

City of Santa Maria, CA.



Comprehensive Annual Financial Report

For the fiscal year ended
June 30, 2019

Photo Courtesy of
Christopher Petro (City Employee)



**City of Santa Maria
California**

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

*Prepared by the Department of Finance
Mary Harvey, Director of Finance*

www.cityofsantamaria.org

Santa Maria



City of Santa Maria
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

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City of Santa Maria

Department of Finance

February 26, 2020

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 (U.S. GAAP) 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, 2019.

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 U.S. GAAP. 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 Finance 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, 2019, 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 unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with U.S. GAAP. 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, 2019

U.S. GAAP requires 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 23.2 square miles and a population of 107,356. Santa Maria was the 67th largest city by population of 482 municipalities in California. The next population estimate will become available in May 2020 from the State Department of Finance.

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. With nearly 650 authorized full-time and part-time (32 hours/week) positions, and more than 183 limited-service positions (19 hours/week) the City government is one of the community's largest employers.

Sustainability is the operative word for the City's future budgets. In June 2019, the City Council took the remarkable action of authorizing the hiring of 53 full-time and four part-time new positions to enhance services – mostly with the voter-approved and enhanced one-cent Measure U local sales tax. This amount of new positions in a single year is unprecedented; the City averaged six new positions annually over the previous five years!

Logistically, it is taking time to hire dozens of qualified employees for these new positions. Additionally, because a variety of existing municipal services and programs performed by 56 existing full-time and part-time positions did not otherwise have ongoing, sustainable General Fund revenue to support and maintain them, starting in 2019-20 they were charged to Measure U revenues. In total, Measure U revenues directly support 125 of the City's 649 full-time and part-time positions, or 19 percent of the workforce.

The City is very fortunate that 74.18 percent of voters in November 2018 chose to support and enhance Measure U, from its prior quarter-cent rate to a full cent, to maintain and enhance municipal services. The vast majority of Measure U expenditures, 90 percent, are for public safety. Whether all of these positions can be sustained is a significant question for the organization and the community.

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. Councilmembers are elected to four-year staggered terms with two councilmembers elected every two years. The City transitioned to district elections for two of its four City Councilmembers starting in December 2018 after the November election results were certified. Those seats represented District 3 (southwest) and District 4 (southeast). The incumbent Councilmembers who were not up for election in November 2018 will continue to serve all of the City until after the November 2020 election results are certified for District 1 (northwest) and District 2 (northeast). Under the district-based method, voters may elect City Council candidates only from their district. The Mayor's position is still be elected at-large by all voters.

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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 directors of the City's departments. The Mayor, City Clerk, and City Treasurer are elected to four-year terms.

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. City expenditures in recent years increased faster than the rise in revenues. This is largely attributed to increasing population and demands for service, and the soaring retirement funding obligations. The City's fortunes are more reliant than ever before on sales tax. Sales tax is its largest revenue source, and is essentially doubled by the one-cent add-on Measure U sales tax.

Looking beyond 2019-20, the City Council needs to strategize for added expenses that will outpace added revenues, while maintaining required service. Strategies for maintaining an ongoing balanced budget and sustainability, include holding more vacancies, unfunding vacancies, across the board reductions, and/or taking other actions. Departments will be asked to absorb their employees' PERS cost increases and their employees' salary increases. All of these strategies will need to be part of the upcoming 2020-22 two-year budget.

The City's annual pension payments to CalPERS are budgeted at \$17.6 million in 2019-20, and are forecast to escalate to \$19.4 million in 2022-23. The average annual pension payment increase from 2018-19 through 2022-23 is \$1.6 million. For perspective, the City's CalPERS payment for 2006-07 was \$5.4 million. The increase from 2006-07 to 2022-23 will be 259 percent! Most employees are now paying their employee share of CalPERS retirement contributions.

For 11 years in a row, and despite the end of the Great Recession and conservative budgeting, the General Fund faced an accumulating, multimillion-dollar structural deficit, reaching an \$8.5 million General Fund budget gap in 2018-19. This was reduced by about half in 2019-20. The budget-balancing strategy used a combination of exhausting certain one-time reserves, drawing upon economic stabilization reserves for the first time outside a recession, expenditure savings by keeping vacant positions unfilled for longer periods, operating reductions in department budgets, and unfunding some positions. Even with the Measure U revenues, the General Fund has a structural deficit of \$4 million that will be funded through salary savings and use of one-time reserves.

There are positive financial developments. Over the past couple years, the City has experienced positive trends in most economic segments led by consumer spending, construction spending, and increased property values. In 2017, Enos Ranch opened with numerous national retailers. This 113-acre development will bring auto dealers, further cementing Santa Maria as a regional shopping destination. In late 2019, Toyota began construction of its new dealership, and in early 2020 Honda broke ground on its future dealership; both will be relocating from existing nearby locations. During 2019, Santa Maria saw steady growth and development, and more interest and action from regional businesses looking to expand. The City saw 308 permits for multi-family dwellings, triple the 98 of 2018, but only seven single-family home permits compared to 101 in

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2018, and 320 in 2017. Santa Maria has a diverse economy based on agriculture, commercial, and manufacturing, in addition to education, health care, tourism, oil production and government.

Sales tax, which can be volatile, is the single largest source of City revenues. A close second is property tax. Starting in 2019-20, the sales tax revenue stream is projected to nearly double because local voters in the November 2018 election enacted an extension and enhancement of Measure U. That approval increased the local sales tax add-on from a quarter-cent to a full cent, generating an estimated \$19.3 million annually, to maintain and enhance municipal services. However, because sales tax is driven by the health of the economy, the next recession will affect the City's financial condition.

Through the second quarter 2019 sales tax receipts were approximately 1.4 percent or \$173,650 less compared to last fiscal year. This slight decrease is due to lower sales in general consumer goods and fuel and service stations categories. This decline was offset by allocation corrections made by California Department of Taxes and Fee Administration (CDTFA) for prior period reporting errors related to the CDTFA's reporting system. Although many system problems have been resolved, the adjustments to correct prior period allocations will affect 2019-20 sales tax receipts to the City. Although the City expects to receive a steady stream of sales tax revenue from the Enos Ranch shopping center that opened in 2017 and 2018, it is important to note that initially, those revenues were expected to spike for the first six months to a year, before coming down to a more realistic growth level.

Property taxes are collected by Santa Barbara County and are limited to one percent of assessed value on real and personal property. The bulk of these payments are received from Santa Barbara County in December, January, April and May of each year. 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.

Staff constantly explores opportunities to become more efficient, and to secure non-traditional revenue sources. It is a constant challenge to generate revenues sufficient to meet demands. One of the City's innovative revenue streams, Non-Hazardous Impacted Soils (NHIS) has been on the decline since peaking at \$5.5 million in 2007-08 and 2008-09. This is attributed to volatility of oil prices, increased competition from other landfills, and the fact that the Guadalupe Dunes Restoration Project has completed its initial phase of work. The revenue receipts from the NHIS program in 2018-19 are \$1.3 million and projections for 2019-20 are \$1 million. Revenues earned through December 2019 were \$626,270 compared to \$881,530 last fiscal year, which is a 29 percent decrease or \$255,260. Revenues are uncertain for the second half of 2019-20.

