								
Extraordinary loss							(33,530)			
Transfer from the Successor Agency									312,996	984,202
Total Other Financing Sources (Uses)	1,961,826	(142,486)	(886,604)		10,122,837	82,800	49,270	1,275,720	707,929	2,884,037
Net Change in Fund Balances	(3,749,691)	(4,290,379)	211,041	8,150,648	6,228,368	(981,925)	3,885,396	2,470,889	6,683,853	3,446,329
Fund Balances - July 1	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	49,985,051
Prior Period Adjustment	(236,740)									(6,142,585)
Fund Balances - June 30	\$ 34,497,512	\$ 30,207,133	\$ 30,418,174	\$ 8,290,627	\$ 37,926,838	\$ 36,944,913	\$ 40,830,309	\$ 43,301,198	\$ 49,985,051	\$ 47,288,795

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
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
2015	10,732,191	6,612,008	4,249,068	2,541,327	152,501	395,369	24,682,466
Percentage Change							
2006-2015	56.4%	6.9%	163.2%	15.6%	-54.1%	36.0%	41.2%

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 tax 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
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%
2015	2,683,554,929	701,807,742	151,768,308	(1,673,427)	3,538,804,406	1.00000	3,976,678,040	88.99%

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
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
2015	3,766,224,011	193,015,654	(36,331,400)	3,922,908,265	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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Consumer Goods	\$ 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	\$185,909,000
Auto and Transportation	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	148,995,000
Fuel and Service Stations	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	118,070,400
Building and Construction	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	85,889,400
Restaurants and Hotels	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	113,961,800
Business and Industry	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	90,972,600
Food and Drugs	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	48,146,600
Total	\$ 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	\$791,944,800
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	
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
2015	1.00000	0.0663	1.0663	0.00400	1.07030

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>
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%
2015	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	2014/15			2005/06		
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Rank
DS Paso Crossing LLC ETAL	\$ 36,886,697	0.93%	1			
Paso Golden Hill LLC ETAL	30,470,586	0.77%	2			
Justin Vineyards and Winery LLC	30,303,713	0.76%	3			
Firestone Walker LLC	27,256,192	0.69%	4			
Dry Creek Apartments	21,313,906	0.54%	5	18,756,280	0.68%	4
John Stephenson Trust ETAL	18,006,137	0.45%	6			
Probitas Properties Ramada LLC	15,000,000	0.38%	7			
Pacific Coast Hotel Properties LLC	14,413,387	0.36%	8			
Specialty Silicone Fabrications INC	14,079,694	0.35%	9			
Tri-W Enterprises INC	13,500,727	0.34%	10	11,873,068	0.43%	6
Paso Robles Ventures LLC				21,256,599	0.77%	1
Centex Homes				19,907,738	0.73%	2
Estrella Communities LLC				19,007,568	0.69%	3
Paso Robles Partners LLC				17,032,850	0.62%	5
Health Care Reit Inc a De Corp				10,992,257	0.40%	7
Martin Resorts INC				10,881,179	0.40%	8
Walmart Stores INC				10,494,712	0.38%	9
Weyrich Development Company INC				10,489,917	0.38%	10
Total Principal Taxpayers	221,231,039	5.57%		150,692,168	5.48%	
All Other Taxpayers	3,755,447,001	94.43%		2,593,494,552	94.52%	
Total Taxpayers	<u>\$ 3,976,678,040</u>	<u>100.00%</u>		<u>\$ 2,744,186,720</u>	<u>100.00%</u>	

Source: HdI Coren & Cone, San Luis Obispo County Assessor 2014/15 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)

2014/15	2005/06
Tax Remitter	Tax Remitter
7 Eleven	Albertsons
Albertsons	AM PM Mini Mart
AM PM Mini Mart	ATV Agriculture
Arco Am PM	Bay Area Diablo Petroleum
Big Creek Lumber	Beacon Oil
Borjon Auto Center	Big Creek Lumber
Chevron	Borjon Auto Center
Chevron	Chevron
Firestone Walker	GMC
Idlers	Golden Hill Mobile
Jaco Oil	Hayward Lumber
JB Dewar	Jack in the Box
Kohls	JB Dewar
Lowes	Kohls
Paso Robles Chevrolet Cadillac	Officemax
Paso Robles Ford Lincoln Mercury	Orchard Supply Hardware
Rite Aid	Paso Robles Ford Lincoln Mercury
Ross	Reneau Chrysler Dodge
San Luis Bay Suzuki Kia	Ross
Santa Cruz Biotechnology	San Luis Bay Suzuki Kia
Sky River	San Luis Obispo County Farm Supply
Smith Motor Group	Santa Cruz Biotechnology
Target	Sky River
Valero Corner Store	Target
Walmart	Walmart
 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
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%
2015	5,325,137	5,131,194	96.36%	122,380	5,253,574	98.66%

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			
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	
2015	2,920,263		316,003	250,966	13,562,954	466,725	17,516,911	0.45%	576	

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.

