



City of Santa Maria

# Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

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**City of Santa Maria  
California**

# **Comprehensive Annual Financial Report**

*For the Fiscal Year Ended June 30, 2015*

*Prepared by the Department of Administrative Services  
Rene Visé, Director of Administrative Services*

[www.cityofsantamaria.org](http://www.cityofsantamaria.org)



**City of Santa Maria**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2015**

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# *City of Santa Maria*

## *Department of Administrative Services*

December 1, 2015

### **Honorable Mayor and Members of the City Council City of Santa Maria, California**

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (USGAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, staff is pleased to submit the City of Santa Maria's (City) Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015.

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rest with the City. Management of the City has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with USGAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

While traditionally addressed to the governing body of the City, this report is intended to provide relevant financial information to the citizens of the City, City staff, creditors, investors, and other concerned readers. City staff encourages all readers to contact the Department of Administrative Services with any questions or comments concerning this report.

Moss, Levy and Hartzheim, LLP, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for fiscal year ended June 30, 2015, were free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with USGAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, Federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in the City's separately issued Single Audit Report.

***City of Santa Maria***  
**Letter of Transmittal**  
**For the Fiscal Year Ended June 30, 2015**

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USGAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the report by the independent auditors.

**Profile of the Government**

The City, incorporated on September 12, 1905, is located on the Central Coast of California, which is famous for its high quality of life and year-round mild climate. Currently, the City has a land area of 23 square miles and a population of 102,087. Property taxes are collected by Santa Barbara County and are limited to one percent of assessed value on real and personal property. The City receives property tax revenues from Santa Barbara County based on an average apportionment rate of 10.16 percent of all property tax collected within its boundaries. The City has the power, by State statute, to extend its corporate limits by annexation, which is done when deemed appropriate by the City Council.

Santa Maria is a charter city and operates under the council-manager form of government. Policy making and legislative authority are vested in the City Council, which consists of a mayor and four members elected at large on a non-partisan basis. Councilmembers are elected to four-year staggered terms with two councilmembers elected every two years. The Mayor, City Clerk, and City Treasurer are elected to four-year terms. The City Council is responsible, among other things, for adopting ordinances and the budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and appointing the heads of the City's departments.

The City provides a full range of municipal services including: police and fire protection, street maintenance, public transportation, recreation, parks, water, wastewater, refuse services, planning, building, safety services, and general government activities.

**Factors Affecting Financial Condition**

The City's key revenues are affected by the condition of the local economy and by State and Federal economic trends. Santa Barbara County-San Luis Obispo County regions, the State, and the Nation are slowly recovering from an economic recession.

Jobs are being added and the unemployment rate is falling gradually for the nation. However, the economy continues to grow at a slow pace. The economic expansion over the past three years was weaker than initially projected. From the end of 2011 to the end of 2014, the economy expanded at a 2.1 percent annualized rate, compared to the 2.4 percent compared to the previous three years. The Federal Reserves' most recent projection for calendar 2015 is for overall economic growth of just 1.8 to 2.0 percent, which would be the lowest since 2011.

The national unemployment rate recently fell to 5.0 percent, the lowest level since May 2008. Jobs are being added, although there continue to be low rates of participation in the labor force and high numbers of people in part-time work.

The economic expansion is now in its sixth year. However, expansions do not last indefinitely. In the post-war era, the average expansion length is approximately five years. Although there

***City of Santa Maria***  
**Letter of Transmittal**  
**For the Fiscal Year Ended June 30, 2015**

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are few signs of inflation or tight supply conditions that would trigger a contraction, the U.S. expansion has reached the historical average length of five years and we know from history that another recession is inevitable with the potential for large declines in state and local revenue.

At the state level, for the second year in a row, the General Fund ended with a positive cash balance. For fiscal year 2014-15, state revenues, led by personal income taxes were \$12.7 billion more than the previous year. The State Department of Finance (DOF) projects that resources are expected to grow from \$116.9 billion in FY 2014-15 to \$127.6 billion by FY 2018-19, reflecting roughly a 2.2 percent average annual growth rate. The DOF projects expenditures to grow from \$114.5 billion in FY 2014-15 to \$129.2 billion in FY 2018-19, about a 3.1 percent pace. As the current economic expansion runs its course, state fiscal managers have begun to warn about a coming slowdown, although they are unable to identify when the dip in the business cycle will occur. Fiscal manager know that when the economy cools, forecasted revenues can vanish quickly resulting in large deficits. A primary reason for the enhanced revenues is the impact of the Proposition 30 quarter-cent increase in sales tax and the temporary increase in personal income tax approved by the voters in November 2012. However, these temporary revenue measures are set to expire at the end of 2016 and 2018.

California's unemployment rate recently dipped to 5.8 percent from 7.5 percent in June of 2014. Employment rose 3.0 percent or 461,800 jobs, year over year, according to the California Employment Development Department. California's unemployment rate has essentially been above the overall U.S. unemployment rate ever since the Berlin Wall came down. However, the gap between California's jobless rate and the rest of the country is narrowing, and most of the drop this past year has been because hiring has improved at a much faster pace than the labor force has increased. The unemployment rate in California peaked at 12.2 percent during the height of the Great Recession.

The County of Santa Barbara is showing slow, steady growth due to consumer spending and tourism growth for the last four years. County employment showed steady improvement with a current unemployment rate of 4.8 percent compared to 7.9 percent at June 2012. Real property values, property sales, and new construction are trending upward. County property tax is the most important General Fund tax source and represents about 83 percent of the County's discretionary revenue. The County projects a 3.9 percent increase (\$7.1 million) in property taxes for fiscal year 2015-16. The total County General Fund budget is \$372.8 million.

The County General Fund will receive \$5.4 million in FY 2015-16 from ongoing Redevelopment Property Tax Trust Funds that distribute RDA dissolution proceeds from the seven dissolved redevelopment agencies in the County. These ongoing revenues are ultimately expected to grow to approximately \$9.0 million in annual taxes for the County's General Fund once all outstanding RDA debt obligations of the dissolved agencies are paid.

The County recommended FY 2015-16 operating expenditures for all funds is \$965.1 million, a \$44.2 million (4.8 percent) increase over FY 2014-15. The rate of expenditure increase is down from the 9.8 percent that occurred in FY 2014-15, with the majority of the projected increase (\$25.3 million) in Contractual and Special Services. Of the \$25.3 million increase in Contractual and Special Services, \$21.4 million is due to budgeted capital expenditures for the North County Jail.

***City of Santa Maria***  
**Letter of Transmittal**  
**For the Fiscal Year Ended June 30, 2015**

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Over the past year, the City has experienced positive trends in most economic segments led by consumer spending, construction spending and increased property values. In 2014-15, General Fund sales tax receipts, excluding Measure U, were \$19.6 million, 38 percent greater than in 2009-10, the lowest point of the recession. Strong sales of automobiles are a dominant factor in recent increased sales activity. With the average age of vehicles on the road at 11.5 years, there is substantial pent-up demand for new models. Statewide, auto sales are expected to gain 7.9 percent in calendar year 2015. Construction activity has also increased with over 800 single and multi-family dwellings expected to be built over the next two years.

Major revenue increases have also occurred in Non-hazardous Hydrocarbon Impacted Soil (NHIS) revenue. NHIS generated \$3.2 million in revenue in 2014-15 versus a budget of \$770,000 and is projected to generate \$1.9 million in 2015-16. Excavation at the Guadalupe Dunes is still going strong and several smaller sights are coming in. However, this is not considered a long term revenue source and over time this revenue should decline as sites are cleaned of contaminated soil.

The City adopted the 2015-16 Budget anticipating a \$3.6 million General Fund deficit. To mitigate this deficit, staff will continue to hold off and not fill future General Fund vacancies, unless the vacancies are mission critical or essential to City operations. These savings, along with using one-time reserves of \$3.6 million from the Local Economic Augmentation Fund (LEAF) was enough to balance the 2015-16 Budget.

For the 2015-16 budget, City Council authorized salary and benefit increases to all employee groups. As a result, the proposed increase in personnel-related appropriations in 2015-16 consists of \$1.2 million in merit and previously negotiated compensation increases; approximately \$550,000 in new CalPERS and medical insurance-related costs; and \$430,000 in new full-time positions.

The other significant proposed increase in the General Fund includes approximately \$1.2 million in additional cost-allocation charges to the General Fund from the internal service funds; namely, \$500,000 from the Worker's Compensation Fund, \$291,000 from the Radio Fund, \$204,000 from the Business Equipment Fund, \$125,000 from the Library Fund, and \$50,000 from the Liability Fund. These transfers reflect the General Funds' proportionate share of those funds' anticipated expenses. In fact, over the last seven years, because of the economic impact of the recession, the City has had to defer the aforementioned cost allocations to the General Fund to help balance the General Fund budget. One fund specifically, the Business Equipment Fund, had approximately \$1.3 million in deferred cost allocations since 2008-09 from the General fund.

**Major Initiatives for the Fiscal Year**

***Future Police Department Building***

In 2008, the City purchased the Lockheed Martin Building located at 1111 West Betteravia for the future home of the Santa Maria Police Department. The approximate size of that facility is 70,000 square feet and the purchase price was \$13,750,000. The current Santa Maria Police Department is located at 222 East Cook Street, along with an undisclosed off-site facility, is approximately 28,000 square feet. The new facility will allow for consolidation of the Department's operations, leave room for expansion, and provide for a seismically sound Emergency Operations Center.

***City of Santa Maria***  
**Letter of Transmittal**  
**For the Fiscal Year Ended June 30, 2015**

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Over the last few years, the City rented-back the facility to Lockheed Martin and has received approximately \$2.8 million in rental income that has been set-aside to pay for the current seismic retrofit work being conducted as well as for future tenant improvement costs.

Phase I of this project dealt with the seismic retrofit of the facility. The seismic retrofit work was completed in December 2013 and cost approximately \$2.9 million. Phase II of this project consists of tenant improvement work to accommodate the relocation of all Department personnel (excluding dispatch) into this facility from the current Cook Street location and the other off-site location. Phase II began in January 2014 and was completed in June 2015 at a cost of approximately \$10.7 million. Phase III is relocating dispatch from its current location adjacent to the City Attorney's Office, to the Betteravia Facility; however, Phase III is not anticipated to commence until the end of 2015. Staff is currently developing cost estimates for Phase III; however, unlike Phase I and Phase II, the City may be eligible for State and Federal grant funding to help off-set the costs associated with Phase III.

Phase III will consist of moving all telecommunications, radio equipment and information systems from the basement in the existing Police Department as well as all dispatch personnel and equipment over to the new Betteravia facility. The City has been in discussions with Santa Barbara County representatives as well as representatives from the California Superior Court System regarding their interest in purchasing the existing facility for expansion of the North County Court Complex.

The anticipated cost for Phase III is funded in the 2015-16 Budget and financed, in part, through General Capital Project Funds which will significantly draw down these one-time funds.

**Financial Policies**

The City's General Fund will endeavor to maintain a minimum, unassigned fund balance of at least 25 percent of operating appropriations. These reserves are needed to insulate the General Fund programs and current service levels from large and unanticipated one-time expenditure requirements, a revenue reduction due to a change in State or Federal legislation, and other unforeseen circumstances.

In 2010-11, the City adopted a General Fund Prudent Reserve under Governmental Accounting Standards Board (GASB) Statement Number 54. The prudent reserve amount is \$19.8 million. Appropriations from the reserve can only be made by formal City Council action and are limited to emergency situations such as:

- An unplanned, major event such as a catastrophic disaster requiring expenditures over five percent of the adopted General Fund Budget.
- Budgeted revenue taken over by another entity.
- A drop in projected/actual revenue of more than five percent of the adopted General Fund revenue budget.

Should the prudent reserve commitment be used, and its level falls below the minimum amount as described herein, the goal is to replenish the fund within three fiscal years.

***City of Santa Maria***  
**Letter of Transmittal**  
**For the Fiscal Year Ended June 30, 2015**

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**Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the 25th consecutive fiscal year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both USGAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one fiscal year. Staff believes that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and it will be submitted to the GFOA to determine its eligibility for another certificate.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of staff of the Department of Administrative Services. Each member of the department has the City's sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the governing body of the City, preparation of this report would not have been possible.

Sincerely,

**CITY OF SANTA MARIA**



Rene M. Visé  
Director of Administrative Services



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Santa Maria**  
**California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

The City received a Certificate of Achievement of Excellence in Financial Reporting for the June 30, 2014 Comprehensive Annual Financial Report (CAFR) from the Government Finance Officers Association. This award is the highest form of recognition in governmental accounting and financial reporting.

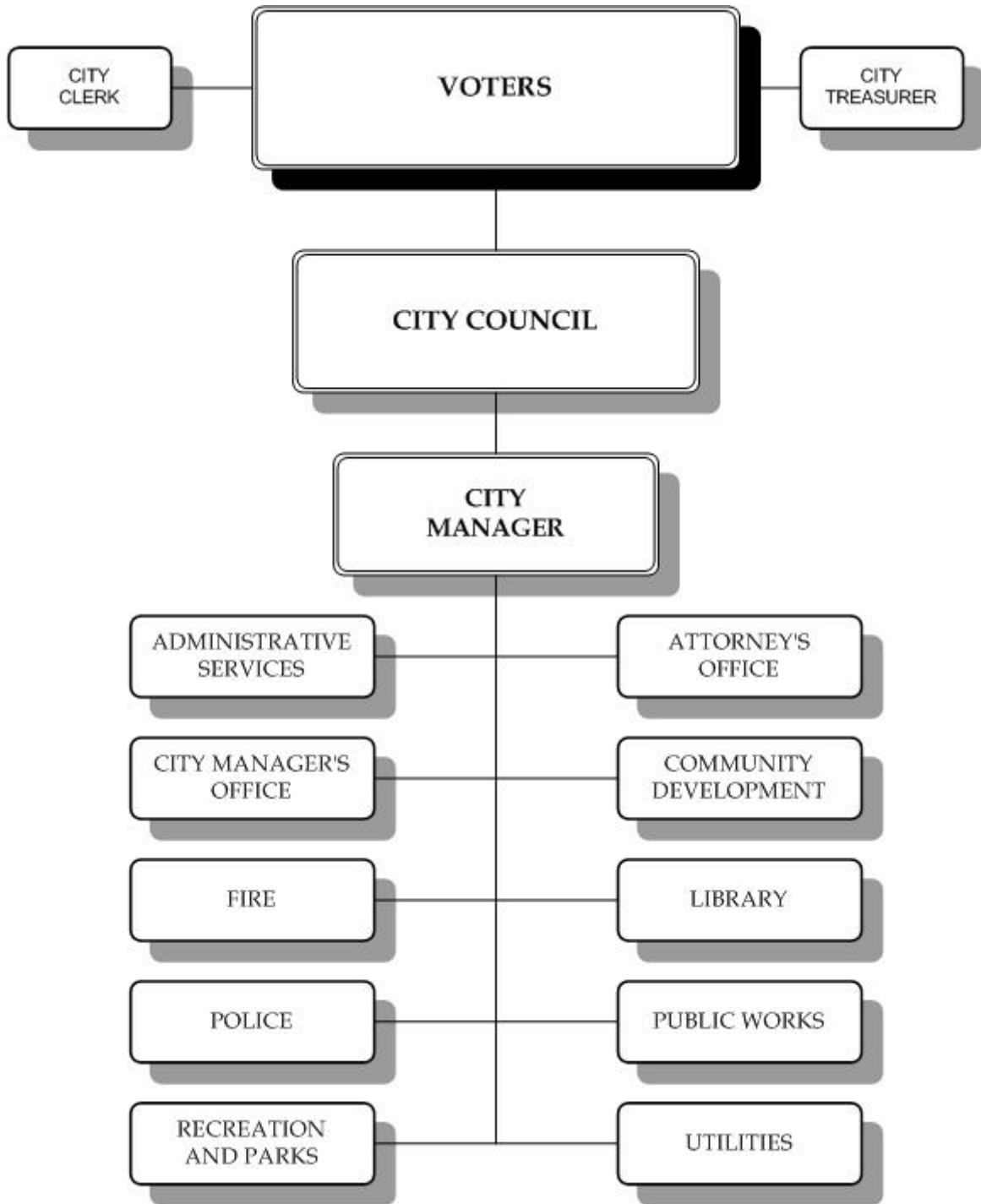
This is a coveted award in the municipal financial arena at both the State and National levels, is given to municipalities preparing the CAFR in an exemplary fashion, and is in conformance with national guidelines. **This was the 25th consecutive year that the City has received this award.**

# City of Santa Maria

## Organizational Chart

For the Fiscal Year Ended June 30, 2015

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# *City of Santa Maria*

## List of Principal Officers

For the Fiscal Year Ended June 30, 2015

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**MAYOR**

ALICE PATINO

**MAYOR PRO TEM**

TERRI ZUNIGA

**COUNCILMEMBERS**

JACK BOYSEN

BOB ORACH

ETTA WATERFIELD

**CITY MANAGER**

RICK HAYDON

**CITY TREASURER**

TERESSA HALL

**CITY CLERK**

PATTI RODRIGUEZ

**CITY DEPARTMENTS AND DEPARTMENT HEADS**

Administrative Services .....	Rene M. Visé
Attorney's Office .....	Gil Trujillo
City Manager's Office.....	Andrew Tse
City Manager's Office.....	Jason Stilwell
Community Development .....	Larry Appel
Fire.....	Dan Orr
Library .....	Mary Housel
Police.....	Ralph Martin
Public Works/Engineering.....	Steve Kahn
Recreation and Parks .....	Alex Posada
Utilities .....	Shad Springer





Moss, Levy & Hartzheim LLP

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

City Council of the City of Santa Maria  
Santa Maria, California

### Report on the Financial Statements

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 Santa Maria, 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 information of the City of Santa Maria, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

#### *Changes in Accounting Principles*

As discussed in note 1 to the basic financial statements effective July 1, 2014, the City of Santa Maria 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 page F-5 through F-14, the budgetary comparison information on pages F-97 through F-99, the schedule of funding progress for postemployment benefits other than pensions on page F-100, the schedule of change of the net pension liability on page F-102, the schedule of contributions on pages F-103, F-107, and F-108, and the schedule of proportionate share of the net pension liability on page F-105 through F-106, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Santa Maria's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, combining internal service fund financial statements, combining agency funds financial statements, and statistical section, 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, combining internal service fund financial statements, and combining agency funds financial statements 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory 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 9, 2015, on our consideration of the City of Santa Maria'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, Remy & Hartgenheim LLP*

Santa Maria, California  
December 9, 2015

# ***MANAGEMENT'S DISCUSSION AND ANALYSIS***



# *City of Santa Maria*

## **Management's Discussion and Analysis**

### **For the Fiscal Year Ended June 30, 2015**

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The management of the City of Santa Maria (City) offer readers, of the City's financial statements, this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. Readers are encouraged to consider the information presented here in conjunction with the Letter of Transmittal beginning on page I-1 and the City's basic financial statements that begin on page F-17 of this report.

#### **A. FINANCIAL HIGHLIGHTS**

- At June 30, 2015, the City's net position (excess of assets over liabilities) was \$365.2 million. Of this amount, \$68.9 million is available to meet the City's ongoing operations.
- During the fiscal year ended June 30, 2015, the City's net position declined by \$80.1 million to \$365.2 million. This decline reflects a decrease in governmental activities of 29.0 percent, or \$76.3 million, and business-type activities showed a decrease of 3.8 million or 2.0 percent. The decrease is primarily due to the implementation of Governmental Accounting Standards Board Statement (GASB) 68, which resulted in prior period adjustments reducing the beginning net position by \$70.7 million in governmental activities and \$8.2 million in business-type activities. GASB 68 requires the recording of net pension liabilities or assets on the government's books.
- The City also adopted the provisions of Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68 as of July 1, 2014. The City restated the July 1, 2014 net position to include the net pension liability for governmental and business-type activities. The total impact of this change was a \$7.1 million reduction in governmental activities net position and a \$300 thousand reduction in business-type activities net position.
- Excluding the prior period adjustments, governmental activities net position increased by \$1.4 million due primarily to greater tax receipts and business-type activities net position increased by \$4.7 million due primarily to enterprise fund rate increases. Business-type expenses were virtually unchanged from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10.8 million.

#### **B. OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three sections: 1) Government-wide Financial Statements; 2) Fund Financial Statements; and 3) Notes to Basic Financial Statements. This report contains other supplementary information in addition to the basic financial statements and required information.

##### **Government-wide Financial Statements**

The Government-wide Financial Statements are designed to provide readers with a broad overview of the City's financial position, in a manner similar to that of a private-sector business.

# *City of Santa Maria*

## **Management's Discussion and Analysis**

### **For the Fiscal Year Ended June 30, 2015**

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These statements are reported on the full accrual basis of accounting. Thus, revenues and expenses are reported for some items that will not affect cash flows until future periods.

The Government-wide Financial Statements separate Governmental Activities that are principally supported by taxes and revenues from other agencies, from Business-type Activities that are intended to recover all, or a significant portion of their costs, through user fees and charges. The Governmental Activities of the City include: General Government, Public Safety, Public Works, Community Development, Recreation and Parks and Library. The City's Business-type Activities include: Water and Wastewater utilities, Solid Waste, and Transit.

The Government-wide Financial Statements include not only the City, but all legal entities for which the City is financially accountable. Accordingly, the financial information for the Santa Maria Public Financing Authority (SMPFA) is included as an integral part of the City's financial statements and reported as a blended component unit.

The Statement of Net Position presents information on all of the City's assets and liabilities; the difference between the two is reported as net position. These net position include infrastructure and all assets previously included in the General Fixed Assets Account Group. The liabilities include all obligations previously reported in the General Long-Term Debt Account Group. Evaluating the increases or decreases in the net position over time will serve as a useful indicator of whether the financial position of the City is improving or declining.

The Statement of Activities presents information on the net cost of each governmental function (activity) during the fiscal year. This statement also identifies the amount of general revenues needed to fully fund each governmental function.

#### **Fund Financial Statements**

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

*Governmental Funds* (General, Special Revenue, Debt Service, and Capital Projects Funds) are used to account for the same functions reported as Governmental Activities in the Government-wide Financial Statements. The City's General Fund, General Capital Projects Fund and Library Fund are considered the major funds and are reported separately on the Fund Financial Statements. All other governmental funds are non-major funds and data is combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements as supplemental information in this report. Unlike Government-wide Financial Statements, Fund Financial Statements focus on short-term inflows and outflows of spendable resources. Governmental Funds are reported using the modified accrual basis of accounting, which measures cash and all

# *City of Santa Maria*

## **Management's Discussion and Analysis**

### **For the Fiscal Year Ended June 30, 2015**

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other financial assets that can readily be converted to cash. This information may be useful in evaluating the City's short-term financing requirements.

The focus of the Fund Financial Statements is narrower than that of the Government-wide Financial Statements. The various fund Balance Sheets and the Statement of Revenues, Expenditures, and Changes in Fund Balances require a reconciliation to facilitate the comparison between Fund Financial Statements and the Government-wide Financial Statements. This reconciliation is required because the Government-wide Financial Statements are prepared on the full accrual basis of accounting while the fund statements are prepared on the modified accrual basis of accounting. These reconciliations can be found on pages F-31 and F-35, immediately following the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds, respectively.

***Proprietary Funds*** are Enterprise and Internal Service Funds. The City maintains two different types of Proprietary Funds. Enterprise Funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The City uses Enterprise Funds to account for its water, wastewater, solid waste, and transit operations. Internal Service Funds are used to accumulate and allocate costs internally to various functions. The City uses Internal Service Funds to allocate fleet maintenance and replacement, business equipment, liability and workers' compensation insurance costs.

The Proprietary Fund Financial Statements provide the same type of information as the Government-wide Financial Statements, only in more detail. The Proprietary Fund Financial Statements provide separate information for the Water and Wastewater, Solid Waste, Transit, and the Internal Service Funds. The Water and Wastewater, Solid Waste and Transit Funds are considered major funds of the City. All of the Internal Service Funds are combined into a single, aggregated presentation in the Proprietary Fund Financial Statements. Individual fund data for the Internal Service Funds is provided in the form of combining statements.

***Fiduciary Funds*** are used to account for resources held for the benefit of parties outside of the City. Fiduciary Funds are not reflected in the Government-wide and Fund Financial Statements because the resources of those funds are not available to support the City's own programs. Fiduciary Funds are reported in the Financial Section.

Included in fiduciary funds is the Successor Agency Private Purpose Trust Fund (SAPPTF) created upon dissolution of the RDA. The SAPPTF was created to hold the assets of the former RDA until they are distributed to other taxing entities in the county after the payment of enforceable obligations.

***Notes to Basic Financial Statements.*** The notes provide additional information that is essential to the reader for a full understanding of the data provided in the Government-wide and Fund Financial Statements.

# City of Santa Maria

## Management's Discussion and Analysis

### For the Fiscal Year Ended June 30, 2015

**Other Information.** A budgetary comparison statement for the General Fund and Library Fund, and information regarding the City's progress in funding its obligation to provide pension benefits to its employees is provided as required supplementary information beginning on page F-97. The combining statements referred to earlier in connection with non-major governmental funds and Internal Service Funds are presented immediately following the required supplementary information. The inclusion of the Statistical Section provides useful historical trend data on the City.

## C. GOVERNMENT-WIDE FINANCIAL STATEMENTS ANALYSIS

### Statement of Net Position

Net position may serve, overtime, as a useful indicator of a City's financial position. During this fiscal year, net position of the City was \$365.2 million, which is a decrease of \$80.0 million from the prior fiscal resulting primarily from the implementation of GASB 68 and GASB 71 for governmental and business-type activities. Excluding the effects of the accounting standards implementation, governmental activities net position increased by \$1.4 million and business-type activities increased net position by \$4.7 million.

The following is the condensed Statements of Net Position as of June 30, 2015 and 2014, expressed in millions.

	Governmental		Business		Total	
	2014	2015	2014	2015	2014	2015
Current and other assets	\$ 89.9	\$ 92.2	\$ 135.1	\$ 142.0	\$ 225.0	\$ 234.2
Restricted and other assets	0.9	0.6	9.4	9.7	10.3	10.3
Capital assets, net	195.8	196.9	132.7	129.9	328.5	326.8
Total assets	286.6	289.7	277.2	281.6	563.8	571.3
Deferred pension contributions		9.6		0.9		10.5
Deferred charge on refunding			5.3	4.9	5.3	4.9
Total deferred outflow of resources		9.6	5.3	5.8	5.3	15.4
Current Liabilities	15.4	16.7	17.7	19.6	33.1	36.3
Long-term liabilities	11.8	81.7	78.9	84.5	90.7	166.2
Total liabilities	27.2	98.4	96.6	104.1	123.8	202.5
Deferred inflow - pensions		17.8		1.2		19.0
Net Position:						
Net investment in						
capital assets	193.2	194.7	66.7	78.7	259.9	273.4
Restricted	16.4	13.2	9.4	9.7	25.8	22.9
Unrestricted	49.8	(24.8)	109.8	93.7	159.6	68.9
Total Net Position	\$ 259.4	\$ 183.1	\$ 185.9	\$ 182.1	\$ 445.3	\$ 365.2

As of June 30, 2015, of the \$365.2 million in net position, the largest portion is \$273.4 million that (75 percent) consists of the City's net investment in capital assets. This component portrays the total amount of funds required to acquire those assets less any related debt used for such

# City of Santa Maria

## Management's Discussion and Analysis

### For the Fiscal Year Ended June 30, 2015

acquisition that is still outstanding. The City uses these capital assets to provide services to citizens. The capital assets of the City are not sources of income for repayment of debt as most assets are not revenue generating and generally are not liquidated to repay debt. Therefore, debt service payments are funded from other sources available to the City.