The City began drawing from its "rainy day" fund, the Local Economic Augmentation Fund (LEAF) since 2008-09 to help cover the gap between revenues and expenses in its General Fund. At its peak the LEAF contained \$11.7 million. This fund is forecast to be drawn down by \$1.1 million in 2019-20, leaving a LEAF reserve balance of \$6.2 million. Staff is also recommending the City Council authorize building up a Measure U reserves with a goal of 20% of revenues.

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The national economy remains quite robust. With wages rising at a healthy 3 percent annual pace, unemployment near a 50-year low, and stock markets setting new and decisive records, the picture looks very good. Americans continue to spend enough to prolong the record economic expansion now well into its 11th year. Americans' spending has risen an average of 2.5 percent in each of the past six years. The Federal Reserve made three interest rate cuts in 2019. Business spending, however, slowed in 2019 after the U.S. trade fight with China disrupted the global economy, reduced exports, and created confusion. On January 15, 2020 President Trump signed a partial trade deal with China. A new trade treaty with Mexico and Canada is in place. The national debt stood at a record \$23.2 trillion as of December 31, 2019. Ever-rising debt will ultimately push interest rates higher along with debt service payments, diverting direct tax revenues that could be used on other government services and programs.

Women have replaced men as the majority of jobholders, and the roles they are choosing signals a labor market shift. Women held 50.04 percent of nonfarm payroll positions in December 2019, the highest share since 2010, according to Labor Department data. The proportion has been increasing because of the tight labor market and offers of higher wages and perks. Yet, many workers are underemployed – struggling to find jobs and benefits – while others are no longer looking.

Despite the strong economy, public pension plans have not, on average, recovered from the last two recessions, where “recovered” means returning to 100 percent funded. CalPERS is still only about 70 percent funded after a record decade-long bull market. This is actually good compared to the worrisome 61 percent level when the stock market crash and recession struck in 2008. Lowering the investment target or discount rate, as CalPERS did from 7.75 to 7 percent, resulted in debt paid off by higher employer rates. Even investment returns slightly below target, like CalPERS earning 6.7 percent last fiscal year, produced new debt. CalPERS payments are one of the largest obligations facing the City.

According to the State Auditor, the dozen most populated cities in California all have significant fiscal problems and will be forced into major adjustments in coming years. Government finance experts have long warned that California cities – which have seen the cost of post-employment benefits roughly triple over the past 30 years – are in a far worse position to deal with pension obligations than the state and counties.

California's economy is strong. Its unemployment rate fell to a new record low of 3.9 in October 2019 and maintained that in November. As of November, record job expansion reached 117 months, surpassing the expansion of the 1960s. Overall, California has gained 3.4 million jobs across multiple industries since the expansion began in February 2010, accounting for over 15 percent of the nation's 22.5 million job gain over the same timeframe.

The state's housing market is one of tight housing inventory and rising median prices. The median home price statewide climbed 10.3 percent from \$557,740 in December 2018 to \$615,090 in December 2019. The median home value in Santa Maria as of December 2019 was \$403,907, up 3.4 percent for the past year, according to Zillow. The median listing price was \$437,700, and the median sale price was \$397,600, according to Zillow. This reflects a steady increase since 2012.

The UCLA Anderson Forecast predicts mild national economic growth in the first half of 2020. In 2020 and 2021 California's total employment growth rates are forecast to be 0.9 percent and 1.3 percent, while payroll jobs will grow at rates of 1.9 percent and 0.9 percent, respectively. These

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reflect the stronger growth in payrolls over the last year, even while total employment growth was weaker. Home building will be lower by about 5,000 units in 2020 than previously forecast, but the UCLA Anderson Forecast team remains optimistic with regard to 2021 new residential construction. Weakness in home building, even with the new eased regulations and zoning, means that the prospect of the private sector's solving California's housing affordability problem over the next three years is nil, according to the Forecast.

The Governor's proposed \$222 billion 2020-21 State Budget is flush with a \$5.6 billion surplus. The long list of his priorities include public schools, homelessness, climate action, consumer protection, and affordable health care. But, despite a surplus and rainy day funds, California continues to face massive long-term liabilities. The State faces \$250 billion in pension and retirement liabilities for teachers and State workers. The Governor warned that the economy is slowing and a recession is on the horizon. His office will issue a revised budget proposal in May 2020. The Legislature must pass a budget by June 15th.

Santa Barbara County-San Luis Obispo County regions, the State, and the Nation are currently at peak employment. The national unemployment rate of 3.4 percent as of May 2019 was the lowest on record dating back 50 years, and it was 3.5 percent in December 2019. California's rate of 3.5 percent also was a record low. Santa Barbara County's jobless rate was 3.1 percent in November 2019, and Santa Maria's rate was 4.8 percent.

At the local level, Santa Barbara County adopted a balanced \$1.14 billion budget for 2019-20. There are no service level reductions for the first time since 2017-18. On the west side of Santa Maria, the new \$111 million Northern Branch Jail along Black Road where construction began in October 2016 is now scheduled to open in 2020 with 376 inmate beds.

The City of San Luis Obispo adopted a two-year budget that totals \$200 million in 2019-2020 and \$208 million in 2020-2021. City officials are touting the new budget as plan toward paying off the City's unfunded pension liability of \$150 million to CalPERS in 20 years while avoiding approximately \$19 million in interest.

Major Initiatives for the Fiscal Year

Utilize Measure U funding to maintain and enhance services to the community, through the hiring of dozens of new positions and the purchase of vehicles to provide service and programs. These revenues will be spent, per City Council direction, 90 percent for public safety, five percent for youth services, and five percent for improving the community's quality of life.

Modernize Santa Maria's public safety technology. The installation was completed and operations went live in November 2019, for the new Fire / Police Computer Aided Dispatch system, and Police Records Management System. Benefits include a faster, more effective response to public service calls for Police and Fire service, more accurate incident location information, and more. Another benefits is improved communication among first responders by integrating dispatching, mobile data computers, mobile radios, and hand-held radios. More than 170,000 incoming calls for service (about 465 per day) are handled by the Santa Maria Police Department Communications Center. There are 63,000 emergency 9-1-1 calls per year (about 172 per day).

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Develop an area in Los Flores Ranch as the site of an outdoor firearms range facility for law enforcement. When operational, the site will provide a safe and secure location for the training of SMPD personnel as well as law enforcement personnel from surrounding agencies.

Complete the reconstruction of the Paul Nelson Pool and Russell Park, by investing nearly \$1.3 in Community Development Block Grant funds, to maintain and enhance the quality of life for residents of all ages. Pool upgrades began in January 2019 and the pool should reopen by April.