Source: City of Paso Robles

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General bonded debt outstanding										
General obligation bonds	\$ 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	\$ 25,480,026
Total	\$ 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	\$ 25,480,026
Percentage of estimated actual assessed value ^a	1.19%	0.95%	1.02%	0.92%	0.92%	0.89%	0.87%	0.82%	0.78%	0.73%
Per capita ^b	\$ 1,104	\$ 1,015	\$ 1,208	\$ 1,189	\$ 1,103	\$ 1,051	\$ 997	\$ 938	\$ 888	\$ 451
Less: Amounts set aside to repay general debt ^c	\$ 6,465,576	\$ 7,128,829	\$ 6,277,461	\$ 6,699,648	\$ 7,152,832	\$ 7,058,529	\$ 6,657,765	\$ 6,192,956	\$ 5,952,147	\$ 5,852,527
Total net debt applicable to debt limit	\$ 25,507,394	\$ 22,837,886	\$ 29,882,012	\$ 27,828,852	\$ 25,929,580	\$ 24,551,729	\$ 23,465,496	\$ 22,412,864	\$ 21,106,171	\$ 19,627,499
Legal debt limit ^d	\$ 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	\$ 147,109,060
Legal debt margin	\$ 75,278,661	\$ 95,963,896	\$ 102,835,061	\$ 112,419,983	\$ 109,134,692	\$ 108,343,608	\$ 105,803,463	\$ 107,703,215	\$ 116,174,225	\$ 127,481,561
Legal debt margin as a percentage of the debt limit	74.7%	80.8%	77.5%	80.2%	80.8%	81.5%	81.8%	82.8%	84.6%	86.7%

^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, 2015
 (UNAUDITED)

2014/15 Assessed Valuation \$ 3,976,678,040

	Debt Outstanding	Percentage Applicable (1)	City's Share of Debt 6/30/15
Direct and Overlapping Tax and Assesment Debt			
San Luis Obispo Community College District	\$ 75,000,000	9.242%	\$ 6,931,500
Paso Robles Joint Unified School District	18,994,998	51.857%	9,850,236
Templeton Unified School District	14,000,000	3.911%	547,540
City of Paso Robles	25,480,026	100.000%	25,480,026
Total Direct and Overlapping Tax and Assessment Debt			<u>\$ 42,809,302</u>
Direct and Overlapping Tax General Fund Debt			
San Luis Obispo County Certificates of Participation	\$ 28,365,000	9.278%	\$ 2,631,705
San Luis Obispo County Pension Obligations	106,204,398	9.278%	9,853,644
San Luis Obispo Community College District Certificates of Participation	8,025,000	9.242%	741,671
Paso Robles Joint Unified School District Certificates of Participation	640,000	5.857%	331,885
City of Paso Robles Certificates of Particiaption	2,460,000	100.000%	2,460,000
Total Direct and Overlapping Tax General Fund Debt			<u>\$ 16,018,905</u>
OVERLAPPING TAX INCREMENT DEBT:	\$ 13,600,000	100.000%	<u>\$ 13,600,000</u>
TOTAL DIRECT DEBT			\$ 27,940,026
TOTAL OVERLAPPING DEBT			<u>44,488,181</u>
Combined Total Debt			<u>\$ 72,428,207</u> (2)

Ratios to 2014/15 Assessed Valuation	
Direct Debt (\$25,480,026)	0.64%
Total Direct and Overlapping Tax and Assessment Debt	1.08%
Total Direct Debt (\$27,940,026)	0.70%
Combined Total Debt	1.82%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$462,298,517)	
Total Overlapping Tax Increment Debt	2.94%

(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	
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
2015					7,554,595	5,660,957	1,893,638	230,000	236,725	4.06

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
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%
2015	30,423	58,957	27,710	35.2	N/A	6,601	392.2	6.3%