An additional portion of the City's net position (six percent) of \$22.9 million represents resources that are subject to external restrictions on how the resources may be used. The remaining balance of unrestricted resources of \$68.9 million may be used to meet the City's ongoing obligations to citizens and creditors. Of this amount, \$93.7 million is held by the business-type activities and the governmental activities has a deficit of \$24.8 million due to the implementation of GASB 68 and 71.

The following condensed summary of net statements of activities (expressed in millions) shows that, during the fiscal year, net position increased by \$6.1 million, which was offset by the prior period adjustments of \$86.2 million.

	Governmental		Business		Total	
	2014	2015	2014	2015	2014	2015
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 14.2	\$ 16.0	\$ 62.6	\$ 61.6	\$ 76.8	\$ 77.6
Operating grants and contributions	3.3	2.9	5.3	5.4	8.6	8.3
Capital grants and contributions	8.4	4.1	4.6	1.3	13.0	5.4
General Revenues:						
Taxes	52.5	55.6			52.5	55.6
Use of money and property	1.5	1.3	1.3	1.1	2.8	2.4
Intergovernmental revenues	0.5	0.2			0.5	0.2
Other	0.5	0.7			0.5	0.7
Total revenues	<u>80.9</u>	<u>80.8</u>	<u>73.8</u>	<u>69.4</u>	<u>154.7</u>	<u>150.2</u>
<b>Expenses</b>						
General government	8.2	8.6			8.2	8.6
Public safety	34.4	39.3			34.4	39.3
Public works	18.3	12.8			18.3	12.8
Library	3.4	3.5			3.4	3.5
Community development	4.8	4.5			4.8	4.5
Parks & recreation	12.9	13.7			12.9	13.7
Interest & fiscal charges	0.2	0.2			0.2	0.2
Water & wastewater			36.2	36.4	36.2	36.4
Solid waste			18.3	18.7	18.3	18.7
Public transit			7.1	6.4	7.1	6.4
Total expenses	<u>82.2</u>	<u>82.6</u>	<u>61.6</u>	<u>61.5</u>	<u>143.8</u>	<u>144.1</u>
Increase in net position before transfers	(1.3)	(1.8)	12.2	7.9	10.9	6.1
Transfers	1.1	3.2	(1.1)	(3.2)		
Increase (decrease) in net position	<u>(0.2)</u>	<u>1.4</u>	<u>11.1</u>	<u>4.7</u>	<u>10.9</u>	<u>6.1</u>
Net position - beginning of fiscal year	259.8	259.4	173.9	185.9	433.7	445.3
Prior period adjustments	(0.2)	(77.7)	0.9	(8.5)	0.7	(86.2)
Net position - end of fiscal year	<u>\$ 259.4</u>	<u>\$ 183.1</u>	<u>\$ 185.9</u>	<u>\$ 182.1</u>	<u>\$ 445.3</u>	<u>\$ 365.2</u>

# *City of Santa Maria*

## Management's Discussion and Analysis

### For the Fiscal Year Ended June 30, 2015

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**Governmental Activities.** Excluding the prior period adjustment, Governmental activities increased the City's net position by \$1.4 million.

**Business-type Activities.** Excluding the prior period adjustment, Business-type activities increased the City's net position by \$4.7 million.

#### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

At June 30, 2015, the City's governmental funds reported combined ending fund balances of \$56.6 million, an increase of \$2.7 million in comparison to the prior fiscal year. This is primarily due to increased tax and Non-Hazardous Impacted Soil (NHIS) revenue.

Approximately 77 percent of this amount (\$43.4 million) constitutes an unrestricted fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted to indicate that it is not available for new spending because it is legally restricted by outside parties for a specific purpose.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unrestricted fund balance of the General Fund was \$36.9 million, of which \$19.8 million was committed for economic stabilization and \$6.2 million assigned for future liabilities associated with post-employment benefits.

General Fund operations resulted in revenues over expenditures by \$1.3 million. Transfers in were less than transfers out by \$1.3 million. Transfers out included transfers of \$2.9 million to the General Capital Projects Fund per Resolution 2015-61. Total tax revenues increased by \$3.1 million from the prior year, primarily from increases in sales taxes of \$1.0 million, and an increase in transient occupancy taxes of \$380 thousand. These increases are the result of greater economic activity. Measure U use tax receipts increased by \$462 thousand from the prior year.

Property tax revenue increased by \$568 thousand over last fiscal year, a 3.8 percent increase. Combined, sales tax and property tax make up approximately 65 percent of General Fund revenues. The City has a teeter agreement with the County whereby the total assessed property tax is remitted to the City with the County retaining the right to delinquencies and penalties. Permit revenue is \$468 thousand greater than last fiscal year due to increased residential and commercial building activity. Charges for services are \$919 thousand greater than the prior year. This is primarily due to increased receipts of non-hazardous impacted sold (NHIS) revenue of \$1.3 million. NHIS is received from oil companies for a fee and is available for use in road beds throughout the City. Any NHIS not utilized for road beds is provided to the Solid Waste Division for use as landfill cover. The increase is partially offset by declines in reimbursement and inspection revenue.

General Fund expenditures increased by \$4.2 million (7.7 percent) from \$54.5 million last fiscal year to \$58.7 million in the current fiscal year. Public Safety expenditures increased by \$3.3

# *City of Santa Maria*

## **Management's Discussion and Analysis**

### **For the Fiscal Year Ended June 30, 2015**

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million due to salary and benefit increases as well as additional hiring of police officers. At June 30, 2014, the Police Department had 16 vacancies versus 4 vacancies at June 30, 2015. Fire Department costs increased by \$1.2 million primarily due to increased overtime costs and increased operating transfers to the Fleet Internal Service Fund.

Measure U expenditures increased by \$236,000 from the prior year which was primarily due to salary and benefit increases.

The General Capital Projects Fund received \$126,000 in grant revenues and \$170,000 in cost recovery revenues. The current year's projects included completion of construction of the police facility on Betteravia for \$5.4 million and expenditures on the shared 700 megahertz radio system for \$3.2 million.

The Library Fund accounts for resources used to provide library services to north Santa Barbara County residents in the communities of Santa Maria, Cuyama, Guadalupe, and Orcutt.

The Library Fund incurred operating costs below budget by \$178,000 and revenues were on budget. The Library Fund still recorded a deficit of \$16,000 resulting in a fund balance of \$150,000. Library expenditures continue to outstrip revenues resulting in increasing deficits. Over the past few years, State funding has been on the decline and County funding has been stagnant. The General Fund subsidizes the Library through operating transfers of \$1,538,000, which was \$100,000 greater than last fiscal year. The transfer amount is budgeted to increase an additional \$125,000 to \$1,663,000 in fiscal year 2016 to stem the deficit.

#### **D. GENERAL FUND BUDGETARY HIGHLIGHTS**

##### Original and Final Budget Comparison

Differences between the original budget and the final amended budget (\$2.2 million increase) resulted primarily from the following:

- Increase in transfers of \$500,000 from General Fund Departments to the Worker's Compensation Internal Service Fund to mitigate increasing deficits.
- Carryover of appropriations in Fire Department of General and Measure U Funds to purchase Self Contained Breathing Apparatus' and other equipment and expenditures for \$538,000.
- Carryover of \$91,000 in Police Department Office of Traffic Safety (OTS) Grant expenditures.
- The Police Department received grants from the State (OTS) totaling \$378,000 to conduct DUI enforcement and driver awareness check points.
- The Police Department carried over \$190,000 in Livescan expenditures.
- Recreation and Parks received an Off-Highway Motor Vehicle grant to be used for off-highway vehicle education and safety for \$65,000.

# *City of Santa Maria*

## Management's Discussion and Analysis

### For the Fiscal Year Ended June 30, 2015

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- Carryover of \$50,000 in Administrative Services Budget to be used for NHIS program expenditures.

#### Final Budget and Actual Comparison

Total revenues were \$4.9 million (8.9 percent) greater than the final budget primarily due to the following:

- Property tax receipts were greater by \$389 thousand or 2.5 percent due to increased assessed valuations and partial recapture of Proposition 8 valuations.
- Sales tax and Measure U use tax is greater by \$600 thousand (3.2 percent) and \$339 thousand (8.7 percent) due to increased economic activity and a declining unemployment rate.
- Transient Occupancy Tax receipts were higher by \$416 thousand. Total receipts were \$3,224 thousand versus budget of \$2,808 thousand.
- The City's NHIS revenue has been increasing primarily due to an improving economy and real estate market. Oil companies have become increasingly active in cleaning up their contaminated sites resulting in an increase over budget of \$2,467 thousand. The budgeted revenue was \$700 thousand versus receipts of \$3,167 thousand.
- Building permit revenue is greater than budget by \$513 thousand due to commercial, residential and industrial projects moving through the construction process.
- State Mandated Cost revenue is over by \$265 thousand primarily because of a one-time settle up payment from the State for \$230 thousand receive in June.

Total expenditures and other financing uses were \$938 thousand more than the final budget which is primarily due to the following:

- General Government is under budget by \$193 thousand or 2.2 percent primarily due to salary and benefit savings due to vacancies and decreases in NHIS Program related expenses.
- Recreation and Parks is under budget by 2.4 percent or \$215 thousand due primarily to salary and benefit savings associated with not immediately filling vacancies coupled with a reduction in contractual service expense accounts.
- Community Development is under budget by \$171 thousand primarily due to staff vacancies as well as reduction in contractual expenditures.
- Public Safety is under budget by \$1,320 thousand primarily due to salary and benefit savings attributed to vacancies.
- Transfers out is over budget by \$3.1 million primarily due to the transfer of revenues over expenditures of \$2.9 million from the General Fund to the General Capital Projects Fund at year end in accordance with Resolution 2015-61.

***City of Santa Maria***  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

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- The above variances were offset by a reduction in transfers in because the General Fund did not use the \$1.7 million in budgeted transfers in from the Local Economic Augmentation Fund (LEAF) in the fiscal year.

**E. CAPITAL ASSETS**

The City's investments in capital assets for governmental and business-type activities as of June 30, 2015 amounted to \$326.8 million. This investment in capital assets includes land, buildings, equipment, infrastructure and construction in progress. The total decrease in the City's investment in capital assets for the fiscal year ending June 30, 2015 was 0.5 percent (a 0.5 percent increase for governmental activities and 2.1 percent decrease for business type activities).

The chart below and Note 4 Capital Assets (page F-68) provide additional detailed information on capital assets. The amounts shown on the following page are expressed in millions.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Land	\$ 20.2	\$ 20.2	\$ 12.2	\$ 12.2	\$ 32.4	\$ 32.4
Buildings	86.0	96.9	90.6	87.8	176.6	184.7
Equipment	8.6	10.5	25.2	24.1	33.8	34.6
Infrastructure	70.6	65.5			70.6	65.5
Construction in progress	10.4	3.8	4.7	5.8	15.1	9.6
Total net capital assets	<u>\$ 195.8</u>	<u>\$ 196.9</u>	<u>\$ 132.7</u>	<u>\$ 129.9</u>	<u>\$ 328.5</u>	<u>\$ 326.8</u>

Major capital asset activity during the current fiscal year, included the following:

- Net capital assets used in Governmental activities increased by \$1.1 million. Depreciation expense was \$10.3 million and net asset additions were \$11.5 million. Construction in progress decreased by \$6.6 million primarily due to the capitalization of the newly constructed police building for \$13.7 million. Construction in progress also includes \$3.1 million for costs incurred for the shared radio system. Fleet asset additions were \$1.5 million versus deletions of \$0.8 million. The Water Fund recorded water line repairs and replacements for \$655 thousand. The Wastewater Fund recorded storm drain improvements for \$155 and manhole rehabilitation for \$189 thousand. The Solid Waste Fund recorded capital expenditures of approximately \$501 thousand for the Los Flores Development Plan and \$258 thousand on landfill closure.

**F. LONG-TERM DEBT**

At fiscal year end, the City had \$178.8 million in bonds and other long-term debt outstanding. The detail of this \$178.8 million is shown on the following page. Detailed information is shown in the Notes to Basic Financial Statements, beginning on page F-73.

***City of Santa Maria***  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

Activities	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Bonds/COP's			\$ 63.8	\$ 61.3	\$ 63.8	\$ 61.3
Accrued closure costs			13.8	14.0	13.8	14.0
Capital leases	\$ 2.2	\$ 1.9	2.2	1.9	4.4	3.8
CEC loan	0.5	0.3			0.5	0.3
Claims payable	8.1	9.5	2.7	3.2	10.8	12.7
Compensated absences	4.7	5.2	0.8	0.9	5.5	6.1
OPEB Liability	2.3	2.7	0.5	0.6	2.8	3.3
Land Purchase Obligation	0.5	0.4			0.5	0.4
Net pension obligation		69.1		7.8		76.9
<b>Total</b>	<b>\$ 18.3</b>	<b>\$ 89.1</b>	<b>\$ 83.8</b>	<b>\$ 89.7</b>	<b>\$ 102.1</b>	<b>\$ 178.8</b>

The City's governmental debt increased by \$70.8 million primarily due to the implementation of GASB 68 requiring the recording of the net pension obligation. Excluding the net pension obligation, governmental debt increased by \$1.7 million to \$20.0 million, which is primarily due to increases in liability and worker's compensation claims payable. Compensated absences also increased by \$500 thousand. These increases were partially offset by principal payments on capital leases and the California Energy Commission (CEC) loan. Excluding the recording of business activity net pension obligation per GASB 68, the City's business activity debt decreased by \$1.9 million primarily due to principal payments on the Water and Wastewater Revenue Bonds and capital lease. These decreases were partially offset by an increase in accrued closure costs by \$200 thousand and claims payable for liability and worker's compensation also increased by \$500 thousand.

**G. REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and to demonstrate accountability for the money the City receives. If you have questions about this report or need additional financial information, contact the City's Department of Administrative Services at (805) 925-0951 extension 215.





## ***BASIC FINANCIAL STATEMENTS***



# ***GOVERNMENT-WIDE FINANCIAL STATEMENTS***



**City of Santa Maria**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 85,051,865	\$ 110,071,632	\$ 195,123,497
Restricted cash and investments with fiscal agents	558,933	5,396,615	5,955,548
Receivables (net)	7,439,760	7,242,814	14,682,574
Loans receivable	4,814,263		4,814,263
Deposit with CCWA		4,294,662	4,294,662
Deposits	321,785	88,750	410,535
Prepaid items	125,747	19,065,793	19,191,540
Inventory	23,027	23,026	46,053
Internal balances	(5,527,968)	5,527,968	
Total current assets	<u>92,807,412</u>	<u>151,711,260</u>	<u>244,518,672</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable	36,383,198	18,021,915	54,405,113
Depreciable, net	160,564,299	111,842,892	272,407,191
Total noncurrent assets	<u>196,947,497</u>	<u>129,864,807</u>	<u>326,812,304</u>
<b>Total Assets</b>	<u>289,754,909</u>	<u>281,576,067</u>	<u>571,330,976</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred pension contributions	9,617,653	907,614	10,525,267
Deferred charge on refunding		4,884,056	4,884,056
Total Deferred Outflow of Resources	<u>9,617,653</u>	<u>5,791,670</u>	<u>15,409,323</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	5,828,253	1,622,113	7,450,366
Accrued payroll	579,647	111,252	690,899
Unearned revenue	2,970,767	12,685,125	15,655,892
Debt due within one year	7,371,318	5,148,217	12,519,535
Total current liabilities	<u>16,749,985</u>	<u>19,566,707</u>	<u>36,316,692</u>
Noncurrent liabilities:			
Net pension obligation	69,043,559	7,836,533	76,880,092
Due in more than one year	12,667,972	76,720,883	89,388,855
Total noncurrent liabilities	<u>81,711,531</u>	<u>84,557,416</u>	<u>166,268,947</u>
<b>Total Liabilities</b>	<u>98,461,516</u>	<u>104,124,123</u>	<u>202,585,639</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred inflow - pensions	17,819,246	1,197,930	19,017,176
Total Deferred Inflow of Resources	<u>17,819,246</u>	<u>1,197,930</u>	<u>19,017,176</u>
<b>NET POSITION</b>			
Net Investment in capital assets	<u>194,642,953</u>	<u>78,721,922</u>	<u>273,364,875</u>
Restricted for:			
Road maintenance	8,288,875		8,288,875
Landscape maintenance	2,300,330		2,300,330
Debt service	278,199	9,691,277	9,969,476
Community services	1,267,368		1,267,368
Capital improvements	621,899		621,899
Public safety	458,428		458,428
Total restricted	<u>13,215,099</u>	<u>9,691,277</u>	<u>22,906,376</u>
Unrestricted	<u>(24,766,252)</u>	<u>93,632,485</u>	<u>68,866,233</u>
<b>Total Net Position</b>	<u>\$ 183,091,800</u>	<u>\$ 182,045,684</u>	<u>\$ 365,137,484</u>

See Accompanying Notes to Basic Financial Statements.

**City of Santa Maria**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2015**

<b>Functions/Programs:</b>	Expenses	Charges for Services	Program Revenue	
			Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 8,605,534	\$ 3,426,136		
Public safety	39,250,751	1,618,371	\$ 927,189	\$ 2,190,178
Public works	12,821,336	3,182,799	518,223	1,715,171
Library	3,531,458	285,926	1,010,719	
Community development	4,549,840	3,046,249		30,458
Recreation and parks	13,728,948	4,477,483	455,440	126,000
Interest and fiscal charges	47,577			
<b>Total governmental activities</b>	<b>82,535,444</b>	<b>16,036,964</b>	<b>2,911,571</b>	<b>4,061,807</b>
<b>Business-type activities:</b>				
Water and wastewater	36,387,984	40,615,334	401,801	
Solid waste	18,739,993	20,093,403	82,810	
Public transit	6,432,043	935,501	4,875,413	1,354,881
<b>Total business-type activities</b>	<b>61,560,020</b>	<b>61,644,238</b>	<b>5,360,024</b>	<b>1,354,881</b>
<b>Total primary government</b>	<b>\$ 144,095,464</b>	<b>\$ 77,681,202</b>	<b>\$ 8,271,595</b>	<b>\$ 5,416,688</b>
<b>General Revenues</b>				
Taxes:				
Property taxes				
Sales taxes				
Franchise taxes				
Transient occupancy taxes				
Other taxes				
Use of money and property				
Other revenues				
Intergovernmental revenues - unrestricted				
Transfers				
<b>Total general revenues and transfers</b>				
<b>Changes in net position</b>				
<b>Net position at beginning of fiscal year</b>				
<b>Prior period adjustments</b>				
<b>Net position at beginning of fiscal year - restated</b>				
<b>Net position at end of fiscal year</b>				

See Accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Total	Governmental Activities	Business-type Activities	Total
\$ 3,426,136	\$ (5,179,398)		\$ (5,179,398)
4,735,738	(34,515,013)		(34,515,013)
5,416,193	(7,405,143)		(7,405,143)
1,296,645	(2,234,813)		(2,234,813)
3,076,707	(1,473,133)		(1,473,133)
5,058,923	(8,670,025)		(8,670,025)
	(47,577)		(47,577)
23,010,342	(59,525,102)		(59,525,102)
41,017,135		\$ 4,629,151	4,629,151
20,176,213		1,436,220	1,436,220
7,165,795		733,752	733,752
68,359,143		6,799,123	6,799,123
\$ 91,369,485	(59,525,102)	6,799,123	(52,725,979)
	15,398,828		15,398,828
	31,977,276		31,977,276
	4,148,057		4,148,057
	3,224,413		3,224,413
	852,312		852,312
	1,270,196	1,071,319	2,341,515
	269,149		269,149
	669,088		669,088
	3,173,962	(3,173,962)	
	60,983,281	(2,102,643)	58,880,638
	1,458,179	4,696,480	6,154,659
	259,390,937	185,861,182	445,252,119
	(77,757,316)	(8,511,978)	(86,269,294)
	181,633,621	177,349,204	358,982,825
\$	183,091,800	\$ 182,045,684	\$ 365,137,484



# ***FUND FINANCIAL STATEMENTS***

Governmental Funds Financial Statements

Proprietary Funds Financial Statements

Fiduciary Funds Financial Statements



## GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

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

*General Capital Projects* - The General Capital Projects Fund is used to account for the purchase and construction of capital assets for the General Fund.

*Library Fund* - The Library Fund accounts for resources used to provide library services to north county residents in the communities of Santa Maria, Cuyama, Guadalupe, and Orcutt.

*Non-major Governmental Funds* - Non-major Governmental Funds are the aggregate of all the non-major governmental funds.

# City of Santa Maria

## BALANCE SHEET

### Governmental Funds

June 30, 2015

	Major Funds		
	General	General Capital Projects	Library
<b>ASSETS:</b>			
Cash and investments	\$ 42,497,367	\$ 7,937,069	\$ 180,710
Cash with fiscal agent			
Accounts receivable	1,916,311		3,081
Accrued revenue receivable	3,969,150	37,155	
Prepays	10,466		9,148
Loans receivable	379,018		
Advances receivable			
Deposits	55,535		
<b>Total assets</b>	<b>\$ 48,827,847</b>	<b>\$ 7,974,224</b>	<b>\$ 192,939</b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 3,800,677	\$ 897,757	\$ 20,671
Due to other funds			
Accrued payroll	522,993		21,099
Unearned revenue	2,633,438		1,200
Advances payable	4,585,521	692,447	
<b>Total liabilities</b>	<b>11,542,629</b>	<b>1,590,204</b>	<b>42,970</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue - deferred revenue	379,018		
<b>Total deferred inflows of resources</b>	<b>379,018</b>		
<b>FUND BALANCES:</b>			
Nonspendable:			
Prepays	10,466		9,148
Restricted for:			
Road maintenance			
Community development			
Library			140,821
Education			
Public safety			
Drainage			
Landscape maintenance			
Park acquisition			
Park development			
Debt service			
Committed to:			
Economic stabilization	19,800,000		
Assigned to:			
Post employment benefits	6,248,027		
Capital projects		6,384,020	
Unassigned:	10,847,707		
<b>Total fund balances</b>	<b>36,906,200</b>	<b>6,384,020</b>	<b>149,969</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 48,827,847</b>	<b>\$ 7,974,224</b>	<b>\$ 192,939</b>

See Accompanying Notes to Basic Financial Statements.

Non-major Governmental Funds	Total Governmental Funds
\$ 13,820,582	\$ 64,435,728
278,199	278,199
1,281,858	3,201,250
65,060	4,071,365
	19,614
4,435,245	4,814,263
120,257	120,257
	55,535
\$ 20,001,201	\$ 76,996,211
\$ 914,340	\$ 5,633,445
1,000,000	1,000,000
29,790	573,882
336,129	2,970,767
120,257	5,398,225
2,400,516	15,576,319
4,435,245	4,814,263
4,435,245	4,814,263
	19,614
8,228,875	8,228,875
1,020,346	1,020,346
	140,821
106,201	106,201
458,428	458,428
300,374	300,374
2,300,330	2,300,330
43,278	43,278
278,247	278,247
278,199	278,199
	19,800,000
	6,248,027
809,317	7,193,337
(658,155)	10,189,552
13,165,440	56,605,629
\$ 20,001,201	\$ 76,996,211



# City of Santa Maria

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2015

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Fund balances of governmental funds \$ 56,605,629

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Net capital assets of \$9,034,494 (\$23,342,261 less depreciation of \$14,307,767) allocated from internal service funds are included in the capital asset information below.

Capital assets	\$ 171,755,205	
Infrastructure	182,456,850	
Internal service assets	23,342,261	
Accumulated depreciation	<u>(180,606,819)</u>	196,947,497

Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The assets and liabilities of the internal service funds are included in the statement of net position. Capital assets of the internal service funds are included in total capital assets above. 10,303,941

Long-term liabilities are not due and payable in the current fiscal period and, therefore, not reported in the funds. Long-term liabilities of \$11,694,894 located from internal service funds are included in the above internal service fund adjustments.

California Energy Commission loan	\$ (334,206)	
Long-term debt	(436,629)	
Compensated absences	(5,169,889)	
Other post employment benefits	(2,655,810)	
Net pension obligation	<u>(68,790,229)</u>	(77,386,763)

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 and outflows of \$38,643 and \$29,817 from Internal Service Funds are included in the above amount of \$10,303,941.

Deferred inflows of resources relating to pensions	\$ (17,780,603)	
Deferred outflows of resources relating to pensions net	<u>9,587,836</u>	(8,192,767)

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. 4,814,263

Net position of governmental activities \$ 183,091,800

See Accompanying Notes to Basic Financial Statements.

# City of Santa Maria

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### Governmental Funds

For the Fiscal Year Ended June 30, 2015

	Major Funds		
	General	General Capital Projects	Library
<b>REVENUES:</b>			
Taxes	\$ 47,232,787		
Permits, fines and forfeitures	2,886,764		
Revenues from use of money and property	924,934		\$ 29,983
Aid from governmental agencies	1,962,971	\$ 126,000	1,010,719
Charges for current services	6,947,588		120,724
Other revenues	147,418	169,741	7,262
<b>Total revenues</b>	<b>60,102,462</b>	<b>295,741</b>	<b>1,168,688</b>
<b>EXPENDITURES:</b>			
Current:			
General government	8,318,070		
Community development	2,632,945		
Public safety	36,102,902	2,474,098	
Recreation and parks	8,660,425		
Public works	2,283,113		
Library	71,499		2,723,118
Capital outlay	717,274	6,578,547	
Debt service:			
Principal			
Interest and fiscal charges			
<b>Total expenditures</b>	<b>58,786,228</b>	<b>9,052,645</b>	<b>2,723,118</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,316,234</b>	<b>(8,756,904)</b>	<b>(1,554,430)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	4,250,052	10,570,349	1,538,660
Transfers out	(5,561,825)		
<b>Total other financing sources (uses)</b>	<b>(1,311,773)</b>	<b>10,570,349</b>	<b>1,538,660</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,461</b>	<b>1,813,445</b>	<b>(15,770)</b>
<b>FUND BALANCES:</b>			
Beginning of fiscal year	36,901,739	4,570,575	165,739
End of fiscal year	\$ 36,906,200	\$ 6,384,020	\$ 149,969

See Accompanying Notes to Basic Financial Statements.

Non-major Governmental Funds	Total Governmental Funds
\$ 8,325,197	\$ 55,557,984
225,077	3,111,841
231,640	1,186,557
1,725,360	4,825,050
6,679,682	13,747,994
125,889	450,310
<u>17,312,845</u>	<u>78,879,736</u>
	8,318,070
856,780	3,489,725
138,224	38,715,224
3,116,008	11,776,433
1,954,213	4,237,326
	2,794,617
4,082,876	11,378,697
163,904	163,904
23,258	23,258
<u>10,335,263</u>	<u>80,897,254</u>
<u>6,977,582</u>	<u>(2,017,518)</u>
910,846	17,269,907
<u>(6,992,932)</u>	<u>(12,554,757)</u>
<u>(6,082,086)</u>	<u>4,715,150</u>
<u>895,496</u>	<u>2,697,632</u>
<u>12,269,944</u>	<u>53,907,997</u>
<u>\$ 13,165,440</u>	<u>\$ 56,605,629</u>



# City of Santa Maria

## 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

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Net changes in fund balances - total governmental funds	\$ 2,697,632
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay	\$ 11,378,697	
Depreciation	(10,237,645)	
Loss on disposal of capital assets	<u>(5,545)</u>	1,135,507

Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The net revenue of the internal service funds is reported with governmental activities. (2,272,101)

Issuance of long-term debt including capital advances, compensated absences, and leases provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources in governmental funds. Neither transaction has any affect on net position. Also, governmental funds report the affect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net affect of these differences in the treatment of long-term debt and related items. (1,167,082)

In governmental funds, pension costs are recognized when 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 actual employer contributions was: 608,536

Certain revenues in the governmental funds are unearned 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. 455,687

Change in net position of governmental activities	<u>\$ 1,458,179</u>
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See Accompanying Notes to Basic Financial Statements.