Continue the multi-year process of a comprehensive update to the City's General Plan, including resident and stakeholder outreach, and begin to identify adequate land inventory for residential growth and economic development, and chart potential new areas for annexations, to proactively guide growth patterns within the City's vision. Work with the appropriate departments on General Plan elements beyond land use, including circulation, public safety, open space, infrastructure, and others.

Continue economic development efforts, by working in conjunction with the Chamber of Commerce, including the "Hourglass Project," to attract more mid-size light manufacturing, research, and other clean businesses to Santa Maria; help retain and expand existing local businesses, and advocate for Vandenberg Air Force Base's expansion of its commercial launch program to aid Santa Maria's economic development.

Operationalize the City's fiber-optic ring infrastructure and carrier-grade high-speed internet services, to provide departments with robust networking, and to enhance economic development opportunities.

Energy Efficiency Project: The City is pursuing an energy efficiency project that has potential to generate an estimated \$31 million of total cumulative cash flow over the next 30 years. The City and PG&E identified multiple projects that could provide energy savings and costs savings, along with new revenues, including projects involving landfill gas, wastewater bio-gas, facility lighting, climate control, and irrigation. The estimated savings identified would reduce General Fund expenses by approximately \$1 million each year, generate \$3.5 million in net annual revenue from renewable resources, \$1.8 million in annual post-project positive cash flow, and a cumulative positive cash flow estimated at \$31 million over the term of the project. In August 2019, the City Council authorized the City Manager to proceed with implementation, including determining appropriate financing, for General Fund projects identified in the Investment Grade Audit report.

Financial Policies

The City strives to maintain a minimum General Fund, unassigned fund balance of at least 25 percent of operating appropriations to insulate the General Fund programs and current service levels from large and unanticipated one-time expenditures or a significant 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:

City of Santa Maria
Letter of Transmittal
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- 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.

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, 2017. This was the 28th 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 U.S. GAAP and applicable legal requirements.


A Certificate of Achievement is valid for a period of one fiscal year. Unfortunately, due to staffing shortages and competing priorities the comprehensive annual financial report for the fiscal year ended June 30, 2018, was not complete by GFOA's submittal deadline. However, staff believes that with authorization of new positions, future comprehensive annual financial reports will once again, meet the Certificate of Achievement Program's requirements.

The preparation of the comprehensive annual financial report was made possible by the dedicated service of staff of the Department of Finance. 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

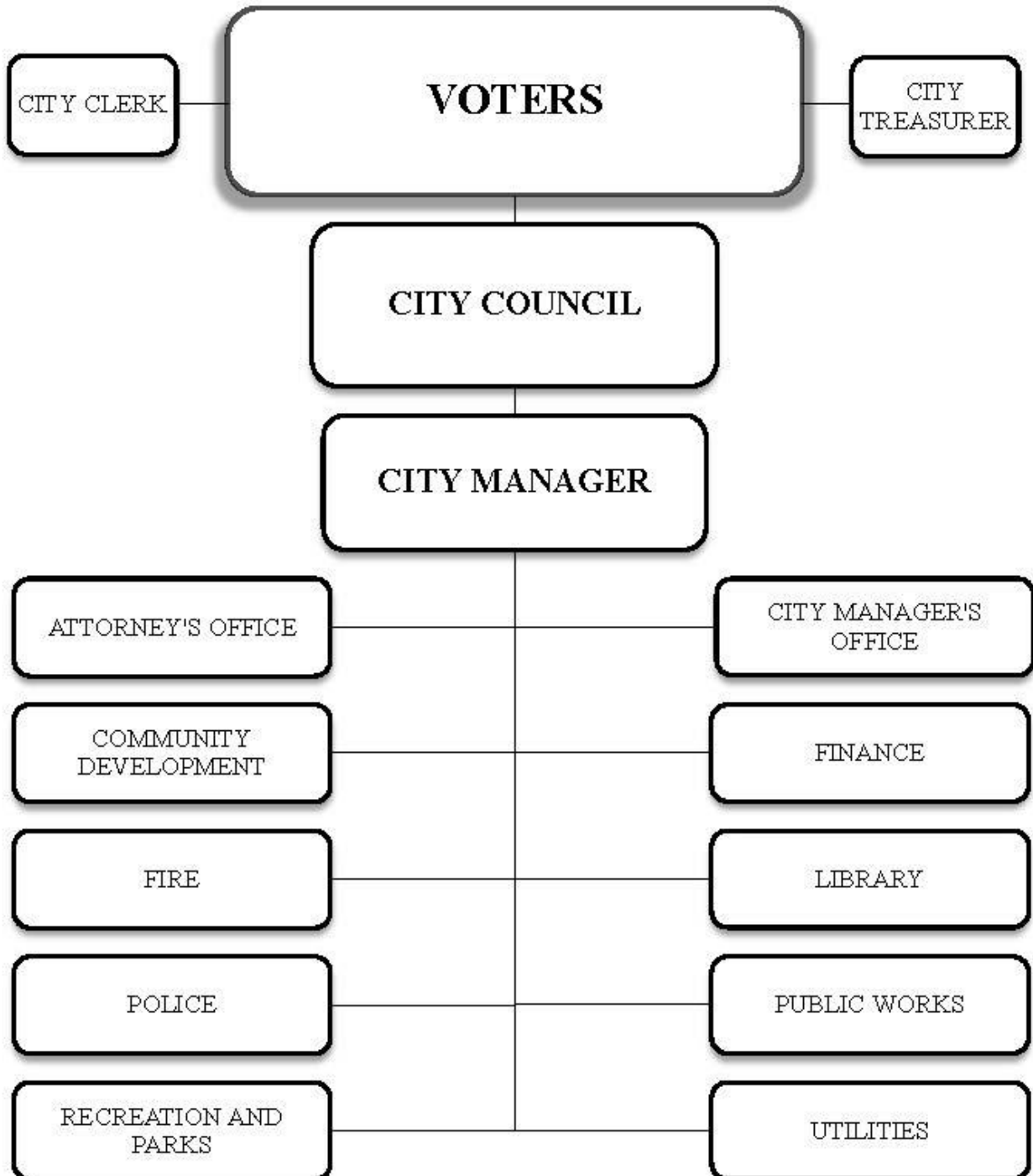


Mary Harvey
Director of Finance

City of Santa Maria

Organizational Chart

For the Fiscal Year Ended June 30, 2019



City of Santa Maria

List of Principal Officers

For the Fiscal Year Ended June 30, 2019

MAYOR

ALICE PATINO

MAYOR PRO TEM

MICHAEL MOATS, MD.