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
City manager	4	4	4	4	4	3	3	3	3	3
Information technology	4	4	6	6	5	5	5	5	5	5
Human resources	3	3	3	3	3	2	2	3	3	2
Administrative services	10	11	11	11	10	9	10	11	10	9
Police department										
Officers	40	41	43	45	45	27	29	31	32	33
Others	12	12	12	12	12	12	12	11	13	13
Emergency services										
Firefighters	24	24	27	30	26	24	24	23	23	23
Others	1	1	1	1	1	1	1	1	1	1
Public works										
Maintenance services	36	33	36	38	29	21	21	19	20	21
Airport	1	1	1	1	1	1	1	1	2	2
Water	9	9	11	12	12	13.5	13.5	12.5	14.5	16.5
Wastewater	9	9	12	15	12	13.5	13.5	13.5	17.5	19.5
Building/Engineering		9	8	8	6	5	5	4.4	6.4	2.4
Library and recreation services										
Library services	5	5	5	5	5	4	4	4	4.6	4.6
Recreation services	11	11	10	10	10	5	5	5.6	5	4
Community development										
Planning	3	3	4	4	4	4	4	3	4.47	3.47
Housing	1	1	1	1	1	0	0	0	0	0
Engineering	2	2	2	2	1	1	1	1	1	1
Building	9	2	2	2	2	0	0	0	0	7
Total	184	185	199	210	189	151	154	152	165	170

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Police department										
Physical arrests	1,673	1,694	1,575	1688	1662	1345	1296	1302	1510	1438
Parking violations	963	1,124	1,019	953	573	505	648	276	424	428
Traffic violations	2,927	5,008	4,517	4165	3273	2718	1528	1838	1914	1839
Emergency services										
Emergency responses	2679	2,803	2,821	3018	2918	2902	3075	3055	2968	3260
Fires extinguished	125	129	115	124	109	111	117	121	136	97
Inspections		N/A	329	178	203	328	851	1205	1374	626
Public works										
Water										
New connections	328	54	35	N/A	N/A	32	25	85	37	50
Water main breaks	7	2	N/A	N/A	N/A	5	4	3	3	2
Average daily production (millions of gallons)	7	7	7	6	N/A	5.64	5.83	6.68	6.82	5.59
Peak daily production (millions of gallons)	12.3	12.33	N/A	N/A	N/A	9.74	9.87	11.223	10.164	7.5
Wastewater										
Average daily sewage treatment (millions of gallons)	2.7514	2.983	3.02	2.94	2.94	2.95	2.95	2.95	2.8	2.7
Library and recreation services										
Library services										
Volumes in collection	56,070	55,885	57,580	59,109	60,690	64,067	85,082	78,411	71,973	68,678
Total volumes borrowed	160,832	160,249	176,132	191,335	193,716	209,771	312,568	305,526	291,294	234,730
Recreation services										
Athletic field permits issued	2,508	2,595	1,564	2,578	2,104	2,390	2,579	2,924	3,353	3,341
Activity admissions	23,953	25,325	26,060	36,921	50,365	36,500	25,827	27,704	29,326	25,218
Community development										
Building permits issued	947	654	504	433	424	431	571	707	600	876
Building inspections conducted	7140	3,608	2563	2529	2451	3228	3756	4281	3982	3543

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

Function/Program	Fiscal year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Personal computers	166	174	193	211	211	216	216	218	223	225
Police department										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	11	12	13	14	14	14	14	14	14	14
Emergency services										
Fire stations	3	3	3	2	2	2	2	2	2	2
Public works										
Streets (miles)	140.0	160	173.5	173.5	173.5	173.5	173.5	173.5	173.5	173.5
Traffic signals	20	24	25	26	26	26	26	26	26	26
Bridges	4	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	1087	1087	1087	1728	1785	1804	1812	1849
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	164	164	164	172.4	173	173	173	174.4
Drinking Water:										
Nacimiento Treatment Plant										
Storage capacity (millions of gallons)										2.4
Wastewater										
Sanitary sewers (miles)	137.07	137.07	137.07	140	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	13	10	10	10	10	10	10	10	10	11
Baseball/softball diamonds	10	10	10	10	10	10	10	11	11	11
Soccer/football fields	6	6	6	6	6	6	6	6	6	6
Community centers	3	3	3	3	3	2	2	2	2	2

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