## PROPRIETARY FUNDS FINANCIAL STATEMENTS

*Water and Wastewater Fund* - The Water and Wastewater Fund is used to account for the activities associated with the transmission and distribution of potable water by the City to its users and the transmission, pumping, and treatment of the City's wastewater.

*Solid Waste Fund* - The Solid Waste Fund accounts for the activities associated with collection and disposal of rubbish and recyclable materials.

*Transit Fund* - The Transit Fund accounts for resources to provide transit services to the City and surrounding areas.

*Internal Service Funds* - The Internal Service Funds are used to account for interdepartmental operations where it is the stated intent that costs of providing services to the department of the City on a continuing basis be financed or recovered primarily by charges to the user departments.

# City of Santa Maria

## STATEMENT OF NET POSITION

### Proprietary Funds

June 30, 2015

	Enterprise Funds	
	Water and Wastewater	Solid Waste
<b>ASSETS:</b>		
Current Assets:		
Cash and investments	\$ 31,619,174	\$ 58,588,314
Accounts receivable, net	3,669,730	268,798
Other receivables	289,862	1,297,823
Due from other funds		
Inventory		
Deposits		
Advances receivable		5,277,968
Prepaid items	19,065,793	
<b>Total current assets</b>	<b>54,644,559</b>	<b>65,432,903</b>
Noncurrent Assets:		
Restricted Assets:		
Deposit with CCWA	4,294,662	
Restricted cash and investments	5,115,881	
<b>Total restricted assets</b>	<b>9,410,543</b>	
Capital Assets:		
Non-depreciable assets	7,835,634	4,740,150
Depreciable assets, net	77,769,341	15,032,345
<b>Total capital assets, net</b>	<b>85,604,975</b>	<b>19,772,495</b>
<b>Total noncurrent assets</b>	<b>95,015,518</b>	<b>19,772,495</b>
<b>Total assets</b>	<b>149,660,077</b>	<b>85,205,398</b>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>		
Deferred pension contributions	400,732	477,066
Deferred charge on refunding	4,884,056	
<b>Total deferred outflow of resources</b>	<b>5,284,788</b>	<b>477,066</b>
<b>LIABILITIES:</b>		
Current Liabilities:		
Accounts payable	693,806	554,415
Accrued payroll	48,517	54,708
Unearned revenue	135,456	
Debt due within one year	3,398,835	387,092
<b>Total current liabilities</b>	<b>4,276,614</b>	<b>996,215</b>
Noncurrent Liabilities:		
Compensated absences payable	51,646	63,015
OPEB liability	280,030	251,354
Claims payable		
Accrued closure and postclosure care costs		14,038,047
Net pension obligation	3,529,921	4,053,282
Long-term debt - due in more than one year	58,263,985	
<b>Total noncurrent liabilities</b>	<b>62,125,582</b>	<b>18,405,698</b>
<b>Total liabilities</b>	<b>66,402,196</b>	<b>19,401,913</b>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred inflow - pensions	541,001	618,286
<b>Total deferred inflow of resources</b>	<b>541,001</b>	<b>618,286</b>
<b>NET POSITION:</b>		
Net investment in capital assets	36,330,009	19,772,495
Restricted cash for CCWA water purchase and debt refunding	9,410,543	
Unrestricted	42,261,116	45,889,770
<b>Total net position</b>	<b>\$ 88,001,668</b>	<b>\$ 65,662,265</b>

Adjustment to reflect the consolidation of Internal Service Fund activities to related Enterprise Funds

Net position of business-type activities

See Accompanying Notes to Basic Financial Statements.

Transit	Total Enterprise Funds	Internal Service Funds
\$ 11,838,889	\$ 102,046,377	\$ 28,641,392
844,295	4,782,823	230,655
808,796	2,396,481	
		1,000,000
		46,053
		355,000
	5,277,968	
	19,065,793	106,133
<u>13,491,980</u>	<u>133,569,442</u>	<u>30,379,233</u>
	4,294,662	
	5,115,881	561,468
	<u>9,410,543</u>	<u>561,468</u>
5,164,073	17,739,857	564,117
13,431,065	106,232,751	14,362,576
18,595,138	123,972,608	14,926,693
18,595,138	133,383,151	15,488,161
32,087,118	266,952,593	45,867,394
	877,798	59,633
	4,884,056	
	<u>5,761,854</u>	<u>59,633</u>
281,169	1,529,390	287,531
3,533	106,758	10,259
12,549,669	12,685,125	
17,442	3,803,369	4,712,219
<u>12,851,813</u>	<u>18,124,642</u>	<u>5,010,009</u>
2,839	117,500	15,945
17,649	549,033	52,580
		8,627,632
	14,038,047	
	7,583,203	506,660
	58,263,985	3,131,546
20,488	80,551,768	12,334,363
<u>12,872,301</u>	<u>98,676,410</u>	<u>17,344,372</u>
	1,159,287	77,286
	<u>1,159,287</u>	<u>77,286</u>
18,595,138	74,697,642	11,190,863
	9,410,543	
619,679	88,770,565	17,314,506
<u>\$ 19,214,817</u>	<u>172,878,750</u>	<u>\$ 28,505,369</u>
	9,166,934	
	<u>\$ 182,045,684</u>	

# City of Santa Maria

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

### Proprietary Funds

For the Fiscal Year Ended June 30, 2015

	Enterprise Funds		
	Water and Wastewater	Solid Waste	Transit
<b>OPERATING REVENUES:</b>			
Operating revenues:			
Charges for current services	\$ 39,720,919	\$ 20,003,444	\$ 824,449
Other	894,415	89,959	111,052
<b>Total operating revenues</b>	<b>40,615,334</b>	<b>20,093,403</b>	<b>935,501</b>
<b>OPERATING EXPENSES:</b>			
Salaries, wages and benefits	4,218,616	4,579,374	301,344
Materials and supplies	2,527,119	284,011	3,225,733
Equipment maintenance and operation	3,390,865	3,797,403	1,593,306
Depreciation	3,746,346	1,182,149	1,150,066
Contracts and services	3,428,140	9,086,057	112,263
<b>Subtotal operating expenses</b>	<b>17,311,086</b>	<b>18,928,994</b>	<b>6,382,712</b>
State water payments:			
State water payments DWR	13,358,344		
State water payments CCWA	3,313,986		
Subtotal state water payments	16,672,330		
<b>Total operating expenses</b>	<b>33,983,416</b>	<b>18,928,994</b>	<b>6,382,712</b>
<b>OPERATING INCOME (LOSS)</b>	<b>6,631,918</b>	<b>1,164,409</b>	<b>(5,447,211)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Local, state and federal grants	401,801	82,810	4,875,413
Interest income	319,614	674,827	75,739
Interest expense	(2,174,499)		
Amortization expense	(425,260)		
Gain (loss) on sale of equipment	(22,851)		
Other	434,971		
<b>Total nonoperating revenues (expenses)</b>	<b>(1,466,224)</b>	<b>757,637</b>	<b>4,951,152</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>5,165,694</b>	<b>1,922,046</b>	<b>(496,059)</b>
Capital contributions			1,354,881
Transfers out	(903,620)	(1,112,560)	(114,710)
<b>Change in net position</b>	<b>4,262,074</b>	<b>809,486</b>	<b>744,112</b>
<b>NET POSITION:</b>			
Beginning of fiscal year	87,583,713	69,246,058	18,470,705
Prior period adjustments	(3,844,119)	(4,393,279)	
Beginning net position restated	83,739,594	64,852,779	18,470,705
End of fiscal year	\$ 88,001,668	\$ 65,662,265	\$ 19,214,817

Adjustment to reflect the consolidation of Internal Service Fund activities to related Enterprise Funds

Change in net position of business-type activities

See Accompanying Notes to Basic Financial Statements.

Total	
Enterprise Funds	Internal Service Funds
\$ 60,548,812	\$ 12,004,339
1,095,426	2,795
<u>61,644,238</u>	<u>12,007,134</u>
9,099,334	923,023
6,036,863	1,747,858
8,781,574	1,984,170
6,078,561	2,470,212
12,626,460	6,402,074
<u>42,622,792</u>	<u>13,527,337</u>
13,358,344	
3,313,986	
<u>16,672,330</u>	
59,295,122	13,527,337
<u>2,349,116</u>	<u>(1,520,203)</u>
5,360,024	
1,070,180	4,499
(2,174,499)	(95,273)
(425,260)	
(22,851)	19,988
434,971	9,669
<u>4,242,565</u>	<u>(61,117)</u>
6,591,681	(1,581,320)
1,354,881	2,058,594
(2,130,890)	(2,584,260)
<u>5,815,672</u>	<u>(2,106,986)</u>
	31,161,515
	(549,160)
	<u>30,612,355</u>
	<u>\$ 28,505,369</u>
(1,119,192)	
<u>\$ 4,696,480</u>	

**City of Santa Maria**  
**STATEMENT OF CASH FLOWS**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2015**

	Enterprise Funds		
	Water and Wastewater	Solid Waste	Transit
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts for current services	\$ 41,144,125	\$ 20,067,912	\$ 2,738,608
Payments for goods and services	(27,787,774)	(12,949,083)	(5,422,043)
Payments to employees	(4,148,488)	(4,487,336)	(292,122)
<b>Net cash provided by (used for) operating activities</b>	<b>9,207,863</b>	<b>2,631,493</b>	<b>(2,975,557)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Federal and state transportation grants		82,810	4,875,413
Transfers out to other funds	(903,620)	(1,112,560)	(114,710)
<b>Net cash provided by (used for) noncapital activities</b>	<b>(903,620)</b>	<b>(1,029,750)</b>	<b>4,760,703</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(1,475,091)	(985,857)	45,166
Loan principal payments			
Capital contributions			
Certificate principal payments	(1,228,586)		
Proceeds from sale of assets			
Interest expense payments	(2,174,499)		
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(4,878,176)</b>	<b>(985,857)</b>	<b>45,166</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Interest on investments	319,614	674,827	75,739
Loan repayments		592,738	
<b>Net cash provided by investing activities</b>	<b>319,614</b>	<b>1,267,565</b>	<b>75,739</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,745,681</b>	<b>1,883,451</b>	<b>1,906,051</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of fiscal year	37,284,036	56,704,863	9,932,838
End of fiscal year	\$ 41,029,717	\$ 58,588,314	\$ 11,838,889
Reconciliation of cash and investments per the statement of net position:			
Total cash and investments per the statement of net position	\$ 31,619,174	\$ 58,588,314	\$ 11,838,889
Total restricted cash and investments per the statement of net position	9,410,543		
Cash and cash equivalents, June 30, 2015	\$ 41,029,717	\$ 58,588,314	\$ 11,838,889

See Accompanying Notes to Basic Financial Statements.

Total		Internal	
Enterprise	Funds	Service	Funds
\$	63,950,645	\$	13,983,922
	(46,158,900)		(8,218,961)
	(8,927,946)		(902,648)
	<u>8,863,799</u>		<u>4,862,313</u>
	4,958,223		
	(2,130,890)		(2,584,260)
	<u>2,827,333</u>		<u>(2,584,260)</u>
	(2,415,782)		(2,315,019)
			(591,054)
			274,538
	(1,228,586)		29,657
	(2,174,499)		(95,273)
	<u>(5,818,867)</u>		<u>(2,697,151)</u>
	1,070,180		4,499
	592,738		
	<u>1,662,918</u>		<u>4,499</u>
	7,535,183		(414,599)
	<u>103,921,737</u>		<u>29,617,459</u>
\$	<u>111,456,920</u>	\$	<u>29,202,860</u>
\$	102,046,377	\$	28,641,392
	9,410,543		561,468
\$	<u>111,456,920</u>	\$	<u>29,202,860</u>

**City of Santa Maria**  
**STATEMENT OF CASH FLOWS**  
**Proprietary Funds, continued**  
**For the Fiscal Year Ended June 30, 2015**

	Enterprise Funds		
	Water and Wastewater	Solid Waste	Transit
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 6,631,918	\$ 1,164,409	\$ (5,447,211)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	3,746,346	1,182,149	1,150,066
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	528,790	(25,491)	(102,186)
Decrease (increase) in inventory			
Decrease (increase) in deposits			
Decrease (increase) in prepaid items	(1,907,391)		
Increase (decrease) in accounts payable	138,072	10,931	(490,740)
Increase (decrease) due to other funds			
Increase (decrease) in accrued payroll	15,142	17,852	1,827
Increase (decrease) in claims payable			
Increase (decrease) in postclosure costs		207,457	
Increase (decrease) deferred revenue			1,905,292
Increase (decrease) in compensated absences payable	(4,207)	35,452	5,105
Increase (decrease) in OPEB liability	59,193	38,734	2,290
Total adjustments	2,575,945	1,467,084	2,471,654
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 9,207,863</b>	<b>\$ 2,631,493</b>	<b>\$ (2,975,557)</b>
<b>NON CASH ACTIVITY:</b>			
Amortization of deferral on refunding and bond premium	\$ 426,184		
Accretion discount	591,789		
Contributed capital assets			

See Accompanying Notes to Basic Financial Statements.

Total Enterprise Funds	Internal Service Funds
\$ 2,349,116	\$ (1,520,203)
6,078,561	2,470,212
401,113	(98,212)
	(11,268)
	(175,000)
(1,907,391)	23,771
(341,737)	11,672
	2,250,000
34,821	3,061
	1,890,966
207,457	
1,905,292	
36,350	9,851
100,217	7,463
<u>6,514,683</u>	<u>6,382,516</u>
<u>\$ 8,863,799</u>	<u>\$ 4,862,313</u>

\$ 426,184	
591,789	
	\$ 1,784,056



## FIDUCIARY FUNDS FINANCIAL STATEMENTS

*Agency Funds* - Agency Funds are custodial in nature (assets equal liabilities) and do not measure the results of operations. These funds are used to account for assets held in an agency capacity for others, therefore, cannot be used to support the City's programs.

*Private-Purpose Trust Fund* - Private Purpose Trust Funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments.



# City of Santa Maria

## STATEMENT OF FIDUCIARY NET POSITION

June 30, 2015

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ASSETS	Private Purpose Trust Fund	Total Agency Funds
Cash and investments	\$ 412	\$ 4,697,377
Accounts receivable		5,205
Total Assets	<u>\$ 412</u>	<u>\$ 4,702,582</u>
LIABILITIES		
Trust deposits	\$ -	\$ 4,702,582
Total Liabilities		<u>\$ 4,702,582</u>
NET POSITION		
Held in trust for other taxing entities	<u>\$ 412</u>	

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Year Ended June 30, 2015

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	Private Purpose Trust Fund
ADDITIONS	
Interest income	
Total Additions	
DEDUCTIONS	
Tax increment reimbursement	
Total Deductions	
Net change in position	
Net position beginning of the year	\$ 412
Net position end of the year	<u>\$ 412</u>

See Accompanying Notes to Basic Financial Statements.



# *City of Santa Maria*

## **Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2015**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### ***A. Financial Reporting Entity***

The City was incorporated on September 12, 1905, under the laws of the State of California. Santa Maria is a charter city, and operates under a Council-Manager form of government, which includes an elected mayor and a four-member council. As required by USGAAP, these financial statements present the City and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are in substance, part of the government's operations, so data from these units are combined with data of the primary government. The following entity is reported as a blended component unit:

**Santa Maria Public Financing Authority:** City officials govern the Santa Maria Public Financing Authority (the "Authority"). Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public facilities.

The City participates in the two following intergovernmental joint ventures:

**The Local Government Finance Joint Powers Authority:** The Local Government Finance Joint Powers Authority is a joint powers authority, organized pursuant to a Joint Exercise of Powers Agreement dated July 15, 1986. The Authority was created to provide a method of pooled financing for interested agencies throughout the State. The governing board is comprised of representatives from participants across the State. In August 1989, the Authority provided financing proceeds and the resulting debt service obligation to various participants. By agreement, each participant assumed all responsibility with regard to its issue. All debt issued by participants has been paid or defeased. Financial statements of the Joint Powers Authority may be obtained by contacting the California Statewide Communities Development Authority at 2033 North Main Street, Suite 700, Walnut Creek, CA 94596.

**Central Coast Water Authority (CCWA):** CCWA is a joint powers authority organized on August 1, 1991, comprised of eight cities and special districts that are responsible for the creation and maintenance of water resources in portions of Santa Barbara County. The purpose of the CCWA is to provide financing, construction, operation, and maintenance of certain local non-State owned facilities required to deliver water from the State Water Project (SWP) to certain water purveyors and users in Santa Barbara County. The City has an ongoing financial responsibility pursuant to a Water Supply Agreement between the City and CCWA; however, the City does not have an equity interest.

# *City of Santa Maria*

## **Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2015**

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The Board of Directors (Board) is comprised of one representative from each participating entity. Votes on the Board are apportioned among the entities based upon each entity's pro-rata share of the water provided by the project. Each participant is required to pay CCWA an amount equal to its share of the total cost of "fixed project costs" and certain other costs in the proportion established in the Water Supply Agreement. This includes the participant's share of payments to the State Department of Water Resources (DWR) under the State Water Supply Agreement (including capital, operation, maintenance, power, and replacement costs of the DWR facilities), debt service on CCWA bonds, and all CCWA operating and administrative costs.

In November 1996, CCWA sold \$198,015,000 of revenue bonds at a true cost of 5.55 percent to defease the CCWA 1992 revenue bonds for \$177,120,000. The 1996 bonds were issued in two series: Series A of \$173,015,000 and Series B of \$25,000,000. All outstanding Series B bonds were redeemed on October 1, 1998 pursuant to the call provisions in the Indenture of Trust. The Series B bonds were called with amounts transferred from the Construction Fund and Reserve fund.

On September 28, 2006, CCWA issued Series 2006A refunding revenue bonds in the amount of \$123,190,000 which refunded the outstanding \$142,985,000 Series 1996 A revenue bonds. The 2006A revenue bonds were issued at a true interest cost of 4.24 percent and were issued to reduce the CCWA's total debt service payments over the next 15 years by \$4.4 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3.4 million.

The City's Water and Wastewater Fund makes direct contributions for its share of project expenditures and has no direct liability for any bonded debt of the CCWA. The City is responsible for 38 to 43 percent of system costs based on various pools of expenditures.

Financial Statements for CCWA may be obtained by contacting the Central Coast Water Authority at 255 Industrial Way, Buellton, CA 93427.

### ***B. Basis of Accounting and Measurement Focus***

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which the governmental resources are to be spent and the means by which spending activities are controlled.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB).

### **Government-wide Financial Statements**

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

# *City of Santa Maria*

## **Notes to Basic Financial Statements**

### **For the Fiscal Year Ended June 30, 2015**

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These basic financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the revenues are earned while expenses are recognized in the period in which the liability is incurred.

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 the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, Internal Service Fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

Governmental fund financial statements are reported using the “*current financial resources*” measurement focus and the modified accrual basis of accounting. Under this method, revenues are available when the revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if revenues are collected within 60 days of the end of the current fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

# *City of Santa Maria*

## **Notes to Basic Financial Statements**

### **For the Fiscal Year Ended June 30, 2015**

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Revenues are recorded when received in cash, except for revenues subject to accrual (generally 60 days after fiscal year-end) are recognized when due. Property taxes, charges for services, and interest associated with the current fiscal period are all considered susceptible to accrual and as such have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available when received by the government.

The City reports the following major governmental funds:

**General Fund:** This fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**General Capital Projects Fund:** This fund is used to account for the purchase and construction of capital assets for the General Fund.

**Library:** This fund accounts for resources used to provide library services to north Santa Barbara County residents in the communities of Santa Maria, Cuyama, Guadalupe, and Orcutt. The primary revenue sources for the Library are fines, penalties and County of Santa Barbara subsidies.

#### *Proprietary Fund Financial Statements*

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental and business-type activities in the government-wide financial statements.

The Proprietary Funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which the revenues are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. The principal operating revenues of the Water and Wastewater Fund are charges to customers for sales and services. All other revenues are reported as non operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund, such as cost of sales and services, administrative expenses, and depreciation on capital assets. All other expenses are reported as non-operating expenses.

# *City of Santa Maria*

## Notes to Basic Financial Statements

### For the Fiscal Year Ended June 30, 2015

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The major proprietary funds the City reports are shown below:

**Water and Wastewater Fund:** The Water and Wastewater Fund is used to account for resources used to provide water and sewer services to the City.

**Solid Waste Fund:** The Solid Waste Fund is used to account for solid waste collection and disposal.

**Transit Fund:** The Transit Fund accounts for resources to provide transit services to the City and surrounding areas.

The City reports the following internal service funds as proprietary funds:

**Fleet Services Fund:** The Fleet Services Fund is used to finance the operations, maintenance, and timely replacement of the City's fleet of vehicles and related equipment.

**Business Equipment Fund:** The Business Equipment Fund is used to finance and account for the maintenance and replacement of business equipment used by City departments.

**Insurance Fund:** The Insurance Fund provides and charges other City funds for liability, property, and workers' compensation insurance.

#### *Fiduciary Fund Financial Statements*

The City's fiduciary funds, Treasurer's Trust, Twitchell Management Authority, and Maintenance Annuity Fund, combine in an Agency Fund Statement of Assets and Liabilities. Because these funds are custodial in nature (assets equal liabilities), a measurement of results of operations is not shown. The agency funds are accounted for on the accrual basis of accounting. The Treasurer's Trust Fund accounts for deposits held for others, while the Maintenance Annuity Fund accounts for developer deposits earning interest income for the purpose of subsidizing property tax revenue on annexed property. The Twitchell Management Authority Fund accounts for the financial transactions of a court-mandated committee that monitors and manages the groundwater basin.

The Successor Agency Private Purpose Trust Fund was established upon dissolution of the Redevelopment Agency Fund (RDA) and is responsible for winding down the affairs of the former RDA including payment of enforceable obligations and disposal of assets.

#### ***C. Cash and Investments***

The City pools its available cash for investment purposes. The City considers pooled cash and investments, with original maturities of three months or less, to be cash equivalents.

Certain proceeds of the City's Water and Wastewater Fund revenue bonds, as well as certain resources set aside for repayment, are classified as restricted assets on the balance sheet statement of net position, because their use is limited by applicable bond covenants. The City has classified additional assets as restricted to comply with laws and other agreements.

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 value is used as fair value for those securities for which market quotations

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

***D. Interfund Transactions***

Activity among funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

***E. Assets Held for Resale***

Should the City have assets held for resale, those assets would be recorded at the lower of cost or market, but not greater than the net realizable value. An amount equal to the carrying value of land would be reserved in fund balance of governmental funds because such assets are not available to finance the City's current operations.

***F. Capital Assets***

Capital assets are defined as property, plant, equipment, and infrastructure assets (roads, sidewalks, 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 or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date received.

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

The City's policy has set the capitalization threshold for reporting capital assets as follows:

Property, Plant, and Equipment	\$	5,000
Infrastructure Capital Assets		50,000

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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Depreciation is recorded in the government-wide financial statements on a straight-line basis over the useful lives of the assets, as follows:

Equipment	5 to 20 years
Buildings and Improvements	10 to 70 years
Infrastructure:	
Medians	25 years
Pavement	25 years
Traffic signals	25 years
Off-road trails	40 years
Cabling	40 years
Curbs and gutters	50 years
Sidewalks	50 years
Storm drain lines	50 years
Bridges	75 years

The City has included the value of all infrastructure in its government-wide statements.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant, and equipment are depreciated in the proprietary funds using the straight-line method over the following estimated useful lives as follows:

Water and Wastewater and Solid Waste Funds:	
Facilities and Improvements	25-50 years
Equipment	6-15 years
Transit Fund:	
Facilities and Improvement	25-50 years
Equipment	3-7 years
Buses	7 years
Fleet Service Fund:	
Equipment	3-10 years
Vehicles	5 years
Business Equipment Fund:	
Equipment	3-10 years

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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***G. Interest Payable***

In the government-wide financial statements, interest payable on long-term debt is recognized as the liability is incurred for governmental activities and business-type activities.

In the fund financial statements, proprietary fund types recognize the interest payable when the liability is incurred.

***H. Unearned Revenue***

In the government-wide financial statements, unearned revenue is recognized for transactions for which revenue has not yet been earned. A typical transaction recorded as unearned revenues in the government-wide financial statements is the prepaid charges for services.

In the Governmental Fund Financial Statements, unearned revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unearned revenue for transactions for which revenues have not been earned, or for which funds are not available to meet current financial obligations. Typical transactions for which unearned revenue is recorded are grants received but not yet earned or available.

***I. Compensated Absences***

Compensated absences are recorded in accordance with GASB. It is the City's policy to record the cost of annual vacation, compensatory time, and fringe benefits as earned. City employees accrue vacation and sick leave in varying amounts. Compensatory time is recorded as time earned by City employees. In the event of termination, employees are reimbursed for the total value of their accumulated vacation days and compensatory time. Sick leave benefits are not vested to the employee; however, the City has a sick leave incentive program, which will compensate employees at a rate of 50 percent for accrued sick leave between a floor and ceiling amount. The maximum sick hours subject to be paid is Police - 680 hours, Fire - 608 hours, and 360 hours - General and Management employees upon regular retirement or death. The City accrued amounts for the sick leave incentive program using historical trends and other relevant data.

The City records compensated absences in the governmental funds as expenditures for the amount accrued during the fiscal year that would normally be liquidated with expendable, available financial resources. The remainder of the liability is recorded as long-term debt. The individual governmental funds report a liability for compensated absences only if the debt matured at fiscal year-end, i.e. unused reimbursable leave outstanding as the result of an employee's resignation or retirement. The proprietary funds accrue compensated absences in the period they are earned and are recorded as long-term liabilities in the applicable funds.

***J. 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 Santa Maria's California Public Employees Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same

# *City of Santa Maria*

## Notes to Basic Financial Statements

### For the Fiscal Year Ended June 30, 2015

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basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds or employee contributions) are recognized when due and payable in accordance with the benefit terms.

#### **K. *Post-Employment Benefits***

In addition to pension benefits described in Note 11, the City provides post-retirement health benefits, in accordance with State statutes, to all employees retiring from the City and enrolled in an insurance program under the California Public Employees' Medical and Hospital Act. Currently, 124 retirees meet the eligibility requirements. The City is required by CALPERS to contribute \$122 per month, the balance of premiums, which average \$610 per month, are paid by retirees. This fiscal year expenditure of \$181,246 was recognized for post-retirement health insurance contributions. Post-employment benefits are provided on a pay-as-you-go basis.

#### **L. *Long-Term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts and deferred amounts on refunding are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

As a result of the City's adoption of GASB Statement No. 65 during the fiscal year ended June 30, 2014, bond issuance costs are expensed as incurred. The City now reports deferred amounts from refunding of debt separately from assets and liabilities in its Statement of Net Position.

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

#### **M. *Net Position***

In the government-wide financial statements, net position is classified in the following categories:

**Net Investment in Capital Assets** – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

**Restricted** – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

**Unrestricted** – This amount is all resources that do not meet the definition of "net investment in capital assets" or "restricted."

# *City of Santa Maria*

## **Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2015**

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### ***N. Use of Restricted/Unrestricted Resources***

When an expense incurred for purposes for which both restricted and unrestricted resources are available, the City's policy is to apply restricted resources first.

### ***O. Fund Equity***

The fund balance classifications are reported primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. The fund balances are classified as non-spendable, restricted, committed, assigned and unassigned.