COUNCILMEMBERS

MIKE CORDERO

GLORIA SOTO

ETTA WATERFIELD

CITY MANAGER

JASON STILWELL

CITY TREASURER

TERESSA HALL

CITY CLERK

PATTI RODRIGUEZ

CITY DEPARTMENTS AND DEPARTMENT HEADS

Attorney's Office	Thomas Watson
City Manager's Office.....	Jason Stilwell
City Manager's Office - Human Resources and Records	Carl Crown (interim)
Community Development	Chuen Ng
Finance.....	Mary Harvey
Fire.....	Leonard Champion
Library	Mary Housel
Police.....	Phillip Hansen
Public Works/Engineering.....	Kevin McCune
Recreation and Parks	Alex Posada
Utilities	Shad Springer

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, 2019, 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, 2019, 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.

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-16, the budgetary comparison information on pages F-99 through F-102, the schedule of changes in net OPEB liability and related ratios on page F-103, the schedule of changes in net OPEB contributions on page F-104, the schedule of changes of the net pension liability and related ratios on page F-105, the schedule of pension contributions on pages F-107 and F-109, and the schedule of proportionate share of the net pension liability on pages F-108, 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 funds 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 and statistical section have 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 February 26, 2020, 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, Reny & Haulgheim LLP

Santa Maria, California
February 26, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Santa Maria

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

The management of the City of Santa Maria (City) offers 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, 2019. 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, 2019, the City's net position (excess of assets over liabilities) was \$434.7 million. Of this amount, \$142.6 million is available to meet the City's ongoing operations.
- During the fiscal year ended June 30, 2019, the City's net position increased by \$21.3 million to \$434.7 million. This growth reflects an increase in governmental activities of \$5.4 million or 2.7 percent, and business-type activities showed an increase of \$15.9 million or 7.4 percent. Increases in General Fund revenues from sales tax of \$3.8 million generated because of voters' approval to raise Measure U use tax from one-quarter to one-cent, property tax growth of \$900 thousand positively affected net position. The passage of the Senate Bill 1, the Road Repair and Accountability act of 2017, boosted Gas Tax revenues by \$1.4 million, and revenues collected in Growth Mitigation Funds from developers for residential and commercial development projects accounts for \$7.6 million of the governmental activities. These revenue increases were offset by increases of \$3.7 million in General Fund operational expenses, \$480 thousand and \$270 thousand in net pension and OPEB liabilities, respectively. The increase in business-type activities reflects \$6.6 million increases in interest and value of investments as well as a decrease in capital outlay of \$5.2 million.
- The City's net pension liability and pension inflow of resources increased by \$1 million to \$129.3 million. Governmental activities account for \$800 thousand of that increase, whereas \$200 thousand is attributable to business-type activities. Total deferred pension outflows decreased by \$7.9 million to \$27.4 million, of which, \$6.6 million occurred in governmental activities and \$1.3 million decreased in business-type activities.
- The City's net OPEB liability and deferred OPEB inflows increased by \$800 thousand to \$20.6 million. Governmental activities account for \$700 thousand of that increase, whereas \$100 thousand is attributable to business-type activities. Total deferred OPEB outflows are at \$500 thousand, of which, \$400 thousand is applicable to governmental activities and \$100 thousand is for business-type activities.
- The City recorded a prior period adjustment to record prior year capital expenditures totaling \$192,140. This reduced the fund balance of the General Capital Projects Fund by \$85,353 and the fund balance of the Business Equipment Fund by \$106,787.
- A prior period adjustment was processed to correct the recognition of revenue for the 2017-18 fiscal year. Revenue was under-recorded in the Land Acquisition and Residential Development Tax funds, and over-recorded in the Growth Mitigation Fund. As a result, the fund balance for the Growth Mitigation Fund was reduced by \$70,507 and the fund balances

City of Santa Maria

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

for the Land Acquisition Tax Fund and the Residential Development Tax Fund were increased by \$35,678 and \$34,829, respectively.

- The City recorded a prior period adjustment in the amount of \$124,053, to decrease the fund balance in the Business Equipment Fund. The city determined that capital assets were overstated in the 2017-18 fiscal year.
- A prior period adjustment was made to increase the General Capital Projects Fund by \$77,527. This amount represents revenues that were under-reported in the 2017-18 fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13.2 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. 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, liabilities and deferred inflows and outflows of resources; the difference 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

City of Santa Maria

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

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, Library Fund, Growth Mitigation Fund, and Community Development Capital Project Fund are considered 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 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 and 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.

City of Santa Maria

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

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. The Oversight Board to the City of Santa Maria Successor Agency (Agency) determined all obligations have been paid and dissolved the Agency on May 13, 2019.

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.

Other Information. A budgetary comparison statement for the General Fund, Library Fund and Growth Mitigation 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-100. 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, over time, as a useful indicator of a City's financial position. During this fiscal year, net position of the City was \$434.7 million, including prior period adjustments of \$200 thousand. Overall net position increased by \$21.3 million compared to the prior fiscal year. This is primarily due to increases in interest and value of investments, sales tax revenues, as well as decreases in capital outlay.

The following is the condensed Statements of Net Position as of June 30, 2019 and 2018, expressed in millions.

City of Santa Maria

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

City of Santa Maria's Statements of Net Assets
As of June 30, 2018 and 2019
(amounts expressed in millions)

	Governmental		Business-type		Total	
	2018	2019	2018	2019	2018	2019
Current and other assets	\$ 126.7	\$ 141.8	\$ 197.8	\$ 215.7	\$ 324.5	\$ 357.5
Restricted and other assets	1.6	1.7	5.2	5.3	6.8	7.0
Capital assets, net	192.5	189.4	126.5	127.0	319.0	316.4
Total assets	<u>320.8</u>	<u>332.9</u>	<u>329.5</u>	<u>348.0</u>	<u>650.3</u>	<u>680.9</u>
Deferred OPEB contributions	0.4	0.5	0.1	0.1	0.5	0.6
Deferred pension contributions	30.7	24.1	4.6	3.3	35.3	27.4
Deferred charge on refunding			3.5	3.0	3.5	3.0
Total deferred outflow of resources	<u>31.1</u>	<u>24.6</u>	<u>8.2</u>	<u>6.4</u>	<u>39.3</u>	<u>31.0</u>
Current liabilities	14.8	14.2	30.3	34.1	45.1	48.3
Long-term liabilities	133.6	133.8	92.7	89.7	226.3	223.5
Total liabilities	<u>148.4</u>	<u>148.0</u>	<u>123.0</u>	<u>123.8</u>	<u>271.4</u>	<u>271.8</u>
Deferred inflow - OPEB	1.7	2.1	0.3	0.4	2.0	2.5
Deferred inflow - pensions	2.1	2.5	0.5	0.4	2.6	2.9
Total deferred inflow of resources	<u>3.8</u>	<u>4.6</u>	<u>0.8</u>	<u>0.8</u>	<u>4.6</u>	<u>5.4</u>
Net Position:						
Net investment in						
capital assets	189.4	187.0	72.0	70.1	261.4	257.1
Restricted	22.5	24.1	10.2	10.8	32.7	34.9
Unrestricted	(12.2)	(6.2)	131.7	148.9	119.5	142.7
Total Net Position	<u>\$ 199.7</u>	<u>\$ 204.9</u>	<u>\$ 213.9</u>	<u>\$ 229.8</u>	<u>\$ 413.6</u>	<u>\$ 434.7</u>

As of June 30, 2019, the City's net investment in capital assets at \$257.1 million (59.1 percent) is a portion of the \$434.7 million net position. This component portrays the total amount of funds needed to acquire those assets less any related debt used for such 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 (8 percent) of \$34.9 million represents resources that are subject to external restrictions on how the resources may be used. The remaining balance of unrestricted resources of \$142.7 million may be used to meet the City's ongoing obligations to citizens and creditors. Of this amount, \$148.9 million is held by the business-type activities and the governmental activities is showing a deficit of \$6.2 million. This deficit is caused by the City's escalating balances of \$107.9 million and \$14.9 million in governmental net pension and OPEB liabilities, respectively.

The condensed summary of net statements of activities (expressed in millions) on the following page, shows that during the current fiscal year, net position increased by \$21.3 million, which was augmented by the prior period adjustments of \$200 thousand.

City of Santa Maria
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

City of Santa Maria's Statements of Activities
For the Fiscal Year Ended June 30, 2019 and 2018
(amounts expressed in millions)

	Governmental		Business-type		Total	
	2018	2019	2018	2019	2018	2019
Revenues						
Program revenues:						
Charges for services	\$ 23.3	\$ 21.2	\$ 78.0	\$ 75.3	\$ 101.3	\$ 96.5
Operating grants and contributions	4.7	2.2	3.6	2.6	8.3	4.8
Capital grants and contributions	3.1	3.4	7.1	3.8	10.2	7.2
General Revenues:						
Taxes	64.0	71.7			64.0	71.7
Use of money and property	0.6	6.2	0.8	7.5	1.4	13.7
Other	0.2	0.4			0.2	0.4
Total revenues	<u>95.9</u>	<u>105.1</u>	<u>89.5</u>	<u>89.2</u>	<u>185.4</u>	<u>194.3</u>
Expenses						
General government	12.3	12.4			12.3	12.4
Public safety	48.3	51.2			48.3	51.2
Public works	11.7	12.3			11.7	12.3
Library	4.0	4.1			4.0	4.1
Community development	3.1	6.2			3.1	6.2
Recreation and parks	14.5	14.8			14.5	14.8
Interest & fiscal charges	0.1	0.1				0.1
Water & wastewater			41.2	44.2	41.2	44.2
Solid waste			22.2	20.5	22.2	20.5
Public transit			8.2	7.2	8.2	7.2
Total expenses	<u>94.0</u>	<u>101.1</u>	<u>71.6</u>	<u>71.9</u>	<u>165.5</u>	<u>173.0</u>
Increase in net position before transfers	1.9	4.0	17.9	17.3	19.8	21.3
Transfers	1.4	1.4	(1.4)	(1.4)		
Increase in net position	<u>3.3</u>	<u>5.4</u>	<u>16.5</u>	<u>15.9</u>	<u>19.8</u>	<u>21.3</u>
Net position - beginning of fiscal year	211.2	199.7	200.2	213.9	411.4	413.6
Prior period adjustments	(14.8)	(0.2)	(2.8)		(17.6)	(0.2)
Net position - end of fiscal year	<u>\$ 199.7</u>	<u>\$ 204.9</u>	<u>\$ 213.9</u>	<u>\$ 229.8</u>	<u>\$ 413.6</u>	<u>\$ 434.7</u>

Governmental Activities: Excluding the prior period adjustment, governmental activities increased the City's net position by \$5.4 million.

Business-type Activities: Business-type activities increased the City's net position by \$15.9 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, 2019, the City's governmental funds reported combined ending fund balances of \$97.3 million, an increase of \$12.6 million in comparison to the prior fiscal year. This increase is predominantly due to greater taxes and assessments revenue associated with sales tax generated

City of Santa Maria

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

from the voter-approval Measure U use tax increase from one-quarter to one-cent. In addition, the passage of the Senate Bill 1, the Road Repair and Accountability act of 2017, boosted Gas Tax revenues by \$1.4, and revenues collected in Growth Mitigation Funds from developers for residential and commercial development projects accounts for \$7.6 million of the governmental activities.

Approximately 81 percent of this amount (\$79 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 \$40.2 million, of which \$19.8 million was committed for economic stabilization, \$1 million assigned for unfunded pension liabilities, and \$6.2 million assigned for future liabilities associated with post-employment benefits.

General Fund operations resulted in revenues over expenditures by \$4.2 million. Transfers in were less than transfers out by \$600 thousand. Transfers out included transfers of \$1.6 million with equal shares going to the Local Economic Augmentation Fund and General Capital Projects Fund per Resolution 2018-62. Total tax revenues increased by \$8.2 million from the prior year, primarily from increases in Measure U use tax receipts of \$3.8 million and change in investment value of \$3.5 million. Sales taxes and property taxes also increased by \$1.4 million and 900 thousand, respectively. These increases were offset by a decrease in construction and building permits of \$400 thousand.

Sales and Measure U use tax revenue increased by 19.3 percent or \$5.2 million compared to the prior year. The substantial increase is primarily due voters' approval to raise Measure U use tax from one-quarter cent to one-cent. Property tax revenue increased by \$1.6 million over last fiscal year, a 9.4 percent increase. Combined, sales tax and property tax make up approximately 69 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 \$400 thousand less than last fiscal year due to Enos Ranch retail development occurring in the previous year.

Charges for services in the General Fund are \$1.9 million less than the prior year. Reimbursement for Fire mutual aid support to fight wildland fires decreased by \$570 thousand. Contract to operate an after-school program for a local school district expired in the prior year, accounting for \$510 thousand decrease in revenue. Police services provided to other agencies and POST reimbursements declined by \$270 thousand. Non-hazardous impacted soil (NHIS) revenue decreased by \$240 thousand. 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.

General Fund expenditures increased by \$3.7 million (5.4 percent) from \$68.4 million last fiscal year to \$72.1 million in the current fiscal year. Public Safety expenditures increased by \$3 million

City of Santa Maria

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

due to increased salaries, benefits, and overtime costs, along with operating transfers to the Fleet Services and Insurance Internal Service Funds. Police regular salaries and benefit costs (excluding overtime) increased by \$1.5 million and overtime costs increased by \$140 thousand. Fire regular personnel costs increased by \$490 thousand and overtime costs declined by \$384 thousand primarily due to less support of wildland fires. Public Safety operating transfers to the Fleet Services Internal Service Fund increased by \$770 thousand for use of new public safety vehicles. Public Safety operating transfers to the Insurance Internal Service Fund increased by \$230 thousand to fund their proportionate share of higher insurance premiums.