Non-spendable fund balance represents amounts that are not in a spendable form such as inventories, prepaid items and loans receivable. In the fund financial statements, governmental funds report restrictions on fund balances for amounts that are legally restricted by outside parties for a specific purpose.

Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority which includes the City Council adoption of resolutions committing fund balance. It also includes contractual obligations for which existing resources have been committed. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an adopted City Council resolution.

The City Council has adopted, by resolution, a Prudent Reserve Fund for economic emergencies in which the City Council may, at its discretion, set aside all or any part of a surplus generated in the General Fund resulting from the excess of revenues over expenditures. An appropriation from the Prudent Reserve Fund would require an approved resolution by a two-thirds vote of the City Council and are limited to emergency situations. Examples of such emergencies include, but are not limited to: covering expenses arising from a natural disaster, to replacing revenue taken over by another entity, or to a drop in actual/projected revenue of more than five percent of the General Fund adopted revenue budget.

Amounts in the Assigned Fund classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution the authority to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. Additional action normally does not have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned Fund Balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***P. Property Tax Calendar***

The State of California Constitution Article XIII A, provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless voters approved an additional amount for debt. Assessed value is calculated at 100 percent of market value as defined by Article XIII A, and may be increased by no more than two percent per year unless the property is sold, transferred, or improved.

Santa Barbara County assesses properties, bills for, collects, and distributes property taxes on the basis of the taxing jurisdiction's tax rate percentage, subject to individual tax jurisdiction's adjustments as may be allowed for voter-approved debt, as follows:

	Secured	Unsecured
Lien date	January 1	January 1
Lien date	July 1	July 1
Due dates	50% - November 1	July 1
	50% - February 1	August 31
Delinquent as of	December 10 (for November)	April 10 (for February)

The term "unsecured" refers to taxes on personal property other than real estate, land, and buildings. These taxes are secured by liens on the property being taxed.

***Q. Use of Estimates***

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

***R. Closure and Postclosure Care Costs***

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for a minimum of 30 years after closure. The site covers 247 acres.

According to its revised operating plan filed with the State, portions of the landfill site will be closed on a "rolling closure" basis, with final closure anticipated by the year 2020. The City is required to report a portion of these closure and postclosure costs as an operating expense in each period based on landfill capacity used as of each statement of net position date.

The \$14.0 million reported as landfill closure and postclosure care liability at June 30, 2015, represents the cumulative amount reported to date based on the use of 81.8 percent of the estimated capacity of the landfill. The City will recognize remaining estimated costs of \$6.1 million in closure and postclosure care as the remaining estimated capacity is filled. The total costs of \$20.1 million are based on what it would cost to perform all closure and postclosure care

# *City of Santa Maria*

## **Notes to Basic Financial Statements**

### **For the Fiscal Year Ended June 30, 2015**

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in fiscal year 2014-15. The City expects to close the landfill by the year 2020. Inflation and changes in technology and/or regulations may result in higher costs.

The City is required by State and Federal laws to provide assurance that the closure will be completed and postclosure requirements met. Assurance with regard to postclosure costs has been met by a pledge of the General Fund sales tax revenues should the Solid Waste Fund be unable to perform in accordance with the requirements.

#### ***S. Budgetary Data***

The City Council has the responsibility for adoption of the City's budget. Budgets are adopted for all General and Special Revenue Funds. The budget, adopted by the City Council, is for a two-fiscal year period. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion any time during the two-year fiscal period. The City Manager is authorized to transfer the budgeted funds among departments or functions within the same fund without seeking approval by the City Council. The level at which expenditures may not legally exceed appropriations is therefore established at the fund level.

Appropriations, remaining at the end of the first fiscal year, are eligible to be carried forward to the second fiscal year. All appropriations lapse at the end of the two-fiscal year period to the extent that appropriations have not been expended or encumbered. Lease contracts entered into by the City are subject to annual review by the City Council; hence, lease contracts are legally one-fiscal year contracts. These one-fiscal year contracts have an option for renewal for an additional fiscal year.

Budgetary comparison is provided in the accompanying financial statements for the General Fund and Special Revenue Funds. Budgeted revenue and expenditure amounts shown represent the City's originally adopted budget and the budget adjusted for supplemental appropriations. Budget amounts, as adjusted, reported for Governmental Funds of the City, are adopted on a basis consistent with USGAAP. Effective fiscal control for debt service funds is achieved through bond indenture provisions and other management controls. While budgets are prepared for City Capital Projects Funds, capital projects generally extend beyond one fiscal year and are controlled at the project level.

#### ***T. 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 qualifies for reporting in this category; refer to Note 6 for a detailed listing of the deferred outflows of resources the City has recognized.

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

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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acquisition of fund balance by the government that is applicable to a future reporting period. The City has two items that which qualifies for reporting in this category; refer to Note 7 for a detailed listing of deferred inflows of resources the City has recognized.

***U. New Accounting Pronouncements***

***Governmental Accounting Standards Board Statement No. 68***

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions," - an amendment of GASB Statement No. 27 and GASB Statement No. 50. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. Implementation of GASB 68 resulted in the recording of the net pension liability. The cumulative effect of the change was to decrease the June 30, 2015 net position of governmental activities by \$69,043,559 and the net position of business-type activities by \$7,836,533. See Note 10 - Employee Retirement Plans and Note 14 - Prior Period Adjustments.

***Governmental Accounting Standards Board Statement No. 71***

For the fiscal year-ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." The objective of this Statement is to address the issue that 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. The cumulative effect of the implementation of GASB 71 was to decrease the June 30, 2015 net position of governmental activities by \$8,713,757 and the net position of business-type activities by \$675,445. See Note 10 - Employee Retirement Plans and Note 14 - Prior Period Adjustments.

# City of Santa Maria

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2015

### 2. CASH AND INVESTMENTS

**A. Cash and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:**

Statement of net position:

Cash and investments	\$ 195,123,497
Cash and investments held by bond trustee	5,955,548

Fiduciary funds:

Cash and investments	<u>4,697,789</u>
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Total cash and investments	<u>\$ 205,776,834</u>
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Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 16,290
Deposits with financial institutions	7,362,472
Investments	<u>198,398,072</u>

Total cash and investments	<u>\$ 205,776,834</u>
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### **B. Investments Authorized by the City's Investment Policy**

The table below identifies the investment types that are authorized for the City by the City's Investment Policy. The table also identifies certain provisions of the City's Investment Policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the City's Investment Policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Bonds/Notes	N/A	None	None
Federal Agency Issues	5 years	None	None
Municipal Obligations	5 years	30%	5%
Bankers' Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit (NCD)	5 years	30%	5%
Medium-Term Corporate Notes (MTN)	5 years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	None	\$50 million
Mutual Funds	N/A	20%	None

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

***C. Investments Authorized by Debt Agreements***

Provisions of the debt agreements, rather than the general provisions of the City's investment policy, govern investments of debt proceeds held by bond trustees. The following table identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Bills	None	None	None
Federal Agency Issues	None	None	None
Bankers' Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

***D. Disclosures Relating to Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City manages its exposure to declines in the fair value by employing a "buy and hold" investment strategy whereby investments are held to maturity at which time the investment is redeemed at par. This strategy limits the City's exposure to declines in fair value to unforeseen emergencies when the need for cash beyond that which is planned and anticipated may arise. The City has no formal policy on interest rate risk. 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:

<u>Investment Type</u>	<u>Value</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
U.S. Treasury Bonds/Notes	\$ 47,657,780	\$ 4,505,625	\$ 21,428,231	\$ 21,723,924	\$ -
Federal Agency Issues	31,604,882	4,317,783	15,790,031	11,497,068	
Commercial Paper	2,499,375	2,499,375			
Negotiable Certificates of Deposit (NCD)	22,155,203	5,000,495	14,886,485	2,268,223	
Medium-Term Corporate Notes (MTN)	42,584,345	5,057,485	11,410,996	26,115,864	
Municipal Obligations	2,848,506	2,245,758		602,748	
Local Agency Investment Fund (LAIF)	43,092,072	43,092,072			
Money Market Funds	361	361			
Held by fiscal agent:					
Money Market Funds	5,955,548	5,955,548			
<b>Total</b>	<b>\$ 198,398,072</b>	<b>\$ 72,674,502</b>	<b>\$ 63,515,743</b>	<b>\$ 62,207,827</b>	<b>\$ -</b>

**City of Santa Maria**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**E. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

The City's investments do not include investments that are highly sensitive to interest rate fluctuations beyond those indicated in the information provided on previous pages.

**F. 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 the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year-end for each investment type.

At the time of the purchase of the investments listed above, all investments were rated A or higher. The City's policy has been to buy investments for the long term and to hold those investments to maturity.

Investment Type	Value	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End				
				AAA	AA+,AA, AA-	A+, A, A-	BBB+, BB+, BB	Not Rated
U.S. Treasury Bonds/Notes	\$ 47,657,780	N/A			\$ 47,657,780			
Federal Agency Issues	31,604,882	N/A			31,604,882			
Commercial Paper	2,499,375	A				\$ 2,499,375		
Negotiable Certificates of Deposit	22,155,203	A			7,241,545	14,913,658		
Medium-Term Corporate Notes	42,584,345	A		\$ 576,697	21,994,122	17,986,206	\$ 2,027,320	
Municipal Obligations	2,848,506	A			2,245,758			\$ 602,748
Local Agency Investment Fund	43,092,072	N/A						43,092,072
Money Market Funds	361			361				
Held by fiscal agent:								
Money Market Funds	5,955,548	A		5,955,548				
<b>Total</b>	<b>\$ 198,398,072</b>		<b>\$ -</b>	<b>\$ 6,532,606</b>	<b>\$ 110,744,087</b>	<b>\$ 35,399,239</b>	<b>\$ 2,027,320</b>	<b>\$ 43,694,820</b>

**G. Concentration of Credit Risk**

The City's Investment Policy 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, mutual funds, and external investment pools) that represented five percent or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
FNMA	Federal Agency Issues	\$ 19,990,181

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**H. Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's Investment Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Treasury Bonds/Notes	\$ 47,657,780
Medium Term Corporate Notes	42,584,345
Federal Agency Issues	31,604,882
Certificates of Deposit	22,155,203
Commercial Paper	2,499,375
Municipal Obligations	2,848,506

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.

The fair value of the pledged securities in the collateral pool must equal at least 110 percent 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 percent of the secured public deposits.

As of June 30, 2015, none of the City's deposits with financial institutions in excess of Federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2015, City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities.

**I. Investment in State Investment Pool**

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

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**3. RECEIVABLES**

The receivables as of fiscal year-end for the governmental and business-type activities, which include individual major funds, non-major funds, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are shown as follows:

**Government accounts receivables:**

<u>Governmental</u>	<u>Accounts Receivable</u>	<u>Accrued Revenues</u>	<u>Loans Receivable</u>	<u>Totals</u>
General Fund	\$ 1,916,311	\$ 3,969,150	\$ 379,018	\$ 6,264,479
Library Fund	3,081			3,081
General Capital Projects Fund		37,155		37,155
Nonmajor Funds	1,281,858	65,060	4,435,245	5,782,163
Internal Service	167,145			167,145
Totals	<u>\$ 3,368,395</u>	<u>\$ 4,071,365</u>	<u>\$ 4,814,263</u>	<u>\$ 12,254,023</u>

**Business-type receivables:**

<u>Business-type</u>	<u>Accounts Receivable</u>	<u>Other</u>	<u>Gross Receivables</u>	<u>Uncollectible Allowance</u>	<u>Net Total Receivables</u>
Water and Wastewater	\$ 3,786,887	\$ 289,862	\$ 4,076,749	\$ (117,157)	\$ 3,959,592
Solid Waste	315,447	1,297,823	1,613,270	(46,649)	1,566,621
Transit	844,295	808,796	1,653,091		1,653,091
Internal Service	63,510		63,510		63,510
Totals	<u>\$ 5,010,139</u>	<u>\$ 2,396,481</u>	<u>\$ 7,406,620</u>	<u>\$ (163,806)</u>	<u>\$ 7,242,814</u>

**4. CAPITAL ASSETS**

**A. Government-wide Financial Statements**

A summary of changes in capital assets activity for the City's governmental activities for the fiscal year-ended June 30, 2015, is on the following page:

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

<b>Governmental Activities:</b>	Balances at July 1, 2014	Increases	Decreases	Balances at June 30, 2015
Non-depreciable capital assets:				
Land	\$ 20,234,646			\$ 20,234,646
Construction in progress	10,403,706	\$ 3,810,207	\$ (10,403,706)	3,810,207
Right of Way Infrastructure	12,338,345			12,338,345
Total non-depreciable capital assets	<u>42,976,697</u>	<u>3,810,207</u>	<u>(10,403,706)</u>	<u>36,383,198</u>
Depreciable capital assets:				
Buildings and Improvements	130,937,009	13,913,633		144,850,642
Equipment	23,530,302	3,443,683	(772,014)	26,201,971
Infrastructure	169,520,153	614,880	(16,528)	170,118,505
Total depreciable capital assets	<u>323,987,464</u>	<u>17,972,196</u>	<u>(788,542)</u>	<u>341,171,118</u>
Less accumulated depreciation:				
Buildings and improvements	(44,948,734)	(3,046,333)		(47,995,067)
Equipment	(14,876,622)	(1,619,422)	770,522	(15,725,522)
Infrastructure	(111,326,815)	(5,571,890)	12,475	(116,886,230)
Total accumulated depreciation	<u>(171,152,171)</u>	<u>(10,237,645)</u>	<u>782,997</u>	<u>(180,606,819)</u>
Total depreciable capital assets, net	<u>152,835,293</u>	<u>7,734,551</u>	<u>(5,545)</u>	<u>160,564,299</u>
Governmental activities capital assets, net	<u>\$ 195,811,990</u>	<u>\$ 11,544,758</u>	<u>\$ (10,409,251)</u>	<u>\$ 196,947,497</u>

***Fund Financial Statements***

A summary of changes in capital assets activity, by type, for the City's governmental activities for the fiscal year-ended June 30, 2015, is as follows:

<b>Net Capital Assets By Type:</b>	Balances at July 1, 2014	Increases	Decreases	Balances at June 30, 2015
Capital Assets	\$ 117,530,113	\$ 14,685,666	\$ (9,873,396)	\$ 122,342,383
Internal Service Fund Assets	7,750,194	1,816,102	(531,802)	9,034,494
Infrastructure Assets	70,531,683	(4,957,010)	(4,053)	65,570,620
Net Capital Assets by Type	<u>\$ 195,811,990</u>	<u>\$ 11,544,758</u>	<u>\$ (10,409,251)</u>	<u>\$ 196,947,497</u>

The fund financial statements do not present general government capital assets but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government wide Statement of Net Position.

**City of Santa Maria**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**B. Business-Type Capital Assets**

A summary of changes in capital assets activity for the City's business-type activities for the fiscal year ended June 30, 2015, is as follows:

<b>Business-type Activities:</b>	Balances at July 1, 2014	Increases	Decreases	Balances at June 30, 2015
Non-depreciable capital assets:				
Land	\$ 12,226,027			\$ 12,226,027
Construction in progress	4,734,714	\$ 5,795,888	\$ (4,734,714)	5,795,888
Total non-depreciable capital assets	16,960,741	5,795,888	(4,734,714)	18,021,915
Depreciable capital assets:				
Buildings and improvement	152,333,941	975,065		153,309,006
Equipment and vehicles	45,741,561	2,254,103	(692,325)	47,303,339
Total depreciable capital assets	198,075,502	3,229,168	(692,325)	200,612,345
Less accumulated depreciation for:				
Building and improvements	(61,863,183)	(3,632,186)		(65,495,369)
Equipment and vehicles	(20,520,365)	(3,424,359)	670,640	(23,274,084)
Total accumulated depreciation	(82,383,548)	(7,056,545)	670,640	(88,769,453)
Total depreciable capital assets, net	115,691,954	(3,827,377)	(21,685)	111,842,892
Business-type activities capital assets, net	\$ 132,652,695	\$ 1,968,511	\$ (4,756,399)	\$ 129,864,807

A summary of changes in capital assets activity, by type, for the City's business-type activities for the fiscal year ended June 30, 2015, is as follows:

<b>Net Capital Assets By Type:</b>	Balances at July 1, 2014	Increases	Decreases	Balances at June 30, 2015
Water and Wastewater	\$ 88,452,154	\$ (2,295,178)	\$ (552,001)	\$ 85,604,975
Solid Waste	20,167,564	3,583,698	(3,978,767)	19,772,495
Transit	18,435,488	204,815	(45,165)	18,595,138
Internal Service Fund Assets	5,597,489	475,176	(180,466)	5,892,199
Net Capital Assets by Type	\$ 132,652,695	\$ 1,968,511	\$ (4,756,399)	\$ 129,864,807

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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***C. Depreciation Expense***

Depreciation expense of \$17,294,190 was charged to the following functions:

	Governmental Activities	Business-type Activities	Total
General Government	\$ 94,093		\$ 94,093
Public Safety	568,254		568,254
Public Works	5,602,955		5,602,955
Community Development	859,729		859,729
Library	641,555		641,555
Recreation and Parks	978,831		978,831
Internal Service Funds	1,492,228	\$ 977,984	2,470,212
Water and Wastewater		3,746,346	3,746,346
Solid Waste		1,182,149	1,182,149
Public Transit		1,150,066	1,150,066
	<u>\$ 10,237,645</u>	<u>\$ 7,056,545</u>	<u>\$ 17,294,190</u>

**5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

***A. Due To and From Other Funds***

The Due To and From Other Funds are as follows:

Fund	Due From Other Funds	Due to Other Funds
Non-major Governmental Funds		\$ 1,000,000
Internal Service Fund	\$ 1,000,000	
Total	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

The outstanding balances among funds results from cash advances to non-major funds to correct cash deficits at fiscal year-end. The cash deficits are largely the result of time lags between the dates that expenditures are incurred and cash payments are received, such as occurs in grant funds. The City expects the amounts due the Insurance Internal Service Fund to be collected in the subsequent fiscal year.

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**B. *Advances Payable/Receivable***

On October 31, 2012, the Solid Waste Collection advanced the General Fund \$5,572,242. The advance was used to prepay the CalPERS Side Fund for the Fire Safety Pension Plan. Beginning in fiscal year 2014, the General Fund will pay the Solid Waste Collection Fund annual payments of \$653,237 over ten years for repayment of the advance.

On October 31, 2012, the Solid Waste Collection Fund advanced the General Capital Projects Fund \$875,000 to pay the matching portion of the levee construction project. Beginning in fiscal year 2014, the General Fund will transfer the annual payments of \$106,130 to the General Capital Projects Fund for payment to the Solid Waste Collection Fund. Payments are scheduled for nine years.

On July 1, 2013, the Southwest Landscape District advanced the Stowell Parking and Lighting District \$155,831 to pay for resurfacing the Stowell Center parking lot. Beginning in fiscal year 2014, the Stowell Parking and Lighting District will transfer the annual payments of \$22,199 to the Southwest Landscape District. Payments are scheduled for eight years.

**C. *Transfers In and Out***

The transfers in and out between funds are shown below:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 4,250,052	\$ 5,561,825
Library Fund	1,538,660	
General Capital Projects Fund	10,570,349	
Non-major Governmental Funds	910,846	6,992,932
Water and Wastewater Fund		903,620
Solid Waste Fund		1,112,560
Transit Fund		114,710
Internal Service Funds		<u>2,584,260</u>
 Total	 <u>\$ 17,269,907</u>	 <u>\$ 17,269,907</u>

Interfund transfers are used to (1) move revenues from funds required by statute or budget to collect, to the funds required by statute or budget to expend; (2) to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) to cover negative cash balances in the funds.

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**6. DEFERRED OUTFLOWS OF RESOURCES**

At June 30, 2015, deferred outflows of resources, in the statement of net position, consisted of the following:

	<u>Governmental</u>	<u>Business-type</u>
Deferred pension contributions	\$ 9,617,653	\$ 907,614
Deferred charge on refunding		<u>4,884,056</u>
Total deferred outflows	<u>\$ 9,617,653</u>	<u>\$ 5,791,670</u>

**7. DEFERRED INFLOWS OF RESOURCES**

At June 30, 2015, deferred inflows of resources, reported on the Statement of Net Position and the Balance Sheet - Governmental Funds, consisted of the following:

	<u>Governmental</u>	<u>Business-type</u>
Deferred inflow - pensions	<u>\$ 17,819,246</u>	<u>\$ 1,197,930</u>
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>
Unavailable deferred revenue	<u>\$ 379,018</u>	<u>\$ 4,435,245</u>

**8. LONG-TERM DEBT**

Below is a summary of the City's bonds, certificates of participation, and long term liability transactions for the fiscal year ended June 30, 2015:

**A. Governmental Activities**

The changes in the governmental funds long-term debt for the fiscal year ended June 30, 2015 are shown below:

<u>Liabilities</u>	<u>Balance 7/1/2014</u>	<u>Prior period adjustment</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2015</u>	<u>Due within one year</u>
Compensated absences	4,747,311		\$ 3,198,947	(2,709,232)	\$ 5,237,026	\$ 3,875,399
OBEB liability	2,308,950		521,012	(144,663)	2,685,299	
Property purchase obligation	459,947			(23,318)	436,629	24,018
Claims payable	8,059,991		3,390,815	(1,972,591)	9,478,215	3,007,492
CEC loan payable	498,110			(163,904)	334,206	162,267
Capital lease payable	2,163,442			(295,527)	1,867,915	302,142
Net pension liability		<u>\$ 86,697,730</u>	<u>27,411,094</u>	<u>(45,065,265)</u>	<u>69,043,559</u>	
Total	<u>\$ 18,237,751</u>	<u>\$ 86,697,730</u>	<u>\$ 34,521,868</u>	<u>\$ (50,374,500)</u>	<u>\$ 89,082,849</u>	<u>\$ 7,371,318</u>

# *City of Santa Maria*

## **Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2015**

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### CEC Loan

The City received a one percent energy efficiency loan from the California Energy Commission (CEC). The amount of the loan was \$498,110 and was used to partially retrofit existing street lights with energy efficient lighting. The loan term is three years with semi-annual payments of \$84,601. At June 30, 2015, \$334,206 remains outstanding.

### Compensated Absences

The General Fund was primarily responsible for the liquidation of \$2,709,232 outstanding compensated absences during fiscal year 2014-15. The \$5,237,026 of outstanding compensated absences at June 30, 2015, is also primarily the responsibility of the General Fund over the long term.

### OPEB Liability

The General Fund was primarily responsible for the addition of "other post employment benefits" (OPEB) liabilities of \$521,012 during 2014-15. Over the long term, the \$2,685,299 of outstanding OPEB at June 30, 2015, is also primarily the responsibility of the General Fund.

### Arbitrage

The Tax Reform Act of 1986 (Act), substantially revised the treatment to be afforded to arbitrage earnings on invested bond proceeds and now requires the City to remit excess arbitrage earnings to the Internal Revenue Service. Certain of the City's debt and interest earned on the proceeds, thereon, fall under the requirements of the Act. The City has made the necessary arbitrage rebate calculations. As of June 30, 2015, the City incurred no rebate liability for the Bonds.

### Property Purchase Obligation

On August 27, 2003, the City entered into a Real Property Purchase Agreement for the acquisition of property required in connection with a new City Library project. Yearly payments of \$37,680, which includes principal and interest at 3.003 percent, in addition to a final payment of \$425,000 will continue through September 26, 2016.

### ***B. Business-type Activities***

On the following page is a summary of the changes in the business-type activities long-term debt for the fiscal year ended June 30, 2015:

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
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Long-term Liabilities	Balance 7/1/2014	Prior period adjustment	Additions	Deletions	Balance 6/30/2015	Due within one year
Certificate of participation payable 1997 A & B	\$ 4,518,866			\$ (1,228,586)	\$ 3,290,280	\$ 1,153,156
Add: Accretion 2012 A/B Bonds	7,786,337		\$ 591,789	(1,846,414)	6,531,712	1,921,844
Add: Accretion 2012 Bond premium	50,119,493		27,613	(35,678)	50,119,493	(29,099)
	627,220				654,833	35,678
	784,924				749,246	
<b>Total COP's</b>	<b>63,836,840</b>		<b>619,402</b>	<b>(3,110,678)</b>	<b>61,345,564</b>	<b>3,081,579</b>
Compensated absences	845,546		765,656	(725,158)	886,044	761,999
OBEB liability	490,626		118,081	(36,583)	572,124	
Claims payable	2,686,664		1,130,272	(657,530)	3,159,406	1,002,497
Accrued closure costs	13,830,590		207,457		14,038,047	
Capital lease payable	2,163,442			(295,527)	1,867,915	302,142
Net pension liability		\$ 9,362,296	5,028,070	(6,553,833)	7,836,533	
<b>Total</b>	<b>\$ 83,853,708</b>	<b>\$ 9,362,296</b>	<b>\$ 7,868,938</b>	<b>\$ (11,379,309)</b>	<b>\$ 89,705,633</b>	<b>\$ 5,148,217</b>

Local Water and Wastewater Revenue Refunding Bonds issued June 19, 2012:

On June 19, 2012, the City issued \$50,119,493 Water and Wastewater 2012A/B Revenue Refunding Bonds (Bonds) with interest rates ranging from 3 percent to 5 percent to current refund prior Certificates of Participation (COPS) with interest rates ranging from 5 percent to 7.4 percent and a par value of \$38,320,394. The prior COPS mature annually on August 1 between 2013 and 2022. The Bonds were issued at a premium of \$856,280 and, after paying issuance costs of \$212,663 and underwriter's discount of \$213,651, the net proceeds were \$50,549,459. The net proceeds from the issuance of the 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 bonds are due. The current refunding met the requirements of an in-substance defeasance and the COPS were removed from the City's government-wide financial statements. As a result of the current refunding, the City reduced its current debt annual service by approximately \$2,000,000 through 2027, which resulted in an economic gain of \$3,067,050. As of June 30, 2015, \$195,567 of defeased COPS are still outstanding.

Payments on the Bonds are due in annual level installments of approximately \$4.63 million through February 1, 2036, with interest averaging 4.36 percent. The early optional redemption on the 2012 bonds is February 1, 2022 with no early redemption premium.

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

Debt Service Requirements to Maturity- Business-type Activities:

The annual requirements to amortize outstanding long-term debt of the City's business-type activities as of June 30, 2015, excluding amounts for claims payable and compensated absences, including interest payments are shown below:

Fiscal Year Ending June 30,	Certificate of Participation (1997)		Water & Wastewater Revenue Refunding Bonds (2012 A/B)	
	Principal *	Interest *	Principal *	Interest *
2016	\$ 1,153,156	\$ 1,921,844		\$ 1,554,363
2017	1,081,262	1,993,738		1,554,362
2018			\$ 2,928,477	1,700,885
2019			2,565,035	2,067,678
2020			2,423,421	2,209,292
2021-2025	1,055,862	5,094,138	5,931,335	11,058,677
2026-2030			16,069,900	7,075,838
2031-2035			15,791,325	7,357,975
2036			4,410,000	220,500
Total debt service payments	\$ 3,290,280	\$ 9,009,720	\$ 50,119,493	\$ 34,799,570

\*The principal payment does not include accreted interest. Accreted interest is included as interest in the debt service schedule.

Capital Lease

On March 22, 2013, the City entered into three lease agreements with Suntrust Equipment Finance Corporation for the acquisition of vehicles and equipment for the Fleet Services Fund for \$4,905,000. The three leases have terms of seven, ten and twelve years with interest rates ranging from 2.14 to 2.68 percent. Payments are due semi-annually under the terms of the lease agreement. At June 30, 2015, the outstanding balance was \$3,735,830.