Measure U expenditures increased by \$1 million or 21.5 percent from the prior year. This increase is predominantly due to a capital transfer in the amount of \$800 thousand to replace the emergency dispatch alerting system at all fire stations.

The City has four other major funds: the General Capital Projects Fund, the Library Fund, the Growth Mitigation Fund, and the Community Development Capital Projects Fund. The General Capital Projects Fund accumulates resources to be used for the construction of capital improvements related to projects for general City benefit. 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, Orcutt, and Los Alamos. The Growth Mitigation Fund accounts for the receipt of developer and user fees as approved under State of California Assembly Bill 1600. The Community Development Capital Projects Fund was established to account for receipts from Community Development Block Grant Funds for special projects in the City.

The General Capital Projects Fund expended \$5.5 million. The current year's larger projects included expenditures of \$2 million on the shared 700 megahertz radio system and radio towers, \$1.5 million for the purchase of a fire ladder truck and equipment, \$756 thousand towards the capital lease payment and installation of the computer-aided dispatch and record management (CAD/RMS) system, renovation costs of \$260 thousand at Russell Park and \$290 thousand at various other parks, and \$250 thousand toward installation of downtown fiber optic network.

The Library Fund incurred operating costs under budget by \$470 thousand and revenues exceeded estimates by \$80 thousand. However, the Library Fund recorded a surplus of \$90 thousand resulting in an ending fund balance of \$1.1 million. Intergovernmental revenues, which include State and County funding, are \$30 thousand or 2.2 percent less than the prior year. Library Fund expenditures of \$3.2 million exceeded revenues by \$1.6 million. The General Fund subsidizes the Library through operating transfers of \$1.7 million, which was \$53 thousand more than last fiscal year.

The Growth Mitigation Fund recorded receipts of \$8.9 million and expended \$40 thousand. A prior period adjustment of \$70 thousand was recorded to correct (decrease) the recognition of prior year revenue that should have been posted to other funds. Including that adjustment and current year net change in fund balance, the Growth Mitigation has fund balance of \$31.6 million at June 30, 2019.

City of Santa Maria

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

The Community Development Capital Projects Fund recognized \$1.1 million in revenues, a decrease of about 34.7% compared to the prior year. The decrease is due to fewer projects being completed in 2018-19 compared to the prior year. Projects making up the majority of expenditures and transfers-out of \$1.2 million include seventeen public service projects totaling \$230 thousand, four residential rehabilitation projects totaling \$140 thousand, upgrades to the Good Samaritan facility of \$70 thousand, and partial funding of \$260 thousand for Russell Park renovation.

D. GENERAL FUND BUDGETARY HIGHLIGHTS

Original and Final Budget Comparison

Differences between the original budget and the final amended budget (\$800 thousand decrease) resulted primarily from the following:

- Operating budgets in various departments were reduced by a total of \$2.7 million to remove duplication of approximately thirty full-time equivalents.
- Carryover of \$180,900 in the Police Department for Livescan expenditures.
- The Police Department received grants from the State (OTS) totaling \$433,800 to conduct DUI enforcement and driver awareness check points and to fund traffic safety presentations and community events.
- Council authorized an appropriations totaling \$1.5 million in the Fire Department to replace the emergency dispatch alerting system at all fire stations (\$800,000) and supplement existing fleet replacement funds to replace three fire engines (\$323,000), and purchase and replace specialized equipment (\$334,000).
- Appropriation increase of \$222,000 in Community Development for the costs of reimbursable outside plan checks.

Final Budget and Actual Comparison

Total revenues were \$9 million (13.4 percent) greater than the final budget primarily due to the following:

- Sales tax exceeded budget by \$4.4 million or 15.6 percent due to voters' approval to raise Measure U use tax from one-quarter cent to one-cent. Measure U receipts account for \$3.7 million of total \$4.4 million sales tax increase.
- Transient Occupancy Tax (TOT) receipts were 3.5 percent or \$125,000 less than projections. The shortfall is due to tourism leveling off and increase in the number of hotels in neighboring communities.
- Building permit revenue is less than budget by \$266,000 or 9.7 percent primarily due to remaining projects at Enos Ranch development taking longer than expected to move through the construction process.
- Receipts of \$1.3 million from Non-Hazardous Impacted Soils Program (NHIS) exceeded estimates by \$900,000 or 225.6 percent. The City takes a very conservative approach when budgeting NHIS revenues due to the unpredictability of the revenue stream. NHIS is received from oil companies for a fee and is available for use in road beds throughout the City. Any

City of Santa Maria

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

NHIS not utilized for road beds is provided to the Solid Waste Division for use as landfill cover.

Total expenditures were \$4 million under the final budget which is primarily due to the following:

- General Government is under budget by \$420 thousand or 4.4 percent primarily due to salary and benefit savings due to changes in personnel and decreases in contractual expenditures.
- Community Development is under budget by \$395 thousand or 9.6 percent primarily due to staff vacancies and contractual agreements deferred to future years.
- Public Safety is under budget by \$966 thousand or 2 percent primarily due to salary and benefit savings attributed to vacancies.
- Recreation and Parks is under budget by 6 percent or \$630 thousand primarily due to salary and benefit savings attributed to vacancies.
- Public Works is under budget by \$555 thousand primarily due to salary and benefit savings associated with personnel vacancies.
- Total other financing sources and uses were under budget by \$4.3 million due to:
 - Transfers out is over budget by \$1.9 million primarily due to the transfer of revenues over expenditures of \$1.6 million from the General Fund to both the General Capital Projects Fund and Local Economic Augmentation Fund (LEAF) at year end in accordance with Resolution 2018-62.
 - The City Council authorized a capital transfer from Measure U to the General Capital Projects Fund, in the amount of \$800 thousand to replace the emergency dispatch alerting system at all fire stations.
 - The above variances were offset by a reduction in transfers in because the General Fund did not use the \$2.6 million in budgeted transfers in from the 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, 2019 amounted to \$316 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, 2019 was \$2.6 million or 0.8 percent (a 1.6% percent decrease for governmental activities and 0.4 percent increase for business type activities).

The chart below and Note 4 Capital Assets (page F-72 through F-74) provide additional detailed information on capital assets. The amounts shown below are expressed in millions.