Lease debt service payments to maturity are shown on the following page:

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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Fiscal Year Ending June 30,	<u>Payments</u>
2016	\$ 686,327
2017	686,327
2018	686,327
2019	686,327
2020	686,327
2021-2025	<u>613,398</u>
Total payments	4,045,033
Less: amount representing interest	<u>(309,203)</u>
Present value of minimum lease payments	<u>\$ 3,735,830</u>

**9. INDIVIDUAL FUND INFORMATION**

***A. Excess of Expenditures over Appropriations***

The following individual non-major special revenue funds reported expenditures exceeding budget:

<u>Fund</u>	<u>Amount Over Budget</u>
Traffic Safety	\$ 11,449
Federal and State Asset Forfeiture	101,525
Public Access Television	2,211

***B. Deficit Fund Equity***

The non-major special revenue funds with a deficit fund balance at June 30, 2015, are shown as follows:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Stowell Parking and Lighting	\$ (6,247)
Street Grant	(651,908)

The deficit results from timing issues regarding grant funding, property tax receipts and receipts of reimbursement claims.

**C. Water and Wastewater Fund**

The Water and Wastewater Fund has long-term commitments to purchase water from the State Water Project. The Fund has contracted for 16,200 acre-feet of water per year plus a "drought buffer" of 1,620 acre-feet per year at costs estimated between \$12 and \$20 million per year through

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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2035. The estimated State Water payments for each of the next five fiscal years, are summarized as follows:

Fiscal Ending June 30	Amount
2016	\$ 19,880,935
2017	20,520,876
2018	20,669,055
2019	20,621,597
2020	20,914,046

**10. EMPLOYEES' RETIREMENT PLANS**

**AGENT - MULTIPLE EMPLOYER PLANS**

***A. Pension Plans; General Information about the Pension Plans***

***Plan Descriptions:*** All qualified permanent and probationary employees, excluding Safety (Police and Fire) which have separate cost-sharing employer plans, are eligible to participate in the Local Government's Miscellaneous (all other) Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan is established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

***Benefits Provided:*** 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 non-duty 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.

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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

	Miscellaneous		
	Prior to January 1, 2011	Prior to January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	2.7% @ 55	2% @ 55	2% @ 62
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	50-55	50-63	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.43% to 2.42%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.75%
Required employer contribution rates	20.02%	20.02%	20.02%

Employees Covered – At June 30, 2015, the following employees were covered by the benefit terms for the Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	307
Inactive employees entitled to but not yet receiving benefits	323
Active employees	<u>335</u>
Total	<u><u>965</u></u>

**Contributions:** Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for both Plans are 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 of Santa Maria is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**B. Net Pension Liability**

The Local Government's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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**Actuarial Assumptions:** The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation date	June 30, 2013
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 of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

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

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
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changes to the discount rate will require Board actions and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 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 CalPERS changes its 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 of 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 was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present 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.

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 & Forest Land	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

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

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

**City of Santa Maria**  
**Notes to Basic Financial Statements**  
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**C. Changes in the Net Pension Liability**

The changes in the Net Pension Liability for the Miscellaneous Plan follows:

<i>Miscellaneous Plan:</i>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability ( Asset)
<b>Balance at June 30, 2014</b>	\$ 181,450,779	\$ 126,534,788	\$ 54,915,991
<b>Changes in the year:</b>			
Service cost	3,946,039		3,946,039
Interest on total pension liability	13,473,063		13,473,063
Contributions - employer		3,897,607	(3,897,607)
Contributions - employee (paid by employer)		1,349,744	(1,349,744)
Contributions - employee		238,574	(238,574)
Net investment income		21,907,641	(21,907,641)
Benefit payments, including refunds of employee contributions	(7,565,922)	(7,565,922)	
<b>Net changes</b>	<b>9,853,180</b>	<b>19,827,644</b>	<b>(9,974,464)</b>
<b>Balance at June 30, 2015</b>	<b>\$ 191,303,959</b>	<b>\$ 146,362,432</b>	<b>\$ 44,941,527</b>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate:** The following presents the net pension liability of the City of Santa Maria for the Miscellaneous Plan, calculated using the discount rate for the Plan, as well as what the Local Government's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate - 1% (6.5%)	Current Discount Rate (7.5%)	Discount Rate + 1% (8.5%)
Miscellaneous Plan			
Plan's Net Pension Liability/(Asset)	\$ 71,289,212	\$ 44,941,527	\$ 23,225,074

**Pension Plan Fiduciary Net Position:** Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the City of Santa Maria recognized pension expense of \$5,284,704. At June 30, 2015, the City of Santa Maria reported deferred outflows of resources and deferred inflows of resources related to the Miscellaneous Plan from the sources on the following page:

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,724,745	
Net difference between projected and actual earnings on plan investments		\$ (10,011,817)
Total	\$ 5,724,745	\$ (10,011,817)

\$5,724,745 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	
June 30	
2016	\$ (2,502,954)
2017	(2,502,954)
2018	(2,502,954)
2019	(2,502,955)
Thereafter	

***E. Payable to the Pension Plan***

At June 30, 2015, the Local Government reported a payable of \$63,947 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

**COST-SHARING EMPLOYER PLANS**

***A. Pension Plans; General Information about the Pension Plans***

***Plan Descriptions:*** All sworn permanent and probationary public safety employees are eligible to participate in the City of Santa Maria's separate Safety (police and fire) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government 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.

***Benefits Provided:*** 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 non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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:

	Safety - Police		
	Prior to January 1, 2011	Prior to January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
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	50	50-55	50-57
Monthly benefits, as a % of eligible compensation	3.00%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%	9.00%	12.00%
Required employer contribution rates	30.48%	16.60%	11.00%

	Safety - Fire		
	Prior to January 1, 2011	Prior to January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
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	50	50-55	50-57
Monthly benefits, as a % of eligible compensation	3.00%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%	9.00%	12.25%
Required employer contribution rates	29.56%	23.07%	12.25%

**Contributions:** Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for both Plans are 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 of Santa Maria is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

***City of Santa Maria***  
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**For the Fiscal Year Ended June 30, 2015**

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Safety - Police</u>	<u>Safety - Fire</u>
Contributions - employer	\$ 2,436,625	\$ 1,141,008
Contributions - employee (paid by employer)	\$ 628,305	\$ 337,443

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

As of June 30, 2015, the City of Santa Maria reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Safety - Police	\$ 22,740,754
Safety - Fire	9,197,811
Total Net Pension Liability	<u>\$ 31,938,565</u>

The City of Santa Maria's pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City of Santa Maria's proportion of the net pension liability was based on a projection of the City of Santa Maria's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City of Santa Maria's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	<u>Safety - Police</u>	<u>Safety - Fire</u>
Proportion - June 30, 2013	0.6051%	0.2539%
Proportion - June 30, 2014	0.6061%	0.2445%
Change - Increase (Decrease)	<u>0.0010%</u>	<u>-0.0094%</u>

For the year ended June 30, 2015, the City of Santa Maria recognized pension expense of \$2,884,727 for the Police Plan and \$1,458,543 for the Fire Plan. At June 30, 2015, the City of Santa Maria reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources on the next page:

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred contributions subsequent to measurement date	\$ 4,800,522	
Net differences between projected and actual earnings on plan investments		\$ (8,707,671)
Adjustment due to differences in proportions		(297,688)
Total	<u>\$ 4,800,522</u>	<u>\$ (9,005,359)</u>

\$4,800,522 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended		
June 30		
2016	\$	(2,283,238)
2017	\$	(2,283,238)
2018	\$	(2,261,969)
2019	\$	(2,176,914)
Thereafter		

**C. Actuarial Assumptions:** The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions on the next page:

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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	Safety - Police	Safety - Fire
Valuation date	June 30, 2013	June 30, 2013
Measurement date	June 30, 2014	June 30, 2014
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Discount rate	7.50%	7.50%
Inflation	2.75%	2.75%
Payroll growth	3.3% to 14.2% (1)	3.3% to 14.2% (1)
Projected salary increase	3.00%	3.00%
Investment rate of return	7.5% (2)	7.5% (2)
Mortality	Derived using CalPERS' Membership data for all Funds	Derived using CalPERS' Membership data for all Funds

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

**Discount Rate:** The discount rate used to measure the total pension liability was 7.50% for each Plan. 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 that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans runs 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 tested 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 higher 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

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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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 67 and 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 CalPERS changes its 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 of 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 was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present 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.

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 & Forest Land	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

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

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

**D. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:** The following presents the City of Santa Maria's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City of Santa Maria's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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	Safety - Police	Safety - Fire
1% decrease	6.50%	6.50%
Net pension liability	\$ 37,315,127	\$ 15,828,242
Current discount rate	7.50%	7.50%
Net pension liability	\$ 22,740,754	\$ 9,197,811
1% increase	8.50%	8.50%
Net pension liability	\$ 10,732,103	\$ 3,734,622

***Pension Plan Fiduciary Net Position:*** Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

***E. Payable to the Pension Plan***

At June 30, 2015, the Local Government reported a payable of \$62,099 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

***F. Defined Contribution Pension Plan***

All 19-hour limited-service employees and employees not covered by CalPERS are covered by the Public Agency Retirement System (PARS), pursuant to the requirements of 3121 (b)(7)(F) of the Internal Revenue Service code. The Plan is administered by the government and the Plan provisions may only be amended by City Council action. The authority for establishing or amending contribution requirements is from the Internal Revenue Code Section 3121 (b)(7)(F).

Contributions of 7.5 percent of covered compensation are made by the employees. Contributions of \$52,619 were made during the fiscal year-ending June 30, 2015. The total amount of covered compensation was \$701,587. All eligible employees covered by the Plan are fully vested and may withdraw 100 percent of the value of employee's account upon separation from the City or reaching the age of 70<sup>1/2</sup>. City liabilities are limited to the amount of current contributions.

The account summary, below, reports the additions and distributions during fiscal year 2014-15:

Beginning Balance		\$ 268,688
Plus:		
Contributions	\$ 52,619	
Year-to-Date Earnings	871	
Subtotal		53,490
Less:		
Year-to-date expenses	6,232	
Distributions	44,723	
Subtotal		50,955
Ending Balance		<u>\$ 271,223</u>

# City of Santa Maria

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2015

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### 11. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

**Plan Description:** The City provides post-retirement health benefits, in accordance with State statutes, to all employees retiring from the City and enrolled in an insurance program under the California Public Employees' Medical and Hospital Care Act (PEMHCA). The CalPERS PEMHCA Plan is a defined contribution, cost sharing multiple-employer defined benefit healthcare plan providing benefits to active and retired employees. The healthcare plan is administered by the California Public Employees Retirement Agency. Copies of the CalPERS annual financial report may be obtained from the Executive Office, 400 P Street, Sacramento, CA 95814.

**Funding Policy:** PEMHCA determines the amount contributed by the City toward retiree health insurance. Currently, the City is required to contribute \$122 per month toward the cost of the retiree health insurance, which is the same amount contributed toward active employee health insurance. The balance of the premium, averaging approximately \$610 per month, is paid directly by the retirees to CalPERS. The mandatory employer contribution for active and retiree health insurance is increased annually in accordance with PEMHCA regulations. The contribution amount is calculated by using the annual consumer price index increase. During fiscal year 2014-15, expenditures of \$181,246 were recognized for post-retirement health insurance contributions on a pay-as-you-go basis.

The City is required to record the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate is 1.5 percent of annual covered payroll.

**Annual OPEB Cost:** For fiscal year-ended June 30, 2015, the City contributed \$181,246 for pay as you-go premiums to the Plan. As a result, the City has calculated and recorded the Net OPEB Obligation, representing the difference the ARC, amortization and contributions, as presented below:

	Net OPEB Obligation Calculation
Annual Required Contribution (ARC)	\$ 689,010
Amortization of Net OPEB Liability	(161,900)
Interest on Net OPEB Liability	111,983
Annual OPEB Cost	<u>639,093</u>
Contributions made:	
City share of current year premiums paid	<u>181,246</u>
Contributions less than the ARC	457,847
Net OPEB Obligation at June 30, 2014	<u>2,799,576</u>
Net OPEB Obligation at June 30, 2015	<u><u>\$ 3,257,423</u></u>



# *City of Santa Maria*

## Notes to Basic Financial Statements

### For the Fiscal Year Ended June 30, 2015

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In the June 30, 2013, actuarial valuation, the Projected Unit Credit cost method was used. The actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of eight percent initially, reduced by decrements to an ultimate rate of five percent after four years. The medical inflation rate used is four percent. The post-retirement benefit increases are zero. The actuarial value of plan assets was not calculated in this, as there are no assets to value. The plan unfunded actuarial accrued liability is being amortized over a 30-year open amortization period.

The City did not pre-fund retiree healthcare costs nor did the City establish an irrevocable trust for retiree healthcare costs. The City did establish a separate cash account and assignment of fund balance, in the amount of \$6,248,027, which is the present value of all benefits earned to date assuming that an employee earns retiree healthcare benefits ratably over his or her career. This is the amount actuarially determined to be required to fund healthcare benefits for these employees and retirees in the future. However, because the assets are not in an irrevocable trust, the \$6,248,027 cannot be used to offset the actuarial accrued liability shown above. The decision to not use an irrevocable trust was made because of the current National and State economic issues and the possibility that the funds may be required to provide current services to the residents of the community.

## **12. RISK MANAGEMENT**

The City is partially self-insured for workers' compensation and liability claims and fully self-insured for unemployment claims. The City has been partially self-insured for workers' compensation since July 1, 1978.

The City and the Santa Maria Public Finance Authority property are covered for all risks, per occurrence of \$1,000,000,000 through the California Public Entity Property Program. Various unique risks, (i.e., boilers, machinery, and data processing equipment) are fully insured. The City contracts for liability insurance with Exclusive Risk Management Authority of California providing excess liability insurance of \$50 million per claim in excess of the City's self-insured retention of \$250,000.

The City maintains a \$500,000 self-insured retention (SIR) for workers' compensation claims. The Local Agency Workers' Compensation Excess (LAWCX) Joint Powers Insurance Authority provides insurance in excess of the City's SIR, and \$2 million in employer liability. The City's Insurance Fund is financed through contributions made by the City's General and Proprietary funds.

Third party administration provides data on estimated claim liabilities (paid and reserves). As of June 30, 2015, the estimated outstanding liability was \$11,194,425 for workers' compensation and \$1,443,196 for general liability. Such amounts have been accrued in the accompanying combined financial statements' Internal Service Insurance Fund. At June 30, 2015, the estimated liability for claims payable is \$12,637,621. The City's liability for claims payable is based on claims reserves established by the claims administrators and actuarial studies. The claims liability includes an allowance for incurred, but not reported losses.

# City of Santa Maria

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2015

### Insurance Claims Payable

	<u>2013-14</u>	<u>2014-15</u>
Claims payable at July 1	\$ 10,798,424	\$ 10,746,655
Claims incurred during the fiscal year	1,619,661	4,521,087
Payments on claims during the fiscal year	<u>(1,671,430)</u>	<u>(2,630,121)</u>
Claims and judgments payable at June 30	<u>\$ 10,746,655</u>	<u>\$ 12,637,621</u>

### 13. STABILIZATION RESERVE

The General Fund established an Economic Stabilization (Prudent Reserve) account for use in economic emergencies. The City Council adopted a resolution committing \$19,800,000 for this purpose. Appropriations from these reserves can only be made by formal City Council action in emergency situations. Examples of such emergencies include, but are not limited to:

- An unplanned, major event such as a catastrophic disaster requiring expenditures over five percent of the General Fund adopted budget.
- Budgeted revenue taken over by another entity.
- Drop in projected/actual revenue of more than five percent of the General Fund adopted revenue budget.

### 14. PRIOR PERIOD ADJUSTMENTS

In fiscal year 2015, the City adopted GASB 68 resulting in the recording of a net pension obligation for governmental activities and business-type activities at July 1, 2014. The Governmental Activities beginning net position was reduced by \$77,757,316 for the recording of the net pension obligation and Business-type Activities beginning net position was reduced by \$8,511,978. In the Water and Wastewater Fund, the recording of the net pension obligation resulted in a decrease in beginning net position of \$3,844,119 and \$4,393,279 for the Solid Waste Fund. The beginning net position of the Fleet Internal Service Fund was reduced by \$549,160.

The impact of the prior period adjustments on the Statement of Activities is shown below:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning net position	\$ 259,390,937	\$ 185,861,182	\$ 445,252,119
Total prior period adjustments	<u>(77,757,316)</u>	<u>(8,511,978)</u>	<u>(86,269,294)</u>
Beginning net position, restated	<u>\$ 181,633,621</u>	<u>\$ 177,349,204</u>	<u>\$ 358,982,825</u>

***City of Santa Maria***  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

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The impact of the prior period adjustments on the individual fund is as follows:

	<u>Water &amp; Wastewater Fund</u>	<u>Solid Waste Fund</u>	<u>Fleet Internal Service Fund</u>
Beginning net position	\$ 87,583,713	\$ 69,246,058	\$ 17,554,559
Adoption of GASB 68 resulting in recording of net pension obligation	<u>(3,844,119)</u>	<u>(4,393,279)</u>	<u>(549,160)</u>
Beginning net position, restated	<u>\$ 83,739,594</u>	<u>\$ 64,852,779</u>	<u>\$ 17,005,399</u>

**15. RECONCILIATION - ENTERPRISE NET POSITION**

The proprietary fund statement of revenues, expenses, and changes in fund net position includes a reconciliation between *net position total enterprise funds* and *net position of business-type activities* as reported in the government-wide statement of activities. The description of the sole element of that reconciliation is "Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds." The details of this (\$1,119,192) difference are shown below:

Internal receivable representing charges less than cost to business-type activities - current fiscal year.	<u>\$ (1,119,192)</u>
Net adjustment to decrease net position - total enterprise funds to arrive at net position - business-type activities.	<u>\$ (1,119,192)</u>



*Required Supplementary Information*

# City of Santa Maria

## REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2015

### 1. BUDGETARY INFORMATION

The following are budget comparison schedules for the General Fund:

*Budget Comparison Schedule, General Fund*

*For the Fiscal Year Ended June 30, 2015*

	Budget Amounts		Actual	Variance Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 45,508,190	\$ 45,508,190	\$ 47,232,787	\$ 1,724,597
Permits, fines and forfeitures	2,336,100	2,336,100	2,886,764	550,664
Revenues from use of money and property	871,260	871,260	924,934	53,674
Aid from governmental agencies	1,179,880	1,790,360	1,962,971	172,611
Charges for current services	4,502,960	4,555,790	6,947,588	2,391,798
Other revenue	84,700	89,700	147,418	57,718
<b>Total revenues</b>	<b>54,483,090</b>	<b>55,151,400</b>	<b>60,102,462</b>	<b>4,951,062</b>
<b>EXPENDITURES:</b>				
Current:				
General government	8,291,530	8,511,340	8,318,070	(193,270)
Community development	2,793,730	2,804,480	2,632,945	(171,535)
Public Safety	36,023,240	37,423,820	36,102,902	(1,320,918)
Recreation and parks	8,714,560	8,875,920	8,660,425	(215,495)
Public Works	2,505,140	2,526,140	2,283,113	(243,027)
Library	56,410	74,560	71,499	(3,061)
Capital outlay	358,810	786,690	717,274	(69,416)
<b>Total expenditures</b>	<b>58,743,420</b>	<b>61,002,950</b>	<b>58,786,228</b>	<b>(2,216,722)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,260,330)</b>	<b>(5,851,550)</b>	<b>1,316,234</b>	<b>7,167,784</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	6,523,990	6,484,870	4,250,052	(2,234,818)
Transfers out	(2,405,880)	(2,408,250)	(5,561,825)	(3,153,575)
<b>Total other financing sources (uses)</b>	<b>4,118,110</b>	<b>4,076,620</b>	<b>(1,311,773)</b>	<b>(5,388,393)</b>
<b>Net change in fund balance</b>	<b>\$ (142,220)</b>	<b>\$ (1,774,930)</b>	<b>4,461</b>	<b>\$ 1,779,391</b>
<b>FUND BALANCE:</b>				
Beginning of fiscal year			36,901,739	
End of fiscal year			\$ 36,906,200	

See Accompanying Note to Required Supplementary Information.

# City of Santa Maria

## REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2015

### 1. BUDGETARY INFORMATION

The following are budget comparison schedules for the Library Fund:

*Budget Comparison Schedule, Library Fund*

*For the Fiscal Year Ended June 30, 2015*

	Budget Amounts		Actual	Variance Over (Under)
	Original	Final		
<b>REVENUES:</b>				
Revenues from use of money and property	\$ 26,570	\$ 26,570	\$ 29,983	\$ 3,413
Aid from governmental agencies	1,024,900	1,024,900	1,010,719	(14,181)
Charges from governmental agencies	112,410	127,410	120,724	(6,686)
Other revenue	7,440	7,440	7,262	(178)
<b>Total revenues</b>	<b>1,171,320</b>	<b>1,186,320</b>	<b>1,168,688</b>	<b>(17,632)</b>
<b>EXPENDITURES:</b>				
Current:				
Library	2,868,390	2,901,610	2,723,118	(178,492)
<b>Total expenditures</b>	<b>2,868,390</b>	<b>2,901,610</b>	<b>2,723,118</b>	<b>(178,492)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,697,070)</b>	<b>(1,715,290)</b>	<b>(1,554,430)</b>	<b>160,860</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,538,660	1,538,660	1,538,660	
<b>Total other financing sources (uses)</b>	<b>1,538,660</b>	<b>1,538,660</b>	<b>1,538,660</b>	
<b>Net change in fund balance</b>	<b>\$ (158,410)</b>	<b>\$ (176,630)</b>	<b>(15,770)</b>	<b>\$ 160,860</b>
<b>FUND BALANCE:</b>				
Beginning of fiscal year			165,739	
End of fiscal year			<u>\$ 149,969</u>	

See Accompanying Note to Required Supplementary Information.

# *City of Santa Maria*

## REQUIRED SUPPLEMENTARY INFORMATION, Continued For the Fiscal Year Ended June 30, 2015

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### **2. MODIFICATION TO ADOPTED BUDGET (Note to Required Supplementary Information)**

The City Council is responsible for the adoption of the City's two fiscal year budget. As of the effective date of the budget, the proposed expenditure amounts reported in the City's two fiscal year budget, become appropriations to City departments. The City Council has the authority to amend the budget by motion during the two-year period, while the City Manager is authorized to transfer the budgeted funds among departments or functions within the same fund without seeking approval by the City Council. However, any revisions altering the total fund balance must be approved by the City Council.

Remaining appropriations at the end of the first fiscal year of the two fiscal year budget are eligible to be carried forward to the second fiscal year. At the end of the second fiscal year, all appropriations lapse unless encumbered. Because lease contracts are subject to annual review by the City Council, these contracts are legally one year contracts with an option for renewal for another fiscal year.

The City's originally adopted budget and the budget amended for supplemental appropriations during the course of the fiscal year are reported in the Required Supplementary Information. Budget amounts reported for governmental funds of the City are adopted on a basis consistent with USGAAP.

# City of Santa Maria

## REQUIRED SUPPLEMENTARY INFORMATION, Concluded For the Fiscal Year Ended June 30, 2015

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### 3. SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT HEALTHCARE COSTS

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

#### *Schedule of Funding Progress*

<u>Valuation Date</u>	<u>Actuarial Asset Value</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
6/30/08	\$ 0	\$ 3,332,851	\$ 3,332,851	0.0%	\$ 30,596,487	10.9%
6/30/09	\$ 0	\$ 4,143,411	\$ 4,143,411	0.0%	\$ 34,380,964	12.1%
6/30/11	\$ 0	\$ 4,539,343	\$ 4,539,343	0.0%	\$ 33,072,086	13.7%
6/30/13	\$ 0	\$ 6,248,027	\$ 6,248,027	0.0%	\$ 33,809,286	18.5%

# *City of Santa Maria*

## REQUIRED SUPPLEMENTARY INFORMATION, Continued

For the Fiscal Year Ended June 30, 2015

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### **4. SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

The beginning and ending balances of the total pension liability, the plan assets available for pension benefits (called plan net position), and the net pension liability, as well as the change in those amounts during the year presented by cause (similar to the note disclosure).

The total pension liability, plan net position, net pension liability, a ratio of plan net position divided by the total pension liability, the payroll amount for current employees in the plan (covered-employee payroll), and a ratio of the net pension liability divided by covered-employee payroll.

### **5. SCHEDULE OF CONTRIBUTIONS**

If an agent employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the agent employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

# City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION, Continued  
For the Fiscal Year Ended June 30, 2015  
Last Ten Fiscal Years\*

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## 4. SCHEDULE OF CHANGES IN THE MISCELLANEOUS PLAN NET PENSION LIABILITY AND RELATED RATIOS - AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN

	<u>2015</u>
<b>Total Pension Liability</b>	
Service cost	\$ 3,946,039
Interest on total pension liability	13,473,063
Benefit payments, including refunds of employee contributions	<u>(7,565,922)</u>
<b>Net change in total pension liability</b>	9,853,180
<b>Total pension liability - beginning</b>	<u>181,450,779</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 191,303,959</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 3,897,607
Contributions - employee (paid by employer)	1,588,318
Net investment income	21,907,641
Benefit payments	<u>(7,565,922)</u>
<b>Net change in plan fiduciary net position</b>	19,827,644
<b>Plan fiduciary net position - beginning</b>	<u>126,534,788</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 146,362,432</u>
<b>Net pension liability - ending (a) - (b)</b>	<u>\$ 44,941,527</u>
Plan fiduciary net position as a percentage of the total pension liability	76.51%
Covered - employee payroll	\$ 21,285,071
Net pension liability as percentage of covered- employee payroll	211.14%

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

# City of Santa Maria

## REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2015

Last Ten Fiscal Years\*

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### 5. SCHEDULE OF CONTRIBUTIONS MISCELLANEOUS PLAN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN

	2015
Actuarially determined contribution	\$ 5,724,745
Contributions in relation to the actuarially determined contributions	5,724,745
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 21,869,541
Contributions as a percentage of covered- employee payroll	26.18%

#### Notes to Schedule

Valuation date: 6/30/2013

Methods and assumptions used to determine rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Remaining amortization period	15 years as of valuation date
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	55
Mortality	Derived using CalPERS' membership data for all funds.

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

# *City of Santa Maria*

## REQUIRED SUPPLEMENTARY INFORMATION, Continued

For the Fiscal Year Ended June 30, 2015

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### 6. SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage as a percentage of the total pension liability

### 7. SCHEDULE OF CONTRIBUTIONS

If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

# *City of Santa Maria*

## REQUIRED SUPPLEMENTARY INFORMATION, Continued

For the Fiscal Year Ended June 30, 2015

Last Ten Fiscal Years\*

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### 6. SCHEDULE OF THE POLICE SAFETY PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - ALL TIERS COST SHARING PLAN

	<u>2015</u>
Proportion (percentage) of collective net pension liability	0.61%
Proportionate share (amount) of collective net pension liability	\$ 22,740,754
Covered - employee payroll	\$ 9,373,798
Proportionate share of the net pension liability as percentage of covered - employee payroll	242.60%
Plan's total pension liability	\$ 108,806,577
Plan's fiduciary net position	\$ 86,065,823
Plan fiduciary net position as a percentage of the total pension liability	79.10%

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

# City of Santa Maria

## REQUIRED SUPPLEMENTARY INFORMATION, Continued

For the Fiscal Year Ended June 30, 2015

Last Ten Fiscal Years\*

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### 6. SCHEDULE OF THE FIRE SAFETY PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - ALL TIERS COST SHARING PLAN

	<u>2015</u>
Proportion (percentage) of collective net pension liability	0.25%
Proportionate share (amount) of collective net pension liability	\$ 9,197,811
Covered - employee payroll	\$ 4,718,770
Proportionate share of the net pension liability as percentage of covered - employee payroll	194.92%
Plan's total pension liability	\$ 49,500,210
Plan's fiduciary net position	\$ 40,302,399
Plan fiduciary net position as a percentage of the total pension liability	81.42%

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

# City of Santa Maria

## REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2015

Last Ten Fiscal Years\*

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### 7. SCHEDULE OF CONTRIBUTIONS POLICE SAFETY PLAN - ALL TIERS COST SHARING PLAN

	2015
Actuarially determined contribution	\$ 3,022,364
Contributions in relation to the actuarially determined contributions	3,022,364
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 9,373,798
Contributions as a percentage of covered- employee payroll	32.24%

#### Notes to Schedule

Valuation date: 6/30/2013

Methods and assumptions used to determine rates:

Police Safety Plan	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	15 years
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3.3% to 14.2%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	50
Mortality	Derived using CalPERS' membership data for all funds.

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

# City of Santa Maria

## REQUIRED SUPPLEMENTARY INFORMATION For the Fiscal Year Ended June 30, 2015 Last Ten Fiscal Years\*

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### 7. SCHEDULE OF CONTRIBUTIONS FIRE SAFETY PLAN - ALL TIERS COST SHARING PLAN

	<u>2015</u>
Actuarially determined contribution	\$ 1,778,158
Contributions in relation to the actuarially determined contributions	<u>1,778,158</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 5,196,834
Contributions as a percentage of covered- employee payroll	34.22%

#### Notes to Schedule

Valuation date: 6/30/2013

Methods and assumptions used to determine rates:

Fire Safety Plan	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	15 years
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3.3% to 14.2%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	50
Mortality	Derived using CalPERS' membership data for all funds.

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

## *Supplementary Information*

## DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds:

*Traffic Safety Fund* – The Traffic Safety Fund is used to account for fines and penalties received from traffic law violations. Funds received are used to support safety operations.

*Drainage Districts Fund* – The Drainage Districts Fund accounts for resources used to provide drainage in specific areas of the City.

*Land Acquisition Tax Fund* – The Land Acquisition Tax Fund is used to account for receipts and use of subdivision in-lieu tax for the acquisition of parks.

*Growth Mitigation Fund* – The Growth Mitigation Fund accounts for the receipt of developer and user fees as approved under the State of California Assembly Bill 1600.

*Residential Development Tax Fund* – The Residential Development Tax Fund accounts for the development and rehabilitation of parks.

*Landscape Maintenance Fund* – The Landscape Maintenance Fund accounts for property tax revenues that are restricted to providing landscaping to specific areas in the City.

*Stowell Parking and Lighting Assessment Fund* – The Stowell Parking and Lighting Assessment Fund is used to account for property tax revenues that are restricted to providing lighting and landscaping to the Stowell Plaza Shopping Center.

*Business Attraction Loan Fund* – The Business Attraction Loan Fund is used to account for a revolving loan program aimed at attracting new businesses, expanding, and retaining existing businesses in the community.

*Supplemental Law Enforcement Service Grant Fund* – The Supplemental Law Enforcement Service Grant Fund accounts for resources provided to units of local government to underwrite projects to reduce crime and improve public safety.

*Federal and State Asset Forfeiture Fund* – The Federal and State Asset Forfeiture Fund is used to account for Federal and State drug assets forfeiture funds received by the City.

*Gas Tax Fund and Local Street Fund* – The Gas Tax Fund and Local Street Fund account for resources from gas taxes collected by the State; and local projects financed by a ½ cent Santa Barbara County sales tax.

*Street Grant Fund* – The Street Grant Fund accounts for resources from grants received from Federal and State programs.

*Public Access Television Fund* – The Public Access Television Fund accounts for resources provided to fund a studio, equipment, and personnel to produce and broadcast television articles in the areas of government, public information, and public access for private citizens.

## DESCRIPTION OF NON-MAJOR GOVERNMENTAL FUNDS

*Grant (Non-recurring) Fund* - The Non-recurring Grant Fund accounts for one-time significant grants received such federal stimulus monies.

### **Debt Service Funds**

*Public Financing Authority Fund* - The Public Financing Authority Fund accounts for the debt requirement of the Public Financing Authority.

### **Capital Projects Funds**

*Community Development Fund* - The Community Development Fund was established to account for receipts from Community Development Block Grant Funds for special projects in the City.

**City of Santa Maria**  
**COMBINING BALANCE SHEET**  
**Non-major Governmental Funds**  
**June 30, 2015**

	Special Revenue Funds				
	Traffic Safety	Drainage Districts	Land Acquisition Tax	Growth Mitigation	Residential Development Tax
<b>ASSETS:</b>					
Cash and investments		\$ 299,664	\$ 60,085	\$ 777,323	\$ 277,590
Cash with fiscal agent					
Accounts receivable	\$ 4,210		150		
Accrued revenue receivable		748		33,742	693
Loans receivable					
Advances receivable					
<b>Total assets</b>	<u>\$ 4,210</u>	<u>\$ 300,412</u>	<u>\$ 60,235</u>	<u>\$ 811,065</u>	<u>\$ 278,283</u>
<b>LIABILITIES:</b>					
Accounts payable	\$ 1,885	\$ 38	\$ 16,957	\$ 1,748	\$ 36
Due to other funds					
Accrued payroll					
Advances payable					
Unearned revenue					
<b>Total liabilities</b>	<u>1,885</u>	<u>38</u>	<u>16,957</u>	<u>1,748</u>	<u>36</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue - deferred revenue					
<b>Total deferred inflows of resources</b>					
<b>FUND BALANCES:</b>					
Restricted:					
Road maintenance					
Community development					
Education					
Public safety	2,325				
Drainage		300,374			
Landscape maintenance					
Park acquisition			43,278		
Park development					278,247
Debt service reserve					
Assigned to:					
Capital projects				809,317	
Unassigned					
<b>Total fund balances</b>	<u>2,325</u>	<u>300,374</u>	<u>43,278</u>	<u>809,317</u>	<u>278,247</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 4,210</u>	<u>\$ 300,412</u>	<u>\$ 60,235</u>	<u>\$ 811,065</u>	<u>\$ 278,283</u>

Special Revenue Funds				
Landscape Maintenance	Stowell Parking and Lighting	Business Attraction Loan	Supplemental Law Enforcement Service Grant	Federal and State Asset Forfeiture
\$ 2,363,521	\$ 114,266	\$ 694,305	\$ 282,348	\$ 431,713
19,869	218	1,733	83,975	1,078
120,257		197,803		
<u>\$ 2,503,647</u>	<u>\$ 114,484</u>	<u>\$ 893,841</u>	<u>\$ 366,323</u>	<u>\$ 432,791</u>
\$ 195,522	\$ 474	\$ 90	\$ 55	\$ 6,827
7,795				
	120,257			
<u>203,317</u>	<u>120,731</u>	<u>90</u>	<u>336,129</u>	<u>6,827</u>
		<u>197,803</u>		
		<u>197,803</u>		
		695,948		
			30,139	425,964
2,300,330				
	(6,247)			
<u>2,300,330</u>	<u>(6,247)</u>	<u>695,948</u>	<u>30,139</u>	<u>425,964</u>
<u>\$ 2,503,647</u>	<u>\$ 114,484</u>	<u>\$ 893,841</u>	<u>\$ 366,323</u>	<u>\$ 432,791</u>

(continued)

**City of Santa Maria**  
**COMBINING BALANCE SHEET**  
**Non-major Governmental Funds**  
**June 30, 2015**

	Special Revenue Funds			
	Gas Tax	Street Grant	Local Streets	Public Access Television
<b>ASSETS:</b>				
Cash and investments	\$ 3,745,552	\$ 80,063	\$ 4,383,943	\$ 48,034
Cash with fiscal agent				
Accounts receivable	107,025	94,752	358,842	60,578
Accrued revenue receivable			10,008	
Loans receivable				
Advances receivable				
<b>Total assets</b>	<u>\$ 3,852,577</u>	<u>\$ 174,815</u>	<u>\$ 4,752,793</u>	<u>\$ 108,612</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ 98,755	\$ 26,723	\$ 257,903	\$ 253
Due to other funds		800,000		
Accrued payroll			19,837	2,158
Advances payable				
Unearned revenue				
<b>Total liabilities</b>	<u>98,755</u>	<u>826,723</u>	<u>277,740</u>	<u>2,411</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - deferred revenue				
<b>Total deferred inflows of resources</b>				
<b>FUND BALANCES:</b>				
Restricted for:				
Road maintenance	3,753,822		4,475,053	
Community development				
Education				106,201
Public safety				
Drainage				
Landscape maintenance				
Park acquisition				
Park development				
Debt service reserve				
Assigned to:				
Capital projects				
Unassigned:		(651,908)		
<b>Total fund balances</b>	<u>3,753,822</u>	<u>(651,908)</u>	<u>4,475,053</u>	<u>106,201</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 3,852,577</u>	<u>\$ 174,815</u>	<u>\$ 4,752,793</u>	<u>\$ 108,612</u>

Special Revenue Funds	
Grant (Non- recurring)	Total Special Revenue Funds
\$ 43,108	\$ 13,601,515
158,317	870,878
	65,060
	197,803
	120,257
<u>\$ 201,425</u>	<u>\$ 14,855,513</u>
\$ 1,425	\$ 608,691
200,000	1,000,000
	29,790
	120,257
	336,129
<u>201,425</u>	<u>2,094,867</u>
	<u>197,803</u>
	<u>197,803</u>
	8,228,875
	695,948
	106,201
	458,428
	300,374
	2,300,330
	43,278
	278,247
	809,317
	<u>(658,155)</u>
	<u>12,562,843</u>
<u>\$ 201,425</u>	<u>\$ 14,855,513</u>

**City of Santa Maria**  
**COMBINING BALANCE SHEET**  
**Non-major Governmental Funds**  
**June 30, 2015**

	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
	Public Financing Authority	Community Development	
<b>ASSETS:</b>			
Cash and investments		\$ 219,067	\$ 13,820,582
Cash with fiscal agent	\$ 278,199		278,199
Accounts receivable		410,980	1,281,858
Accrued revenue receivable			65,060
Loans receivable		4,237,442	4,435,245
Advances receivable			120,257
<b>Total assets</b>	<u>\$ 278,199</u>	<u>\$ 4,867,489</u>	<u>\$ 20,001,201</u>
<b>LIABILITIES:</b>			
Accounts payable		\$ 305,649	\$ 914,340
Due to other funds			1,000,000
Accrued payroll			29,790
Advances payable			120,257
Unearned revenue			336,129
<b>Total liabilities</b>		<u>305,649</u>	<u>2,400,516</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue - deferred revenue		4,237,442	4,435,245
<b>Total deferred inflows of resources</b>		<u>4,237,442</u>	<u>4,435,245</u>
<b>FUND BALANCES:</b>			
Restricted for:			
Road maintenance			8,228,875
Community development		324,398	1,020,346
Education			106,201
Public safety			458,428
Drainage			300,374
Landscape maintenance			2,300,330
Park acquisition			43,278
Park development			278,247
Debt service reserve	\$ 278,199		278,199
Assigned to:			
Capital projects			809,317
Unassigned:			
			(658,155)
<b>Total fund balances</b>	<u>278,199</u>	<u>324,398</u>	<u>13,165,440</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 278,199</u>	<u>\$ 4,867,489</u>	<u>\$ 20,001,201</u>

(concluded)



# City of Santa Maria

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### Non-major Governmental Funds

For the Fiscal Year Ended June 30, 2015

	Traffic Safety	Drainage Districts	Land Acquisition Tax	Growth Mitigation
<b>REVENUES:</b>				
Taxes				
Permits, fines and forfeitures	\$ 225,077			
Revenues from use of money and property		\$ 2,657	\$ 2,158	\$ 105,506
Aid from governmental agencies				
Charges for current services			78,527	3,712,327
Other				
<b>Total revenues</b>	<b>225,077</b>	<b>2,657</b>	<b>80,685</b>	<b>3,817,833</b>
<b>EXPENDITURES:</b>				
Current:				
Community development				
Public safety	36,699			
Recreation and parks				
Public works				
Capital outlay			344,686	225,216
Debt service:				
Principal				
Interest and fiscal charges				13,810
<b>Total expenditures</b>	<b>36,699</b>		<b>344,686</b>	<b>239,026</b>
Excess (deficiency) of revenues over expenditures	188,378	2,657	(264,001)	3,578,807
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in				
Transfers out	(203,281)			(3,608,270)
<b>Total other financing sources (uses)</b>	<b>(203,281)</b>			<b>(3,608,270)</b>
<b>Net change in fund balances</b>	<b>(14,903)</b>	<b>2,657</b>	<b>(264,001)</b>	<b>(29,463)</b>
<b>FUND BALANCES:</b>				
Beginning of fiscal year	17,228	297,717	307,279	838,780
End of fiscal year	\$ 2,325	\$ 300,374	\$ 43,278	\$ 809,317

Special Revenue Funds					
Residential Development Tax	Landscape Maintenance	Stowell Parking and Lighting	Business Attraction Loan	Supplemental Law Enforcement Service Grant	Federal and State Asset Forfeiture
\$ 154,172					
2,457	\$ 23,829	\$ 802	\$ 9,380	\$ 3,835	\$ 4,401
	2,659,192	131		170,043	6,970
	(3,324)	49,910	72,360		
<u>156,629</u>	<u>2,679,697</u>	<u>50,843</u>	<u>81,740</u>	<u>173,878</u>	<u>11,371</u>
					101,525
151,189	2,964,819	17,446			
	337,124				
		4,149			
<u>151,189</u>	<u>3,301,943</u>	<u>21,595</u>			<u>101,525</u>
5,440	(622,246)	29,248	81,740	173,878	(90,154)
	659,593				
	(378,799)	(790)	(300,000)	(144,152)	
	280,794	(790)	(300,000)	(144,152)	
<u>5,440</u>	<u>(341,452)</u>	<u>28,458</u>	<u>(218,260)</u>	<u>29,726</u>	<u>(90,154)</u>
272,807	2,641,782	(34,705)	914,208	413	516,118
<u>\$ 278,247</u>	<u>\$ 2,300,330</u>	<u>\$ (6,247)</u>	<u>\$ 695,948</u>	<u>\$ 30,139</u>	<u>\$ 425,964</u>

(continued)

# City of Santa Maria

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### Non-major Governmental Funds (continued)

For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds			
	Gas Tax	Street Grant	Local Streets	Public Access Television
<b>REVENUES:</b>				
Taxes	\$ 2,845,329		\$ 5,325,696	
Permits, fines and forfeitures				
Revenues from use of money and property	29,201		46,795	\$ 742
Aid from governmental agencies		\$ 531,901		
Charges for current services			25,754	153,972
Other	2,013			25,017
<b>Total revenues</b>	<b>2,876,543</b>	<b>531,901</b>	<b>5,398,245</b>	<b>179,731</b>
<b>EXPENDITURES:</b>				
Current:				
Community development				245,911
Public safety				
Recreation and parks				
Public works			1,936,767	
Capital outlay	1,071,912	783,738	1,173,200	
Debt service:				
Principal			163,904	
Interest and fiscal charges			5,299	
<b>Total expenditures</b>	<b>1,071,912</b>	<b>783,738</b>	<b>3,279,170</b>	<b>245,911</b>
Excess (deficiency) of revenues over expenditures	1,804,631	(251,837)	2,119,075	(66,180)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in			251,253	
Transfers out	(925,430)		(1,173,200)	(11,140)
<b>Total other financing sources (uses)</b>	<b>(925,430)</b>		<b>(921,947)</b>	<b>(11,140)</b>
<b>Net change in fund balances</b>	<b>879,201</b>	<b>(251,837)</b>	<b>1,197,128</b>	<b>(77,320)</b>
<b>FUND BALANCES:</b>				
Beginning of fiscal year	2,874,621	(400,071)	3,277,925	183,521
End of fiscal year	\$ 3,753,822	\$ (651,908)	\$ 4,475,053	\$ 106,201

Special Revenue Funds	
Grant (Non- recurring)	Total Special Revenue Funds
	\$ 8,325,197
	225,077
	231,763
\$ 157,708	866,753
	6,679,682
	96,066
157,708	16,424,538
10,708	256,619
	138,224
	3,116,008
147,000	1,954,213
	4,082,876
	163,904
	23,258
157,708	9,735,102
	6,689,436
	910,846
	(6,745,062)
	(5,834,216)
	855,220
	11,707,623
\$ -	\$ 12,562,843

# City of Santa Maria

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND B Non-major Governmental Funds (continued) For the Fiscal Year Ended June 30, 2015

	Debt Service	Capital Projects	Total Non-major Governmental Funds
	Public Financing Authority	Community Development	
<b>REVENUES:</b>			
Taxes			\$ 8,325,197
Permits, fines and forfeitures			225,077
Revenues from use of money and property		\$ (123)	231,640
Aid from governmental agencies		858,607	1,725,360
Charges for current services			6,679,682
Other		29,823	125,889
			<u>17,312,845</u>
Total revenues		<u>888,307</u>	<u>17,312,845</u>
<b>EXPENDITURES:</b>			
Current:			
Community development		600,161	856,780
Public safety			138,224
Recreation and parks			3,116,008
Public works			1,954,213
Capital outlay			4,082,876
Debt service:			
Principal			163,904
Interest and fiscal charges			23,258
			<u>10,335,263</u>
Total expenditures		<u>600,161</u>	<u>10,335,263</u>
Excess (deficiency) of revenues over expenditures		<u>288,146</u>	<u>6,977,582</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in			910,846
Transfers out		(247,870)	(6,992,932)
			<u>(6,082,086)</u>
Total other financing sources (uses)		<u>(247,870)</u>	<u>(6,082,086)</u>
<b>Net change in fund balances</b>		<u>40,276</u>	<u>895,496</u>
<b>FUND BALANCES:</b>			
Beginning of fiscal year	\$ 278,199	284,122	12,269,944
End of fiscal year	<u>\$ 278,199</u>	<u>\$ 324,398</u>	<u>\$ 13,165,440</u>

(concluded)



*City of Santa Maria*

**BUDGETARY COMPARISON SCHEDULES**

**Special Revenue Funds**

**For the Fiscal Year Ended June 30, 2015**

	Traffic Safety		Variance Over (Under)
	Budget	Actual	
<b>REVENUES:</b>			
Taxes			
Permits, fines and forfeitures	\$ 920,000	\$ 225,077	\$ (694,923)
Revenues from use of money and property			
Aid from governmental agencies			
Charges for current services			
Other revenues			
<b>Total revenues</b>	<b>920,000</b>	<b>225,077</b>	<b>(694,923)</b>
<b>EXPENDITURES:</b>			
Current:			
Community development			
Public safety	25,250	36,699	11,449
Recreation and parks			
Public works			
Capital outlay			
Debt service:			
Principal			
Interest and fiscal charges			
<b>Total expenditures</b>	<b>25,250</b>	<b>36,699</b>	<b>11,449</b>
Excess (deficiency) of revenues over expenditures	894,750	188,378	(706,372)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in			
Transfers out	(894,750)	(203,281)	691,469
<b>Total other financing sources (uses):</b>	<b>(894,750)</b>	<b>(203,281)</b>	<b>691,469</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>(14,903)</b>	<b>\$ (14,903)</b>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		17,228	
End of fiscal year		\$ 2,325	

Drainage Districts			Land Acquisition Tax		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
\$ 3,550	\$ 2,657	\$ (893)	\$ 10,000	\$ 2,158	\$ (7,842)
			342,000	78,527	(263,473)
<u>3,550</u>	<u>2,657</u>	<u>(893)</u>	<u>352,000</u>	<u>80,685</u>	<u>(271,315)</u>
			636,650	344,686	(291,964)
			<u>636,650</u>	<u>344,686</u>	<u>(291,964)</u>
<u>3,550</u>	<u>2,657</u>	<u>(893)</u>	<u>(284,650)</u>	<u>(264,001)</u>	<u>20,649</u>
<u>\$ 3,550</u>	<u>2,657</u>	<u>\$ (893)</u>	<u>\$ (284,650)</u>	<u>(264,001)</u>	<u>\$ 20,649</u>
	<u>297,717</u>			<u>307,279</u>	
	<u>\$ 300,374</u>			<u>\$ 43,278</u>	

(continued)

*City of Santa Maria*

**BUDGETARY COMPARISON SCHEDULES**

**Special Revenue Funds, Continued**

**For the Fiscal Year Ended June 30, 2015**

	Growth Mitigation		Variance Over (Under)
	Budget	Actual	
<b>REVENUES:</b>			
Taxes			
Permits, fines and forfeitures			
Revenues from use of money and property	\$ 120,000	\$ 105,506	\$ (14,494)
Aid from governmental agencies			
Charges for current services	1,474,330	3,712,327	2,237,997
Other revenues			
<b>Total revenues</b>	<b>1,594,330</b>	<b>3,817,833</b>	<b>2,223,503</b>
<b>EXPENDITURES:</b>			
Current:			
Community development			
Public safety			
Recreation and parks			
Public works			
Capital outlay	3,038,715	225,216	(2,813,499)
Debt service:			
Principal			
Interest and fiscal charges	14,490	13,810	(680)
<b>Total expenditures</b>	<b>3,053,205</b>	<b>239,026</b>	<b>(2,814,179)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,458,875)</b>	<b>3,578,807</b>	<b>5,037,682</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in			
Transfers out	(3,608,270)	(3,608,270)	
<b>Total other financing sources (uses):</b>	<b>(3,608,270)</b>	<b>(3,608,270)</b>	
<b>Net change in fund balances</b>	<b>\$ (5,067,145)</b>	<b>(29,463)</b>	<b>\$ 5,037,682</b>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		838,780	
End of fiscal Year		\$ 809,317	

Residential Development Tax			Landscape Maintenance		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
\$ 60,000	\$ 154,172	\$ 94,172			
1,000	2,457	1,457	\$ 19,900	\$ 23,829	\$ 3,929
			2,657,430	2,659,192 (3,324)	1,762 (3,324)
61,000	156,629	95,629	2,677,330	2,679,697	2,367
236,737	151,189	(85,548)	5,108,028	2,964,819	(2,143,209)
			458,380	337,124	(121,256)
236,737	151,189	(85,548)	5,566,408	3,301,943	(2,264,465)
(175,737)	5,440	181,177	(2,889,078)	(622,246)	2,266,832
			659,593 (378,801)	659,593 (378,799)	2
			280,792	280,794	2
\$ (175,737)	5,440	\$ 181,177	\$ (2,608,286)	(341,452)	\$ 2,266,834
	272,807			2,641,782	
	\$ 278,247			\$ 2,300,330	

(continued)

**City of Santa Maria**  
**BUDGETARY COMPARISON SCHEDULES**  
**Special Revenue Funds, Continued**  
**For the Fiscal Year Ended June 30, 2015**

	Stowell Parking and Lighting		
	Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>			
Taxes			
Permits, fines and forfeitures			
Revenues from use of money and property	\$ 250	\$ 802	\$ 552
Aid from governmental agencies	150	131	(19)
Charges for current services	47,720	49,910	2,190
Other revenues			
Total revenues	<u>48,120</u>	<u>50,843</u>	<u>2,723</u>
<b>EXPENDITURES:</b>			
Current:			
Community development			
Public safety			
Recreation and parks			
Public works	129,178	17,446	(111,732)
Capital outlay			
Debt service:			
Principal			
Interest and fiscal charges	22,199	4,149	(18,050)
Total expenditures	<u>151,377</u>	<u>21,595</u>	<u>(129,782)</u>
Excess (deficiency) of revenues over expenditures	<u>(103,257)</u>	<u>29,248</u>	<u>132,505</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in			
Transfers out	(790)	(790)	
Total other financing sources (uses):	<u>(790)</u>	<u>(790)</u>	
<b>Net change in fund balances</b>	<u>\$ (104,047)</u>	<u>28,458</u>	<u>\$ 132,505</u>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		<u>(34,705)</u>	
End of fiscal year		<u>\$ (6,247)</u>	

Business Attraction Loan			Supplemental Law Enforcement Service Grant		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
\$ 30,870	\$ 9,380	\$ (21,490)	\$ 2,000	\$ 3,835	\$ 1,835
74,940	72,360	(2,580)	60,000	170,043	110,043
105,810	81,740	(24,070)	62,000	173,878	111,878
105,810	81,740	(24,070)	62,000	173,878	111,878
(300,000)	(300,000)			(144,152)	(144,152)
(300,000)	(300,000)			(144,152)	(144,152)
\$ (194,190)	(218,260)	\$ (24,070)	\$ 62,000	29,726	\$ (32,274)
	914,208			413	
	\$ 695,948			\$ 30,139	

(continued)

***City of Santa Maria***  
**BUDGETARY COMPARISON SCHEDULES**  
**Special Revenue Funds, Continued**  
**For the Fiscal Year Ended June 30, 2015**

	Federal and State Asset Forfeiture		
	Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>			
Taxes			
Permits, fines and forfeitures			
Revenues from use of money and property	\$ 3,500	\$ 4,401	\$ 901
Aid from governmental agencies		6,970	6,970
Charges for current services			
Other revenues			
<b>Total revenues</b>	<b>3,500</b>	<b>11,371</b>	<b>7,871</b>
<b>EXPENDITURES:</b>			
Current:			
Community development			
Public safety		101,525	101,525
Recreation and parks			
Public works			
Capital outlay			
Debt service:			
Principal			
Interest and fiscal charges			
<b>Total expenditures</b>		<b>101,525</b>	<b>101,525</b>
Excess (deficiency) of revenues over expenditures	3,500	(90,154)	(93,654)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in			
Transfers out			
<b>Total other financing sources (uses):</b>			
<b>Net change in fund balances</b>	<b>\$ 3,500</b>	<b>(90,154)</b>	<b>\$ (93,654)</b>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		516,118	
End of fiscal year		\$ 425,964	

Gas Tax			Street Grant		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
\$ 2,565,350	\$ 2,845,329	\$ 279,979			
40,000	29,201	(10,799)	\$ 2,627,050	\$ 531,901	\$ (2,095,149)
	2,013	2,013			
2,605,350	2,876,543	271,193	2,627,050	531,901	(2,095,149)
3,809,039	1,071,912	(2,737,127)	3,018,572	783,738	(2,234,834)
3,809,039	1,071,912	(2,737,127)	3,018,572	783,738	(2,234,834)
(1,203,689)	1,804,631	3,008,320	(391,522)	(251,837)	139,685
(905,430)	(925,430)	(20,000)			
(905,430)	(925,430)	(20,000)			
\$ (2,109,119)	879,201	\$ 2,988,320	\$ (391,522)	(251,837)	\$ 139,685
	2,874,621			(400,071)	
	\$ 3,753,822			\$ (651,908)	

(continued)

*City of Santa Maria*

**BUDGETARY COMPARISON SCHEDULES**

**Special Revenue Funds, Continued**

**For the Fiscal Year Ended June 30, 2015**

	Local Streets		Variance Over (Under)
	Budget	Actual	
<b>REVENUES:</b>			
Taxes	\$ 4,616,900	\$ 5,325,696	\$ 708,796
Permits, fines and forfeitures			
Revenues from use of money and property	15,000	46,795	31,795
Aid from governmental agencies			
Charges for current services	26,500	25,754	(746)
Other revenues			
<b>Total revenues</b>	<b>4,658,400</b>	<b>5,398,245</b>	<b>739,845</b>
<b>EXPENDITURES:</b>			
Current:			
Community development			
Public safety			
Recreation and parks			
Public works	2,853,941	1,936,767	(917,174)
Capital outlay	1,115,823	1,173,200	57,377
Debt service:			
Principal		163,904	163,904
Interest and fiscal charges	5,299	5,299	
<b>Total expenditures</b>	<b>3,975,063</b>	<b>3,279,170</b>	<b>(695,893)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>683,337</b>	<b>2,119,075</b>	<b>1,435,738</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	210,000	251,253	41,253
Transfers out	(1,173,200)	(1,173,200)	
<b>Total other financing sources (uses):</b>	<b>(963,200)</b>	<b>(921,947)</b>	<b>41,253</b>
<b>Net change in fund balances</b>	<b>\$ (279,863)</b>	<b>1,197,128</b>	<b>\$ 1,476,991</b>
<b>FUND BALANCES:</b>			
Beginning of fiscal year		3,277,925	
End of fiscal year		\$ 4,475,053	

Public Access Television			Grant (Non-recurring)		
Budget	Actual	Variance Over (Under)	Budget	Actual	Variance Over (Under)
\$ 1,000	\$ 742	\$ (258)	\$ 247,000	\$ 157,708	\$ (89,292)
274,000	153,972	(120,028)			
200	25,017	24,817			
275,200	179,731	(95,469)	247,000	157,708	(89,292)
243,700	245,911	2,211	60,000	10,708	(49,292)
			147,000	147,000	
243,700	245,911	2,211	207,000	157,708	(49,292)
31,500	(66,180)	(97,680)	40,000		(40,000)
(11,140)	(11,140)				
(11,140)	(11,140)				
\$ 20,360	(77,320)	\$ (97,680)	\$ 40,000		\$ (40,000)
	183,521				
	\$ 106,201		\$ -		

(concluded)



## INTERNAL SERVICE FUNDS

*Fleet Service Fund* - The Fleet Service Fund is used to fund the operation, maintenance, and timely replacement of the City's fleet of vehicles and related equipment.