City of Santa Maria
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

City of Santa Maria's Change in Capital Assets
(amounts expressed in millions)

	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Land	\$ 23.9	\$ 23.9	\$ 13.1	\$ 13.1	\$ 37.0	\$ 37.0
Buildings	90.8	87.4	81.2	80.7	172.0	168.1
Equipment	13.4	14.1	21.3	22.6	34.7	36.7
Infrastructure	59.7	57.3			59.7	57.3
Construction in progress	4.7	6.7	10.9	10.6	15.6	17.3
Total net capital assets	\$ 192.5	\$ 189.4	\$ 126.5	\$ 127.0	\$ 319.0	\$ 316.4

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

- Net capital assets used in governmental activities decreased by \$3.1 million. Depreciation expense was \$9 million and asset additions were \$3.4 million. Construction in progress increased by \$2 million primarily due to costs of \$2 million incurred for the City's new shared radio system. Other construction in progress additions totaled \$860 thousand and include \$350 thousand incurred for the computer-aided dispatch and records management system (CAD/RMS) for the Police and Fire departments, \$130 thousand for information technology improvements at the police facility on Betteravia, \$118 thousand expended on the downtown fiber optic network and \$260 thousand for improvements at Russell Park. Construction in progress deletions of \$500 thousand for the purchase of 49 new radios.
- Net capital assets used in business-type activities increased by \$500 thousand. Depreciation expense was \$7.3 million and asset additions were \$11.7 million. The Water and Wastewater Fund recorded water and sewer line improvements valued at \$1.4 million donated by developers and incurred expenses associated with building a biofilter at Jim May Park for \$1.4 million previously carried in construction in process. Construction in process increased by \$2 million primarily from capital improvements at the wastewater treatment plant of \$1.2 million and septage receiving station improvements of \$540 thousand. The Solid Waste Fund recorded capital expenditures of approximately \$680 thousand for the Los Flores Development Plan, \$210 thousand on landfill closure, \$360 thousand for replacement of refuse containers, and \$160 thousand expended on the landfill gas expansion project. The Transit Fund recorded \$1.9 million for four buses of which \$1.4 million was included in construction in progress in the prior year. Additions to the Transit Fund construction in process include \$280 thousand for improvements at the vehicle staging area, \$100 thousand for a new generator at the bus yard, \$65 thousand toward surveillance and security system, and \$50 thousand for bus stop improvements.
- Fleet asset additions were \$5.4 million versus deletions of \$1.5 million. The net increase of \$3.9 million is primarily due \$1.5 million for the purchase of a fire ladder truck, replacement of eight police vehicles totaling \$410 thousand, two refuse truck and one trash compactor replacements totaling \$1.5 million and two specialized vehicles for sewer inspection and cleaning costing \$640 thousand.

City of Santa Maria

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2019

- Business Equipment Fund asset additions were \$1.1 million versus deletions of \$300 thousand. The net increase of \$800 thousand is primarily due to an increase in construction in process for the purchase of mobile data computers totaling \$300 thousand, and \$500 thousand for new radios purchased and donated from the General Capital Projects Fund.

F. LONG-TERM LIABILITIES

At fiscal year end, the City had \$235.7 million in bonds and other long-term liabilities outstanding. The detail of this \$235.7 million as well as prior year amounts are shown below. Detailed information is also shown in the Notes to Basic Financial Statements section, beginning on page F-77.

City of Santa Maria's Change in Long-Term Debt
(amounts expressed in millions)

Activities	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Bonds/COP's	\$ -	\$ -	\$ 53.5	\$ 51.2	\$ 53.5	\$ 51.2
Accrued closure costs			16.6	16.2	16.6	16.2
Capital leases	3.0	2.5	0.9	0.6	3.9	3.1
Claims payable	10.9	11.0	3.7	3.7	14.6	14.7
Compensated absences	4.8	5.1	0.8	0.8	5.6	5.9
OPEB Liability	14.7	14.9	3.1	3.2	17.8	18.1
Net pension obligation	107.4	107.9	18.3	18.6	125.7	126.5
Total	\$ 140.8	\$ 141.4	\$ 96.9	\$ 94.3	\$ 237.7	\$ 235.7

The City's governmental debt increased by \$600 thousand primarily due to an increase of \$500 thousand in net pension liability and \$200 thousand in net Other Post-Employment Benefits (OPEB) liability. Excluding the net pension obligation and OPEB liability, governmental debt decreased by \$100 thousand to \$18.6 million, which is attributable to an increase of \$100 thousand in liability and worker's compensation claims payable as well as an increase of \$300 thousand in compensated absences. These increases were offset by a decrease of \$500 thousand for payments on capital leases.

Excluding the recording of business activity net pension liability of \$18.6 million and OPEB liability of \$3.2 million, the City's business activity debt decreased by \$3 million. This increase is predominately due to principal payments on the Water and Wastewater Revenue Bonds and capital leases totaling 2.6 million. In addition, accrued closure costs increased by \$400 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 Finance at (805) 925-0951 extension 2215.

BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS



City of Santa Maria

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business- Type Activities	Total
ASSETS:			
Current assets:			
Cash and investments	\$ 124,656,539	\$ 166,841,711	\$ 291,498,250
Restricted cash and investments with fiscal agents	1,646,199	5,319,813	6,966,012
Receivables, net	12,775,895	16,309,293	29,085,188
Loans receivable	6,691,418		6,691,418
Deposits	145,500	59,650	205,150
Deposits with CCWA		5,483,179	5,483,179
Prepaid items	235,482	24,051,908	24,287,390
Inventory	30,048	245,949	275,997
Internal balances	(2,735,466)	2,735,466	
Total current assets	<u>143,445,615</u>	<u>221,046,969</u>	<u>364,492,584</u>
Noncurrent assets:			
Nondepreciable capital assets	42,968,211	23,654,084	66,622,295
Net depreciable capital assets	146,468,634	103,295,922	249,764,556
Total noncurrent assets	<u>189,436,845</u>	<u>126,950,006</u>	<u>316,386,851</u>
Total assets	<u>332,882,460</u>	<u>347,996,975</u>	<u>680,879,435</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding		3,036,606	3,036,606
Deferred OPEB	436,290	91,667	527,957
Deferred pension	24,127,113	3,267,956	27,395,069
Total deferred outflows of resources	<u>24,563,403</u>	<u>6,396,229</u>	<u>30,959,632</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	3,547,728	3,529,864	7,077,592
Accrued wages and benefits	1,418,502	273,427	1,691,929
Unearned revenue	1,607,878	25,745,217	27,353,095
Debt due within one year	7,629,060	4,554,898	12,183,958
Total current liabilities	<u>14,203,168</u>	<u>34,103,406</u>	<u>48,306,574</u>
Noncurrent liabilities:			
Accrued closure costs		16,163,990	16,163,990
OPEB liability	14,937,173	3,164,479	18,101,652
Net pension liability	107,891,986	18,559,053	126,451,039
Debt due in more than one year	10,934,359	51,811,566	62,745,925
Total noncurrent liabilities	<u>133,763,518</u>	<u>89,699,088</u>	<u>223,462,606</u>
Total liabilities	<u>147,966,686</u>	<u>123,802,494</u>	<u>271,769,180</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred OPEB	2,104,755	413,856	2,518,611
Deferred pension	2,504,644	345,363	2,850,007
Total deferred inflows of resources	<u>4,609,399</u>	<u>759,219</u>	<u>5,368,618</u>
NET POSITION:			
Net investment in capital assets	186,940,376	70,182,987	257,123,363
Restricted for:			
Capital improvements	9,706,886		9,706,886
Community services	2,049,844		2,049,844
Debt service	278,199	10,802,992	11,081,191
Landscape maintenance	2,096,469		2,096,469
Public safety	355,755		355,755
Road maintenance	9,640,897		9,640,897
Total restricted	<u>24,128,050</u>	<u>10,802,992</u>	<u>34,931,042</u>
Unrestricted	(6,198,648)	148,845,512	142,646,864
Total net position	<u>\$ 204,869,778</u>	<u>\$ 229,831,491</u>	<u>\$ 434,701,269</u>