*Business Equipment Fund* - The Business Equipment Fund is used to finance and account for the maintenance and replacement of business equipment used by City departments.

*Insurance Fund* - The Insurance Fund provides and charges other City funds for liability, property, and workers' compensation insurance.

# City of Santa Maria

## COMBINING STATEMENT OF NET POSITION

### Internal Service Funds

June 30, 2015

	Fleet Services	Business Equipment	Insurance	Total
<b>ASSETS</b>				
Current:				
Cash and investments	\$ 8,156,543	\$ 4,696,914	\$ 15,787,935	\$ 28,641,392
Accounts receivable, net	23,386		207,269	230,655
Deposits			355,000	355,000
Prepaid items		106,133		106,133
Inventory	46,053			46,053
Due from other funds			1,000,000	1,000,000
<b>Total current assets</b>	<b>8,225,982</b>	<b>4,803,047</b>	<b>17,350,204</b>	<b>30,379,233</b>
Noncurrent assets:				
Restricted cash and investments	561,468			561,468
<b>Total noncurrent assets</b>	<b>561,468</b>			<b>561,468</b>
Capital assets:				
Construction in progress	564,117			564,117
Facilities	909,755			909,755
Equipment	24,505,304	10,352,673		34,857,977
Less: accumulated depreciation	(14,194,778)	(7,210,378)		(21,405,156)
Net capital assets	11,784,398	3,142,295		14,926,693
<b>Total assets</b>	<b>20,571,848</b>	<b>7,945,342</b>	<b>17,350,204</b>	<b>45,867,394</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred pension contributions	59,633			59,633
<b>Total deferred outflow of resources</b>	<b>59,633</b>			<b>59,633</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	129,152	45,804	112,575	287,531
Accrued payroll	7,718		2,541	10,259
Debt due within one year	667,172		4,045,047	4,712,219
<b>Total current liabilities</b>	<b>804,042</b>	<b>45,804</b>	<b>4,160,163</b>	<b>5,010,009</b>
Noncurrent:				
Compensated absences payable	10,238		5,707	15,945
OPEB liability	39,785		12,795	52,580
Lease payable	3,131,546			3,131,546
Claims payable			8,627,632	8,627,632
Net pension obligation	506,660			506,660
<b>Total noncurrent liabilities</b>	<b>3,688,229</b>		<b>8,646,134</b>	<b>12,334,363</b>
<b>Total liabilities</b>	<b>4,492,271</b>	<b>45,804</b>	<b>12,806,297</b>	<b>17,344,372</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred inflow - pensions	77,286			77,286
<b>Total deferred inflow of resources</b>	<b>77,286</b>			<b>77,286</b>
<b>NET POSITION</b>				
Net investment in capital assets	8,048,568	3,142,295		11,190,863
Unrestricted	8,013,356	4,757,243	4,543,907	17,314,506
<b>Total net position</b>	<b>\$ 16,061,924</b>	<b>\$ 7,899,538</b>	<b>\$ 4,543,907</b>	<b>\$ 28,505,369</b>

# City of Santa Maria

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

### Internal Service Funds

For the Fiscal Year Ended June 30, 2015

	Fleet Services	Business Equipment	Insurance	Total
<b>OPERATING REVENUES:</b>				
Charges for current services	\$ 5,865,162	\$ 1,642,942	\$ 4,496,235	\$ 12,004,339
Other revenue	602	(99)	2,292	2,795
<b>Total operating revenues</b>	<b>5,865,764</b>	<b>1,642,843</b>	<b>4,498,527</b>	<b>12,007,134</b>
<b>OPERATING EXPENSES:</b>				
Salaries, wages and benefits	700,602		222,421	923,023
Materials and supplies	1,597,251	148,541	2,066	1,747,858
Equipment maintenance and operation	831,097	1,151,371	1,702	1,984,170
Depreciation	1,955,968	514,244		2,470,212
Contracts and services	463,860		5,938,214	6,402,074
<b>Total operating expenses</b>	<b>5,548,778</b>	<b>1,814,156</b>	<b>6,164,403</b>	<b>13,527,337</b>
<b>OPERATING INCOME (LOSS)</b>	<b>316,986</b>	<b>(171,313)</b>	<b>(1,665,876)</b>	<b>(1,520,203)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest income	58		4,441	4,499
Other	9,669			9,669
Gain (loss) on sale of equipment	19,988			19,988
Interest expense	(95,273)			(95,273)
<b>Total nonoperating revenues (expenses)</b>	<b>(65,558)</b>		<b>4,441</b>	<b>(61,117)</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>				
	251,428	(171,313)	(1,661,435)	(1,581,320)
Capital contributions	427,057	1,631,537		2,058,594
Transfers in				
Transfers out	(1,621,960)	(33,930)	(928,370)	(2,584,260)
<b>Change in net position</b>	<b>(943,475)</b>	<b>1,426,294</b>	<b>(2,589,805)</b>	<b>(2,106,986)</b>
<b>NET POSITION:</b>				
Beginning of fiscal year	17,554,559	6,473,244	7,133,712	31,161,515
Prior period adjustment	(549,160)			(549,160)
Beginning of fiscal year, restated	17,005,399	6,473,244	7,133,712	30,612,355
End of fiscal year	<u>\$ 16,061,924</u>	<u>\$ 7,899,538</u>	<u>\$ 4,543,907</u>	<u>\$ 28,505,369</u>

# City of Santa Maria

## COMBINING STATEMENT OF CASH FLOWS

### Internal Service Funds

For the Fiscal Year Ended June 30, 2015

	Fleet Services	Business Equipment	Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts for current services	\$ 5,880,985	\$ 1,642,843	\$ 6,460,094	\$ 13,983,922
Payments for goods and services	(2,943,246)	(1,239,753)	(4,035,962)	(8,218,961)
Payments to employees	(686,157)		(216,491)	(902,648)
<b>Net cash provided by (used for) operating activities</b>	<b>2,251,582</b>	<b>403,090</b>	<b>2,207,641</b>	<b>4,862,313</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in from other funds				
Transfers out other funds	(1,621,960)	(33,930)	(928,370)	(2,584,260)
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>(1,621,960)</b>	<b>(33,930)</b>	<b>(928,370)</b>	<b>(2,584,260)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(2,120,642)	(194,377)		(2,315,019)
Capital contributions		274,538		274,538
Capital lease principal	(591,054)			(591,054)
Capital lease interest	(95,273)			(95,273)
Proceeds from sale of assets	29,657			29,657
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(2,777,312)</b>	<b>80,161</b>		<b>(2,697,151)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Interest on investments	58		4,441	4,499
<b>Net cash provided by (used for) investing activities</b>	<b>58</b>		<b>4,441</b>	<b>4,499</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,147,632)</b>	<b>449,321</b>	<b>1,283,712</b>	<b>(414,599)</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of fiscal year	10,865,643	4,247,593	14,504,223	29,617,459
End of fiscal year	<u>\$ 8,718,011</u>	<u>\$ 4,696,914</u>	<u>\$ 15,787,935</u>	<u>\$ 29,202,860</u>

(continued)

*City of Santa Maria*

COMBINING STATEMENT OF CASH FLOWS

Internal Service Funds, continued

For the Fiscal Year Ended June 30, 2015

	Fleet Services	Business Equipment	Insurance	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 316,986	\$ (171,313)	\$ (1,665,876)	\$ (1,520,203)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	1,955,968	514,244		2,470,212
Changes in assets and liabilities:				
Accounts receivable	15,221		(113,433)	(98,212)
Inventory	(11,268)			(11,268)
Deposits			(175,000)	(175,000)
Prepaid expenses		23,771		23,771
Accounts payable	(39,770)	36,388	15,054	11,672
Accrued payroll	1,980		1,081	3,061
Due to other funds			2,250,000	2,250,000
Claims payable			1,890,966	1,890,966
OPEB liability	5,723		1,740	7,463
Compensated absences payable	6,742		3,109	9,851
Total adjustments	1,934,596	574,403	3,873,517	6,382,516
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 2,251,582</b>	<b>\$ 403,090</b>	<b>\$ 2,207,641</b>	<b>\$ 4,862,313</b>
<b>NON CASH ACTIVITY:</b>				
Contributed capital assets	\$ 427,057	\$ 1,356,999		\$ 1,784,056

(concluded)



## FIDUCIARY FUNDS

### Agency Funds:

*Treasurer's Trust* - The Treasurer's Trust fund accounts for the receipt and disposition of deposits held for others.

*Maintenance Annuity Fund* - The Maintenance Annuity Fund accounts for developer deposits earning interest income for the purpose of subsidizing property tax revenue on annexed property.

*Twitchell Management Authority* - The Twitchell Management Authority Fund accounts for the financial transactions of a court-mandated committee that monitors and manages the groundwater basin.



# City of Santa Maria

## STATEMENT OF ASSETS AND LIABILITIES

Agency Funds

June 30, 2015

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Assets	<u>Treasurer's Trust</u>	<u>Maintenance Annuity Fund</u>	<u>Twitchell Mgmt Authority</u>	<u>Total Agency Funds</u>
Cash and investments	\$ 2,901,716	\$ 191,160	\$ 1,604,501	\$ 4,697,377
Accounts receivable			5,205	5,205
Total Assets	<u>\$ 2,901,716</u>	<u>\$ 191,160</u>	<u>\$ 1,609,706</u>	<u>\$ 4,702,582</u>
Liabilities				
Other trust deposits	<u>\$ 2,901,716</u>	<u>\$ 191,160</u>	<u>\$ 1,609,706</u>	<u>\$ 4,702,582</u>
Total Liabilities	<u>\$ 2,901,716</u>	<u>\$ 191,160</u>	<u>\$ 1,609,706</u>	<u>\$ 4,702,582</u>

*City of Santa Maria*

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Agency Funds

For the Fiscal Year Ended June 30, 2015

<u>Treasurer's Trust</u>	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Assets:				
Cash and investments	\$ 2,784,484	\$ 521,030	\$ 403,798	\$ 2,901,716
Total assets	<u>\$ 2,784,484</u>	<u>\$ 521,030</u>	<u>\$ 403,798</u>	<u>\$ 2,901,716</u>
Liabilities - trust deposits:				
Other trust deposits	\$ 2,784,484	\$ 521,030	\$ 403,798	\$ 2,901,716
Total liabilities - trust deposits	<u>\$ 2,784,484</u>	<u>\$ 521,030</u>	<u>\$ 403,798</u>	<u>\$ 2,901,716</u>

<u>Maintenance Annuity Fund</u>	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Assets:				
Cash and investments	\$ 191,160			\$ 191,160
Total assets	<u>\$ 191,160</u>			<u>\$ 191,160</u>
Liabilities - trust deposits:				
Other trust deposits	\$ 191,160			\$ 191,160
Total liabilities - trust deposits	<u>\$ 191,160</u>			<u>\$ 191,160</u>

<u>Twitchell Management Authority</u>	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Assets:				
Cash and investments	\$ 1,214,441	\$ 871,783	\$ 481,723	\$ 1,604,501
Accounts receivable	8,391	5,205	8,391	5,205
Total assets	<u>\$ 1,222,832</u>	<u>\$ 876,988</u>	<u>\$ 490,114</u>	<u>\$ 1,609,706</u>
Liabilities - trust deposits:				
Other trust deposits	\$ 1,222,832	\$ 876,988	\$ 490,114	\$ 1,609,706
Total liabilities - trust deposits	<u>\$ 1,222,832</u>	<u>\$ 876,988</u>	<u>\$ 490,114</u>	<u>\$ 1,609,706</u>
<u>Total Agency Funds</u>	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Assets:				
Cash and investments	\$ 4,190,085	\$ 1,392,813	\$ 885,521	\$ 4,697,377
Accounts receivable	8,391	5,205	8,391	5,205
Total assets	<u>\$ 4,198,476</u>	<u>\$ 1,398,018</u>	<u>\$ 893,912</u>	<u>\$ 4,702,582</u>
Liabilities - trust deposits:				
Other trust deposits	\$ 4,198,476	\$ 1,398,018	\$ 893,912	\$ 4,702,582
Total liabilities - trust deposits	<u>\$ 4,198,476</u>	<u>\$ 1,398,018</u>	<u>\$ 893,912</u>	<u>\$ 4,702,582</u>



# *City of Santa Maria*

## STATISTICAL NARRATIVE

For the Fiscal Year Ended June 30, 2015

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<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	S-2
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These schedules contain information to help assess the government's most significant local revenue sources.	S-14
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S-22
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	S-30
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S-37

### **SOURCES:**

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual reports for the relevant fiscal year.

*City of Santa Maria*  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**

	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets	\$ 164,037,582	\$ 175,266,893	\$ 182,189,614	\$ 196,570,092
Restricted	57,270,454	59,165,908	63,741,146	53,394,252
Unrestricted	28,177,053	31,742,343	34,013,605	30,983,737
Total governmental activities net position	<u>249,485,089</u>	<u>266,175,144</u>	<u>279,944,365</u>	<u>280,948,081</u>
Business-type activities:				
Net investment in capital assets	36,417,715	39,926,984	38,946,983	79,293,638
Restricted	10,293,386	10,366,777	10,425,720	10,156,406
Unrestricted	90,024,778	94,072,663	104,613,628	68,311,239
Total business-type activities net position	<u>136,735,879</u>	<u>144,366,424</u>	<u>153,986,331</u>	<u>157,761,283</u>
Primary government:				
Net investment in capital assets	200,455,297	215,193,877	221,136,597	275,863,730
Restricted	67,563,840	69,532,685	74,166,866	63,550,658
Unrestricted	118,201,831	125,815,006	138,627,233	99,294,976
Total primary government net position	<u>\$ 386,220,968</u>	<u>\$ 410,541,568</u>	<u>\$ 433,930,696</u>	<u>\$ 438,709,364</u>

The City implemented GASB 54 in 2011 which effected the reporting of unrestricted and restricted reserves.

	2010	2011	2012	2013	2014	2015
\$	201,165,622	\$ 191,139,585	\$ 192,111,417	\$ 185,807,029	\$ 193,188,601	\$ 194,642,953
	21,374,294	14,242,819	16,580,945	19,980,316	16,390,255	13,215,099
	54,913,132	64,860,795	63,942,788	54,055,203	49,812,081	(24,766,252)
	<u>277,453,048</u>	<u>270,243,199</u>	<u>272,635,150</u>	<u>259,842,548</u>	<u>259,390,937</u>	<u>183,091,800</u>
	59,215,521	71,545,818	74,477,063	67,641,499	66,652,413	78,721,922
	9,649,160	9,656,112	9,438,575	9,436,292	9,412,562	9,691,277
	92,438,651	90,913,322	91,124,060	96,775,370	109,796,207	93,632,485
	<u>161,303,332</u>	<u>172,115,252</u>	<u>175,039,698</u>	<u>173,853,161</u>	<u>185,861,182</u>	<u>182,045,684</u>
	260,381,143	262,685,403	266,588,480	253,448,528	259,841,014	273,364,875
	31,023,454	23,898,931	26,019,520	29,416,608	25,802,817	22,906,376
	147,351,783	155,774,117	155,066,848	150,830,573	159,608,288	68,866,233
\$	<u>438,756,380</u>	<u>\$ 442,358,451</u>	<u>\$ 447,674,848</u>	<u>\$ 433,695,709</u>	<u>\$ 445,252,119</u>	<u>\$ 365,137,484</u>

**City of Santa Maria**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**

	2006	2007	2008	2009
<b>Expenses</b>				
Governmental activities:				
General government	\$ 10,838,467	\$ 7,766,992	\$ 9,114,122	\$ 11,161,958
Public safety	26,861,561	27,153,605	29,959,234	31,138,825
Public works	23,247,129	23,509,786	19,871,330	12,464,751
Library	(2,540,803)	3,148,153	1,179,798	4,255,495
Community development	5,354,419	4,178,098	5,580,313	3,934,760
Recreation and parks	7,732,441	8,748,523	11,814,315	13,764,775
Interest & fiscal charges	1,012,761	1,172,202	592,818	778,946
Total governmental activities expenses	72,505,975	75,677,359	78,111,930	77,499,510
Business-type activities:				
Water and wastewater	25,396,688	30,606,551	31,394,738	34,782,630
Solid Waste	14,719,075	14,851,056	15,828,140	18,013,667
Public transit	4,010,199	4,439,395	4,952,170	5,331,516
Total business-type activities expenses	44,125,962	49,897,002	52,175,048	58,127,813
Total primary government expenses	116,631,937	125,574,361	130,286,978	135,627,323
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	7,373,878	7,961,580	8,548,672	7,863,933
Public safety	2,360,254	2,812,013	2,726,261	2,896,162
Public works	5,912,584	4,260,310	3,588,859	3,014,599
Library	484,672	363,131	648,651	491,201
Community development	598,555	775,939	533,133	302,321
Recreation and parks	1,559,721	1,275,582	1,395,784	1,009,008
Operating grants and contributions	13,583,260	16,600,659	18,423,969	12,602,578
Capital grants and contributions	10,656,453	8,506,395	4,965,521	2,650,002
Total governmental activities revenues	42,529,377	42,555,609	40,830,850	30,829,804
Business-type activities:				
Charges for services:				
Water and wastewater	29,136,959	31,709,915	31,664,089	33,139,664
Solid waste	16,610,624	16,882,214	17,018,873	16,796,317
Public transit	1,513,204	777,109	5,519,825	1,658,181
Operating grants and contributions				
Capital grants and contributions	2,785,136	3,235,816	3,926,821	8,061,279
Total business-type activities program revenues	50,045,923	52,605,054	58,129,608	59,655,441
Total primary government program revenues	92,575,300	95,160,663	98,960,458	90,485,245

	2010	2011	2012	2013	2014	2015
\$	9,018,262	\$ 8,230,946	\$ 7,603,331	\$ 7,818,914	\$ 8,220,874	\$ 8,605,534
	29,583,710	29,278,112	29,073,153	31,939,863	34,401,081	39,250,751
	19,850,452	13,518,414	14,991,119	15,698,704	18,229,879	12,821,336
	3,778,788	3,497,409	3,220,926	3,796,528	3,436,077	3,531,458
	4,872,301	4,703,671	5,386,829	5,304,543	4,764,190	4,549,840
	11,549,567	11,932,463	11,028,926	13,350,009	12,937,541	13,728,948
	722,568	521,500	481,130	301,150	170,296	47,577
	79,375,648	71,682,515	71,785,414	78,209,711	82,159,938	82,535,444
	32,761,079	34,916,887	33,459,891	34,657,330	36,180,592	36,387,984
	18,260,204	18,093,584	17,421,849	19,745,844	18,326,043	18,739,993
	5,345,420	6,833,916	7,858,226	7,450,124	7,154,550	6,432,043
	56,366,703	59,844,387	58,739,966	61,853,298	61,661,185	61,560,020
	135,742,351	131,526,902	130,525,380	140,063,009	143,821,123	144,095,464
	4,948,795	2,691,168	2,849,587	2,565,366	2,423,426	3,426,136
	1,771,559	1,372,576	1,710,795	1,156,798	1,729,547	1,618,371
	2,609,280	4,052,970	3,265,217	2,421,122	3,234,109	3,182,799
	158,627	215,408	210,463	162,508	221,400	285,926
	282,506	1,148,105	819,711	1,348,188	2,568,397	3,046,249
	3,344,401	3,864,146	3,877,914	3,755,716	3,998,766	4,477,483
	2,964,267	2,247,363	2,201,503	2,788,068	3,269,355	2,911,571
	11,327,388	7,654,140	9,323,585	4,527,165	8,417,194	4,061,807
	27,406,823	23,245,876	24,258,775	18,724,931	25,862,194	23,010,342
	31,865,644	33,999,060	36,086,815	38,166,683	42,216,665	40,615,334
	16,674,004	16,751,192	17,124,050	18,480,130	19,542,919	20,093,403
	976,448	1,916,361	1,956,833	1,260,409	876,105	935,501
	3,870,297	4,474,802	5,834,863	4,377,283	5,339,103	5,360,024
	4,675,288	5,710,300	1,381,705	178,195	4,582,352	1,354,881
	58,061,681	62,851,715	62,384,266	62,462,700	72,557,144	68,359,143
	85,468,504	86,097,591	86,643,041	81,187,631	98,419,338	91,369,485

Continued

# City of Santa Maria

## CHANGES IN NET POSITION, Continued

### Last Ten Fiscal Years

	2006	2007	2008	2009
Net (expense)/revenue				
Governmental activities	(29,976,598)	(33,121,750)	(37,281,080)	(46,669,706)
Business-type activities	5,919,961	2,708,052	5,954,560	1,527,628
Total primary government net expense	(24,056,637)	(30,413,698)	(31,326,520)	(45,142,078)
<b>General revenues and other changes in net position</b>				
Governmental Activities:				
Taxes				
Property taxes	7,307,768	9,067,171	9,749,641	9,336,050
Sales taxes	16,439,093	17,672,381	18,060,497	15,906,435
Franchise taxes	3,341,810	3,443,105	3,600,993	3,427,069
Transient occupancy taxes	2,220,887	2,373,910	2,393,491	2,201,546
Other taxes	3,227,354	3,099,677	3,469,254	3,282,414
Motor vehicle in-lieu tax	6,574,470	6,937,373	7,291,040	7,136,333
Use of money and property	3,240,223	5,805,704	4,927,456	4,602,199
Other revenues	233,078	429,121	234,577	340,869
Loss on sale of assets				
Intergovernmental revenues - unrestricted	503,668	512,842	447,845	531,217
Extraordinary items				
Transfers	2,294,130	872,510	872,510	1,237,482
Total governmental activities	45,382,481	50,213,794	51,047,304	48,001,614
Business-type activities:				
Use of money and property	2,251,316	5,481,556	4,428,857	3,484,806
Transfers	(2,294,130)	(872,510)	(872,510)	(1,237,482)
Total business-type activities	(42,814)	4,609,046	3,556,347	2,247,324
Total primary activities	45,339,667	54,822,840	54,603,651	50,248,938
Change in net position				
Governmental activities	15,405,883	17,092,044	13,766,224	1,331,908
Business-type activities	5,877,147	7,317,098	9,510,907	3,774,952
Total primary government	\$ 21,283,030	\$ 24,409,142	\$ 23,277,131	\$ 5,106,860

1) Beginning in 2010, property tax in-lieu of VLF was included in property tax.

2010	2011	2012	2013	2014	2015
(51,968,825)	(48,436,639)	(47,526,639)	(59,484,780)	(56,297,744)	(59,525,102)
1,694,978	3,007,328	3,644,300	609,402	10,895,959	6,799,123
(50,273,847)	(45,429,311)	(43,882,339)	(58,875,378)	(45,401,785)	(52,725,979)
15,338,302	15,357,803	14,926,979	14,488,973	14,830,943	15,398,828
19,621,992	21,711,665	23,644,020	27,606,191	30,028,789	31,977,276
3,366,190	3,578,754	3,787,686	3,849,977	4,106,820	4,148,057
2,116,310	2,363,467	2,440,980	2,532,032	2,844,497	3,224,413
527,518	733,034	668,699	501,109	653,275	852,312
302,938	431,934	49,503			
4,498,446	2,439,648	2,210,175	1,365,203	1,459,225	1,270,196
682,132	405,292	519,746	316,525	553,197	269,149
474,600	511,728	392,473	358,863	460,847	669,088
		(516,788)			
1,615,511	(7,046,991)	1,570,117	1,245,547	1,072,788	3,173,962
48,543,939	40,486,334	49,693,590	52,264,420	56,010,381	60,983,281
3,462,582	1,340,213	1,075,263	823,322	1,252,361	1,071,319
(1,615,511)	7,046,991	(1,570,117)	(1,245,547)	(1,072,788)	(3,173,962)
1,847,071	8,387,204	(494,854)	(422,225)	179,573	(2,102,643)
50,391,010	48,873,538	49,198,736	51,842,195	56,189,954	58,880,638
(3,424,886)	(7,950,305)	2,166,951	(7,220,360)	(287,363)	1,458,179
3,542,049	11,394,532	3,149,446	187,177	11,075,532	4,696,480
\$ 117,163	\$ 3,444,227	\$ 5,316,397	\$ (7,033,183)	\$ 10,788,169	\$ 6,154,659

Concluded

# City of Santa Maria

## GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years

FY Ended June 30	+Property Tax	*Property Tax In-lieu of VLF	#General Fund Sales Tax	Measure U Use Tax	Other Sales Tax
2006	\$ 7,307,769	\$ 5,959,787	\$ 17,018,945		\$ 8,633,632
2007	9,067,171	6,448,316	17,672,311		8,514,985
2008	9,749,641	6,889,596	18,060,497		7,627,249
2009	9,336,050	6,791,613	15,906,434		6,196,508
2010	8,859,906	6,422,352	14,146,555		5,591,211
2011	8,983,688	6,374,115	15,703,090		6,008,575
2012	8,496,284	6,430,695	16,766,934		6,877,086
2013	8,007,518	6,481,455	18,170,819	\$ 2,616,235	6,819,137
2014	8,242,889	6,588,054	18,553,070	3,767,979	7,704,433
2015	8,484,812	6,914,016	19,574,204	4,230,578	8,172,494

**NOTE:**

Includes all governmental fund types.

**SOURCE:**

+Santa Barbara County

\*California Franchise Tax Board; VLF Program Commenced in 2005

#California State Board of Equalization

	<b>Franchise Tax</b>	<b>TOT Tax</b>	<b>Other Tax</b>	<b>Total</b>
\$	3,341,810	\$ 2,220,887	\$ 1,497,842	\$ 45,980,672
	3,443,105	2,373,910	1,125,239	48,645,037
	3,600,994	2,396,491	1,082,894	49,407,362
	3,427,070	2,201,546	711,643	44,570,864
	3,366,190	2,116,310	527,518	41,030,042
	3,578,754	2,363,467	733,034	43,744,723
	3,787,686	2,440,980	668,699	45,468,364
	3,849,977	2,532,032	501,109	48,978,282
	4,106,820	2,844,497	653,275	52,461,017
	4,148,057	3,224,413	852,312	55,600,886

# City of Santa Maria

## FUND BALANCES OF GOVERNMENTAL FUNDS

### Last Ten Fiscal Years

	2006	2007	2008	2009
General fund				
Reserved	\$ 14,095,037	\$ 13,881,493	\$ 13,994,214	\$ 14,171,769
Unreserved	29,436,230	36,145,698	36,840,884	39,389,382
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total general fund	<u>43,531,267</u>	<u>50,027,191</u>	<u>50,835,098</u>	<u>53,561,151</u>
All other governmental funds				
Reserved	8,063,857	13,542,452	6,970,228	4,082,015
Unreserved, reported in:				
Special revenue funds	15,035,784	5,337,762	13,079,640	11,036,074
Capital projects funds	14,525,718	17,065,112	20,320,812	12,541,368
Debt service funds	(13,427,071)	(13,560,955)	(13,692,783)	(13,815,810)
Nonspendable				
Restricted				
Committed				
Assigned				
Unassigned				
Total all other governmental funds	<u>\$ 24,198,288</u>	<u>\$ 22,384,371</u>	<u>\$ 26,677,897</u>	<u>\$ 13,843,647</u>

\*Beginning fiscal year 2010-11, a format change is necessary for GASB Statement Number 54 repor

	2010	2011	2012	2013	2014	2015
\$	15,125,183					
	39,530,536					
		\$ 14,048,953			\$ 10,208	\$ 10,466
		19,800,000	\$ 19,800,000	\$ 19,800,000	19,800,000	19,800,000
		6,909,711	6,909,711	6,248,027	6,248,027	6,248,027
		14,045,532	14,039,407	10,588,037	10,843,504	10,847,707
	54,655,719	54,804,196	40,749,118	36,636,064	36,901,739	36,906,200
	2,704,278					
	4,325,076					
	12,722,097					
	(13,932,228)					
					9,133	9,148
		14,242,819	16,580,944	15,587,331	12,022,546	13,155,099
		12,652,876	13,092,026	10,108,603	5,409,355	7,193,337
		(16,871,539)	(1,705,890)	(1,863,283)	(434,776)	(658,155)
\$	5,819,223	\$ 10,024,156	\$ 27,967,080	\$ 23,832,651	\$ 17,006,258	\$ 19,699,429

# City of Santa Maria

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

### Last Ten Fiscal Years

	2006	2007	2008	2009
<b>Revenues</b>				
Taxes	\$ 41,061,576	\$ 44,102,953	\$ 44,836,981	\$ 40,286,816
Permits, fines, and forfeitures	2,864,723	3,020,855	2,258,146	1,964,835
Revenues from use of money and property	3,129,821	5,704,531	4,692,725	3,623,715
Aid from governmental agencies	14,032,852	17,307,547	20,719,295	15,426,843
Charges for current services	12,852,201	13,441,085	14,003,746	12,929,787
Contributions				
Other revenues	3,372,544	1,470,302	1,106,376	871,480
Total revenues	<u>77,313,717</u>	<u>85,047,273</u>	<u>87,617,269</u>	<u>75,103,476</u>
<b>Expenditures</b>				
Current:				
General government	6,653,079	7,199,453	7,766,778	8,262,292
Community development	4,459,988	4,158,854	4,756,217	3,911,112
Public safety	25,598,091	26,697,389	29,388,999	29,289,806
Recreation and parks	8,395,466	8,727,125	9,731,596	10,269,522
Public works	4,957,342	4,755,772	4,980,324	5,056,695
Library	1,925,776	2,062,596	2,217,526	3,019,728
Non-departmental				
Capital outlay	22,672,713	24,282,030	21,801,353	24,615,828
Debt service:				
Principal	2,051,788	1,755,000	1,830,000	1,920,000
Interest and fiscal charges	1,043,148	1,356,691	915,550	870,895
Total expenditures	<u>77,757,391</u>	<u>80,994,910</u>	<u>83,388,343</u>	<u>87,215,878</u>
Excess of revenues over (under) expenditures	<u>(443,674)</u>	<u>4,052,363</u>	<u>4,228,926</u>	<u>(12,112,402)</u>
<b>Other financing sources (uses)</b>				
Proceeds from loan				
Transfers in	11,397,212	12,660,010	14,946,392	11,491,823
Transfers out	(9,103,082)	(11,787,500)	(14,073,882)	(9,159,426)
Total other financing sources (uses)	<u>2,294,130</u>	<u>872,510</u>	<u>872,510</u>	<u>2,332,397</u>
Extraordinary Gain (Loss)				
Net change in fund balances	<u>\$ 1,850,456</u>	<u>\$ 4,924,873</u>	<u>\$ 5,101,436</u>	<u>\$ (9,780,005)</u>
Debt service as a percentage of non-capital expenditures	5.44%	4.80%	3.93%	4.26%

	2010	2011	2012	2013	2014	2015
\$	41,030,042	\$ 43,744,723	\$ 45,468,364	\$ 48,978,282	\$ 52,461,017	\$ 55,557,984
	2,032,625	1,368,214	1,103,627	1,467,439	2,717,608	3,111,841
	3,657,552	2,530,588	2,193,493	1,382,622	1,482,149	1,186,557
	15,424,318	9,690,422	11,020,727	6,623,511	8,555,455	4,825,050
	10,769,671	12,175,204	12,561,301	9,719,735	12,033,721	13,747,994
					1,976,386	
	1,125,411	334,376	527,117	1,347,451	539,828	450,310
	74,039,619	69,843,527	72,874,629	69,519,040	79,766,164	78,879,736
	7,067,465	7,182,507	7,206,265	6,970,704	7,650,954	8,318,070
	4,872,363	4,650,157	4,520,096	4,399,670	3,904,460	3,489,725
	28,553,613	27,848,391	28,465,201	30,375,414	32,894,813	38,715,224
	9,982,054	9,757,902	9,661,463	10,740,875	11,726,183	11,776,433
	5,227,336	5,001,666	4,811,965	4,403,858	4,288,768	4,237,326
	3,121,202	2,698,807	2,425,505	2,632,917	2,790,293	2,794,617
				5,572,242		
	22,830,682	7,906,083	11,379,276	11,367,748	19,368,989	11,378,697
	2,010,000	2,110,000	2,215,000	2,325,000	4,675,000	163,904
	790,277	589,810	550,064	370,725	138,828	23,258
	84,454,992	67,745,323	71,234,835	79,159,153	87,438,288	80,897,254
	(10,415,373)	2,098,204	1,639,794	(9,640,113)	(7,672,124)	(2,017,518)
					498,110	
	12,018,459	9,383,087	10,465,679	9,143,011	9,816,183	17,269,907
	(8,462,795)	(8,018,247)	(7,700,839)	(7,750,381)	(9,186,623)	(12,554,757)
	3,555,664	1,364,840	2,764,840	1,392,630	1,127,670	4,715,150
			(516,788)			
\$	(6,859,709)	\$ 3,463,044	\$ 3,887,846	\$ (8,247,483)	\$ (6,544,454)	\$ 2,697,632
	3.30%	3.99%	4.49%	4.0%	7.1%	0.3%

# City of Santa Maria

## ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

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<b>FY Ended</b>					<b>Personal</b>		<b>Gross</b>
<b>June 30</b>		<b>Land</b>		<b>Improvements</b>	<b>Property</b>		<b>Value</b>
2006	\$	2,134,358,374	\$	3,331,952,571	\$	348,701,433	\$ 5,815,012,378
2007		2,532,797,174		3,736,636,782		349,941,019	6,619,374,975
2008		2,779,359,925		3,929,898,972		359,102,179	7,068,361,076
2009		2,688,233,211		3,897,913,199		374,342,508	6,960,488,918
2010		2,525,129,754		3,749,048,530		403,055,878	6,677,234,162
2011		2,473,964,135		3,808,611,113		391,104,570	6,673,679,818
2012		2,480,988,107		3,974,603,905		410,707,524	6,866,299,536
2013		2,462,825,119		4,246,221,505		427,764,193	7,136,810,817
2014		2,488,902,912		4,338,602,631		452,030,767	7,279,536,310
2015		2,573,120,800		4,566,212,614		442,743,638	7,582,077,052

**NOTE:**

Valuations are established by the County Assessor of Santa Barbara County, except for property owned by private utility companies, which is valued by the State of California.

For comparison purposes, gross assessed valuations include homeowners and other exemptions. Although these exemptions reduce property tax collections, the revenue loss is reimbursed by the State of California. As such, gross assessed valuation is the revenue base used in establishing property-tax related revenues.

**SOURCE:**

Santa Barbara County Auditor - Controller

<b>Exemptions</b>	<b>Net Taxable Value</b>	<b>Total Direct Tax Rate</b>
\$ 287,071,107	\$ 5,527,941,271	1.00000%
304,933,916	6,314,441,059	1.00000%
313,273,773	6,755,087,303	1.00000%
305,957,101	6,654,531,817	1.00000%
347,561,243	6,329,672,919	1.00000%
388,166,023	6,285,513,795	1.00000%
522,499,674	6,343,799,862	1.00000%
735,584,538	6,401,226,279	1.00000%
769,418,969	6,510,117,341	1.00000%
749,333,684	6,832,743,368	1.00000%

**Santa Maria**



# City of Santa Maria

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

As of June 30, 2015

Fiscal Year	*City of Santa Maria	*Santa Barbara County	Schools	Other	Total
2006	0.00000%	1.00000%	0.01815%	0.00000%	1.01815%
2007	0.00000%	1.00000%	0.01548%	0.00000%	1.01548%
2008	0.00000%	1.00000%	0.18603%	0.00000%	1.18603%
2009	0.00000%	1.00000%	0.17497%	0.00000%	1.17497%
2010	0.00000%	1.00000%	0.38552%	0.00000%	1.38552%
2011	0.00000%	1.00000%	0.42302%	0.00000%	1.42302%
2012	0.00000%	1.00000%	0.43729%	0.00000%	1.43729%
2013	0.00000%	1.00000%	0.90446%	0.00000%	1.90446%
2014	0.00000%	1.00000%	0.98908%	0.00000%	1.98908%
2015	0.00000%	1.00000%	0.99939%	0.00000%	1.99939%

\*Valuations are established by the County Assessor of Santa Barbara County, except for property owned by private utility companies, which is valued by the State of California. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100 percent of full value and subsequently increase at a maximum rate of 2 percent per year. Santa Barbara County collects property taxes and distributes the appropriate amount to each city. Each \$1.00 of property tax is distributed to local government agencies based upon fixed allocation factors.

### SOURCE:

California Municipal Statistics, Inc.

# City of Santa Maria

## PRINCIPAL PROPERTY TAXPAYERS

Current Fiscal Year and the Prior Tenth Fiscal Year

2015			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Windset Farms California, Inc.	\$ 166,215,976	1	2.55%
Okonite Company, Inc.	82,390,233	2	1.27%
Santa Maria Land Partners, LLC	44,412,136	3	0.68%
MGP 50 LLC	40,853,461	4	0.63%
Santa Maria Partners, LLC	32,920,125	5	0.51%
ERGS XIV Reo Owner LLC	31,717,106	6	0.49%
Dario L Pini	29,947,343	7	0.46%
SM 101 Seven LLC	27,755,940	8	0.43%
Country Oaks LLC	27,405,000	9	0.42%
Walmart Real Estate Business Trust	24,247,420	10	0.37%
Den Mat Corporation			
SP Village Green, LLC			
Mideb Nominees, Inc.			
Betteravia Investment, LLC			
Fook Kheong Chan			
Santa Maria Pioneer, LLC			
Santa Maria 101, LLC			
	\$ 507,864,740		7.81%

**SOURCE:**

Hdl Coren Cone

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2006

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<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
\$ 31,946,077	1	0.77%
28,665,933	3	0.69%
26,233,819	5	0.64%
17,620,899	9	0.32%
24,964,962	6	0.45%
17,967,695	8	0.33%
18,660,354	7	0.34%
15,664,789	10	0.28%
28,458,000	2	0.51%
26,929,925	4	0.49%
<hr/> <b>\$ 237,112,453</b> <hr/> <hr/>		<hr/> <b>4.82%</b> <hr/> <hr/>

# City of Santa Maria

## PROPERTY TAX LEVIES AND COLLECTIONS

### Last Ten Fiscal Years

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FY Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 6,485,547	\$ 6,485,547	100%	
2007	7,501,048	7,501,048	100%	
2008	8,170,585	8,170,585	100%	
2009	8,102,791	8,102,791	100%	
2010	7,650,506	7,650,506	100%	
2011	7,516,780	7,516,780	100%	
2012	7,596,097	7,596,097	100%	
2013	7,645,901	7,645,901	100%	
2014	7,805,506	7,805,506	100%	
2015	8,198,307	8,198,307	100%	

**NOTE:**

The City participates in the Santa Barbara County "Teeter Plan". The City is paid the full tax assessment while penalties and interest of any late payments are returned by the County.

**SOURCE:**

HdL, Coren and Cone - From 2014-15 Preliminary Prop Tax Report (located in vault under CAFR Binders)

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<b>Total Collections to Date</b>		
	<b>Amount</b>	<b>Percentage of Levy</b>
\$	6,485,547	100%
	7,501,048	100%
	8,170,585	100%
	8,102,791	100%
	7,650,506	100%
	7,516,780	100%
	7,596,097	100%
	7,645,901	100%
	7,805,506	100%
	8,198,307	100%

# City of Santa Maria

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

FY Ended June 30	Governmental Activities			
	Refunding Revenue Bonds	California Energy Commission Loan	Capital Leases	Property Purchase Obligation
2006	\$ 18,840,000		\$ 1,122,523	\$ 623,612
2007	17,085,000		488,322	847,208
2008	15,255,000		249,485	586,252
2009	13,335,000			566,727
2010	11,325,000			546,616
2011	9,215,000			525,900
2012	7,000,000			504,563
2013	4,675,000		2,452,500	482,585
2014		\$ 498,110	2,163,442	459,947
2015		334,206	1,867,915	436,629

\* Includes deferred amounts that were reclassified due to implementation of GASB 65.

\*\*Personal Income released through 2010 via the Bureau of Economic Analysis

<b>Business-Type Activities</b>					
<b>Refunding Revenue Bonds</b>	<b>Certificates of Participation</b>	<b>Capital Leases</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
	\$ 53,292,039	\$ 1,597,780	\$ 75,475,954	20.33%	837
	52,728,238	618,167	71,766,935	26.50%	794
	51,718,798	315,824	68,125,359	28.98%	754
	50,640,095		64,541,822	29.40%	697
	48,785,007		60,656,623	31.25%	651
	46,748,931		56,489,831	**33.55%	565
\$ 44,348,219	15,170,766		67,023,548	**29.08%	669
45,392,889	14,659,509	2,452,500	70,114,983	**29.08%	699
45,777,168	12,305,203	2,163,442	63,367,312	**29.08%	627
46,639,516	9,821,992	1,867,915	60,968,173	**29.08%	597

# City of Santa Maria

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

FY Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percent of Estimated Taxable Property Value	Per Capita
2006	\$ 18,840,000	\$ 2,766,658	\$ 16,073,342	0.29%	\$ 178
2007	17,085,000	2,383,266	14,701,734	0.23%	163
2008	15,255,000	2,403,435	12,851,565	0.19%	142
2009	13,335,000	2,424,574	10,910,426	0.16%	118
2010	11,325,000	2,426,079	8,898,921	0.14%	95
2011	9,215,000	2,430,118	6,784,882	0.11%	68
2012	7,000,000	2,426,844	4,573,156	0.07%	46
2013	4,675,000	2,431,361	2,243,639	0.04%	22
2014				0.00%	
2015				0.00%	

Source: City of Santa Maria  
Santa Barbara County

# City of Santa Maria

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Santa Barbara County General Fund Obligations	\$ 59,260,000	10.067%	\$ 5,965,704
Santa Maria-Bonita School District COP	41,346,966	93.591%	38,697,039
Santa Maria Joint Union High School District COP	3,716,867	56.053%	2,083,415
Santa Maria Cemetery District COP	720,000	63.467%	456,962
Subtotal, overlapping debt			47,203,120
City of Santa Maria, direct debt			2,638,750
Total direct and overlapping debt			\$ 49,841,870

Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

**Source:**  
California Municipal Statistics, Inc.

# City of Santa Maria

## LEGAL DEBT MARGIN INFORMATION

### Last Ten Fiscal Years

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	2006	2007	2008	2009
Debt Limit	\$ 218,062,964	\$ 248,226,562	\$ 265,063,540	\$ 261,018,334
Total net debt applicable to limit	21,062,100	18,848,900	16,471,510	14,234,903
Legal Debt Margin	<u>\$ 197,000,864</u>	<u>\$ 229,377,662</u>	<u>\$ 248,592,030</u>	<u>\$ 246,783,431</u>
Total net debt applicable to the limit as a percentage of debt limit	9.66%	7.59%	6.21%	5.45%

#### Legal Debt Margin Calculation for 2014-15:

Assessed value

Debt limit ( 3.75 percent of assessed value)

Revenue bonds and other long-term debt

Legal debt margin

	2010	2011	2012	2013	2014	2015
\$	250,396,281	\$ 250,262,993	\$ 257,486,233	\$ 267,630,406	\$ 272,982,612	\$ 284,327,889
	12,157,195	9,978,883	7,694,949	7,610,085	3,121,499	2,638,750
\$	<u>238,239,086</u>	<u>\$ 240,284,110</u>	<u>\$ 249,791,284</u>	<u>\$ 260,020,321</u>	<u>\$ 269,861,113</u>	<u>\$ 281,689,139</u>

4.86%                      3.99%                      2.99%                      2.84%                      1.14%                      0.93%

\$ 7,582,077,052  
284,327,889  
2,638,750  
\$ 281,689,139

# City of Santa Maria

## PLEGGED-REVENUE COVERAGE

### Last Ten Fiscal Years

Water & Wastewater Certificates of Participation							
FY Ended June 30	Water & WW Operating Revenue	Less: Operating Expenses	Transfer (to) from Rate Stabilization	Net Available Revenue	Debt Service		
					Principal	Interest	
2006	\$ 30,043,493	\$ 19,332,826		\$ 10,710,667	\$ 118,156	\$ 2,085,672	
2007	34,814,990	24,486,047		10,328,943	563,801	2,470,026	
2008	33,740,272	25,312,860		8,427,412	900,187	2,873,641	
2009	33,887,395	27,634,577		6,252,818	1,078,703	3,617,962	
2010	32,909,945	25,802,618		7,107,327	1,855,088	4,218,928	
2011	35,194,266	27,945,217		7,249,049	2,036,076	4,590,727	
2012	36,164,866	26,334,303		9,830,563	1,991,438	4,640,815	
2013	38,071,396	28,207,632		9,863,764	610,497	1,698,026	
2014	42,322,315	28,973,708		13,348,607	1,307,736	3,321,627	
2015	41,771,720	30,237,070		11,534,650	1,228,586	3,400,777	

**NOTE:**

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

Operating expenses do not include interest, depreciation, or amortization expenses.

Debt service payments on the Certificates of Participation were not required until 2005-06.

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Coverage	Balance in Rate Stabilization Account
4.86	\$ 4,189,590
3.40	4,206,333
2.23	4,212,296
1.33	4,258,071
1.17	4,277,459
1.09	4,288,071
1.48	4,299,526
4.27	4,294,795
2.88	4,297,377
2.49	4,294,662

# *City of Santa Maria*

## DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

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<b>FY Ended June 30</b>	<b>#Population</b>	<b>+Personal Income</b>	<b>+Per Capita Personal Income</b>	<b>*Median Age</b>
2006	90,204	\$ 15,341,976	\$ 40,486	31
2007	90,333	19,020,000	47,302	32
2008	91,110	19,740,000	48,693	29
2009	92,542	18,976,000	46,619	29
2010	93,225	18,629,574	43,872	29
2011	100,062	18,629,574	43,872	**29
2012	100,199	18,629,574	43,872	**29
2013	100,306	**19,303,120	**45,219	**29
2014	101,103	20,640,576	47,862	31
2015	102,087	21,725,550	51,342	33

**SOURCE:**

#Department of Finance

+Bureau of Economic Analysis

++Economic Development Department of California

\*U.S. Census Bureau

#+California Department of Education and California Community Colleges Chancellor's Office

\*\*Information from Bureau of Economic Analysis last updated November 26, 2012.

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#+School Enrollment	++Unemployment Rate
36,817	4.0%
30,299	4.2%
47,734	4.3%
24,917	9.8%
45,869	14.2%
46,563	14.6%
46,563	14.6%
43,367	9.6%
43,367	9.5%
44,021	9.5%

# City of Santa Maria

## PRINCIPAL EMPLOYERS

Current Fiscal Year and Ten Fiscal Years Ago

*Employer	*2014-15		
	Employees	Rank	Percentage of Total City Employment
*Vandenberg Air Force Base	6,878	1	13.72%
Santa Maria-Bonita School District	1,650	2	3.29%
Marian Medical Center	1,545	3	3.08%
C&D Zodiac Aerospace, Incorporated	1,476	4	2.94%
Allan Hancock College	1,150	5	2.29%
Santa Maria Joint High School District	693	6	1.38%
Windset Farms	667	7	1.33%
City of Santa Maria	648	8	1.29%
Betteravia Farms	450	9	0.90%
Wal-Mart (3 locations)	420	10	0.84%
*Lockheed Martin Corporation			
Den-Mat Corporation			
Vocational Training			
	15,577		31.06%

### SOURCE:

\* City of Santa Maria 2014-16 Budget

\*\* Northern Santa Barbara County Economic Outlook 2005

# Although outside the City limits, Northern Santa Barbara County Economic Outlook considered Vandenberg Air Force base as a principal employer; whereas the more current survey conducted by the California Economic Forecast excluded employers outside the City limits.

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\*\*2005-06

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Employees	Rank	Percentage of Total City Employment
4,782	1	13.42%
1,718	3	4.82%
1,345	4	3.77%
444	9	1.25%
2,200	2	6.17%
785	6	2.20%
598	7	1.68%
844	5	2.37%
479	8	1.34%
325	10	0.91%
<hr/> <hr/> <u>13,520</u>		<hr/> <hr/> <u>37.93%</u>

# City of Santa Maria

## FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

### Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010
Public safety					
Police protection services	162.0	170.0	172.0	172.0	169.0
Fire and emergency services	58.5	59.0	59.0	63.0	60.0
Utilities					
Water distribution services	34.5	41.5	39.5	40.5	40.5
Solid waste collection/disposal services	39.0	47.0	47.0	48.0	47.0
Public ways and facilities					
Streets services	25.5	24.5	24.5	24.5	24.5
Public transit services	2.5	2.5	2.5	2.5	2.5
Recreation and parks					
Recreation and parks services	121.0	129.0	136.5	136.5	134.0
Library					
Library services	38.5	38.5	49.0	49.0	46.5
Community development					
Planning and inspection services	23.0	30.0	26.0	30.5	28.5
Block grant/special project services	4.5	2.0	2.0	2.0	2.0
General government					
Legislative services	5.0	5.0	5.0	5.0	5.0
Legal services	11.5	12.0	12.0	12.0	12.5
Administration	12.0	12.0	13.5	12.0	12.0
Administrative services	18.5	22.0	25.5	25.5	24.5
Engineering and facilities maintenance	24.5	22.5	22.5	24.5	23.5
Special revenue					
Landscaping services	8.0	4.5	4.5	4.5	4.5
Public, education, government television	4.0	2.0	2.0	2.0	2.0
Internal service					
Fleet services	4.5	5.5	7.5	7.5	7.5
Risk Management	1.0	1.0	1.0	1.0	1.0
Total	598.0	630.5	651.5	662.5	647.0

**NOTE:**

\*Employee by Function was not budgeted.

**SOURCE:** 2014-16 City of Santa Maria Budget

2011	2012	2013	2014	2015
169.5	169.5	174.0	174.0	179.5
54.0	51.3	63.5	63.5	63.5
41.5	41.5	41.5	41.5	41.5
48.0	48.0	48.0	48.0	48.5
23.5	23.5	23.5	23.5	23.5
2.5	2.5	2.5	3.0	3.0
119.5	121.0	126.0	125.0	126.0
40.0	41.0	42.5	42.5	43.0
26.5	26.5	26.5	26.5	25.5
2.0	2.0	2.0	2.0	2.0
5.0	5.0	5.0	5.0	5.0
11.0	11.0	12.0	12.0	11.5
11.5	12.5	12.5	12.5	12.5
23.5	23.5	23.5	23.5	24.5
21.5	21.5	21.5	22.5	22.5
10.5	10.5	11.5	11.5	16.5
2.0	2.0	2.0	2.0	2.0
8.5	8.5	7.5	8.5	10.5
1.0	1.0	1.0	1.0	1.0
621.5	622.3	646.5	648.0	662.0

**Santa Maria**



# City of Santa Maria

## OPERATING INDICATORS BY FUNCTION

Last Nine Fiscal Years

Function/Program	2008-10	2010-12	2012-14	2014-16
Police				
Number of stations	1	1	1	1
Calls for service	197,264	187,530	200,000	205,500
Fire and emergency services				
Number of stations	4	5	5	5
Calls for service	17,751	17,453	17,955	18,471
Utilities				
Water production/per acre feet	28,500	26,030	27,000	26,500
Meters Read	492,500	493,836	502,210	504,050
Wastewater treated/mgd	8.30	8.00	8.40	8.80
Solid waste collection and disposal services				
Residential and commercial accounts serviced	36,152	37,594	37,236	37,520
Residential and commercial tons collected	137,427	139,775	142,159	145,600
Average tons received at landfill/day	533	534	534	534
Street Services				
Streetlight maintenance/hours	6,190	3,709	3,771	3,000
Traffic Signal maintenance/hours	3,724	3,543	4,665	4,700
Transit				
Passengers	2,336,848	2,011,445	1,755,286	1,795,923
Miles	1,578,371	1,691,312	1,727,167	1,510,313
Recreation and Parks				
Program registrations	34,570	38,480	38,600	38,720
Facility attendance	2,848,100	3,405,620	3,405,900	3,406,180
*Park acres maintained	772	2,000	2,000	2,000
Trees managed	32,690	38,750	45,720	46,500
Library				
Cardholders	84,500	78,154	66,200	75,000
Materials checked-out	1,132,700	1,017,282	1,026,469	1,045,000
Community development				
Plan checks	2,424	2,592	2,680	2,700
Building permits issued	2,542	2,592	2,680	2,700

**NOTE:**

Indicators are tracked on a two-year budget cycle.

\*Additional park acreage/open space purchased (Santa Maria River Trail and Los Flores Property).

**SOURCE:** 2014-16 City of Santa Maria Budget

# *City of Santa Maria*

## CAPITAL ASSETS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

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Function/Program	2006	2007	2008	2009
Police				
Stations	1	1	1	1
Patrol units	42	43	41	41
Fire stations	4	4	4	4
Solid waste				
Refuse collection trucks	25	21	24	23
Highways and streets				
Street miles	203	219	220	222
Streetlights	6,654	6,600	6,900	6,900
Park acreage/Open Space	248	248	*772	772
Water hydrants	3,000	3,108	4,500	4,500
Sewer miles	240	240	330	529

\*With the implementation of GPS, the Utilities Department no longer estimates the number of hydrants and sewer miles; these are actual counts.

SOURCE: 2014-16 City of Santa Maria Budget

2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
41	41	41	43	47	44
4	5	5	5	5	5
23	23	23	23	23	22
224	224	224	224	225	225
6,890	7,090	6,708	6,722	6,722	6,722
2,000	2,000	2,000	2,000	2,000	2,000
*3,280	3,300	3,300	3,350	3,400	3,300
*200	210	213	218	221	221

**Santa Maria**