City of Santa Maria

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2019

Functions/Programs:	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 12,367,768	\$ 466,875	\$ 281,949	\$ -
Community development	6,172,842	3,053,722	99,345	1,085,952
Public safety	51,180,049	2,938,279	463,220	1,876,292
Recreation and parks	14,948,372	5,641,478	128	232,414
Public works	12,331,331	8,924,227		178,999
Library services	4,071,745	207,341	1,365,639	
Interest and fiscal charges	72,141			
Total governmental activities	101,144,248	21,231,922	2,210,281	3,373,657
Business-type Activities:				
Water and wastewater	44,240,450	49,521,003	111,564	1,430,809
Solid waste	20,473,443	24,899,793	85,067	
Public transit	7,219,970	882,701	2,441,598	2,343,649
Total business-type activities	71,933,863	75,303,497	2,638,229	3,774,458
Total primary government	\$ 173,078,111	\$ 96,535,419	\$ 4,848,510	\$ 7,148,115

General Revenues

Taxes:

Property taxes

Sales taxes

Franchise taxes

Transient occupancy taxes

Other taxes

Use of money and property

Other revenues

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of fiscal year

Prior period adjustments

Net position at beginning of fiscal year - restated

Net position at end of year

Net (Expense) Revenue and Changes in Net Position			
Total	Governmental Activities	Business-Type Activities	Total
\$ 748,824	\$ (11,618,944)	\$ -	\$ (11,618,944)
4,239,019	(1,933,823)		(1,933,823)
5,277,791	(45,902,258)		(45,902,258)
5,874,020	(9,074,352)		(9,074,352)
9,103,226	(3,228,105)		(3,228,105)
1,572,980	(2,498,765)		(2,498,765)
	(72,141)		(72,141)
<u>26,815,860</u>	<u>(74,328,388)</u>		<u>(74,328,388)</u>
51,063,376		6,822,926	6,822,926
24,984,860		4,511,417	4,511,417
5,667,948		(1,552,022)	(1,552,022)
<u>81,716,184</u>		<u>9,782,321</u>	<u>9,782,321</u>
<u>\$ 108,532,044</u>	<u>(74,328,388)</u>	<u>9,782,321</u>	<u>(64,546,067)</u>
	20,100,615		20,100,615
	42,425,965		42,425,965
	4,703,992		4,703,992
	3,445,935		3,445,935
	1,074,493		1,074,493
	6,166,372	7,483,722	13,650,094
	406,680	5,696	412,376
	1,373,361	(1,373,361)	
	<u>79,697,413</u>	<u>6,116,057</u>	<u>85,813,470</u>
	<u>5,369,025</u>	<u>15,898,378</u>	<u>21,267,403</u>
	199,739,419	213,933,113	413,672,532
	(238,666)		(238,666)
	<u>199,500,753</u>	<u>213,933,113</u>	<u>413,433,866</u>
	<u>\$ 204,869,778</u>	<u>\$ 229,831,491</u>	<u>\$ 434,701,269</u>



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 Fund - 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.

Growth Mitigation Fund - This fund accounts for the receipt of developer and user fees as approved under State of California Assembly Bill 1600.

Community Development Capital Project Fund - This fund was established to account for receipts from Community Development Block Grant Funds for special projects in the City.

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, 2019

	Major Funds			
	General	General Capital Projects	Library	Growth Mitigation
ASSETS:				
Cash and investments	\$ 35,837,432	\$ 5,408,586	\$ 1,142,393	\$ 30,748,265
Cash with fiscal agent		1,368,000		
Accounts receivable	10,203,665	387,912	4,943	213,878
Loans receivable	165,490			664,543
Advances receivable				
Prepaid items	34,153	3,072	4,672	
Deposits	6,750			
Due from other funds		143,718		
Total assets	<u>\$ 46,247,490</u>	<u>\$ 7,311,288</u>	<u>\$ 1,152,008</u>	<u>\$ 31,626,686</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
Accounts payable	\$ 1,138,226	\$ 526,633	\$ 16,553	\$ 6,359
Advances payable	2,428,145	307,321		
Accrued wages and benefits	1,286,334		46,126	
Unearned revenue	991,404		4,309	
Due to other funds				
Total liabilities	<u>5,844,109</u>	<u>833,954</u>	<u>66,988</u>	<u>6,359</u>
Deferred Inflows of Resources:				
Deferred revenue	165,490			
Total deferred inflows of resources	<u>165,490</u>			
Fund Balances:				
Nonspendable:				
Prepaid items	34,153	3,072	4,672	
Restricted for:				
Community development				
Debt service				
Drainage				
Education				
Landscape maintenance				
Library			1,080,348	
Park acquisition				
Park development				
Public safety				
Road maintenance				
Committed for:				
Economic stabilization	19,800,000			
Assigned for:				
Capital projects		6,474,262		31,620,327
Post employment benefits	6,248,027			
Unfunded pension benefits	982,754			
Unassigned	13,172,957			
Total fund balances	<u>40,237,891</u>	<u>6,477,334</u>	<u>1,085,020</u>	<u>31,620,327</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 46,247,490</u>	<u>\$ 7,311,288</u>	<u>\$ 1,152,008</u>	<u>\$ 31,626,686</u>

Community Development Capital Projects	Non-major Governmental Funds	Total Governmental Funds
\$ 1,615	\$ 17,803,775	\$ 90,942,066
	278,199	1,646,199
445,725	1,336,408	12,592,531
5,755,035	106,350	6,691,418
	42,477	42,477
	10,261	52,158
		6,750
		143,718
<u>\$ 6,202,375</u>	<u>\$ 19,577,470</u>	<u>\$ 112,117,317</u>
\$ 180,409	\$ 1,012,352	\$ 2,880,532
	42,477	2,777,943
	72,459	1,404,919
	612,165	1,607,878
143,718		143,718
<u>324,127</u>	<u>1,739,453</u>	<u>8,814,990</u>
<u>5,780,035</u>	<u>106,350</u>	<u>6,051,875</u>
<u>5,780,035</u>	<u>106,350</u>	<u>6,051,875</u>
	10,261	52,158
98,213	449,618	547,831
	278,199	278,199
	322,590	322,590
	315,054	315,054
	2,096,469	2,096,469
		1,080,348
	1,586,651	1,586,651
	1,999,866	1,999,866
	355,755	355,755
	9,640,897	9,640,897
		19,800,000
	679,505	38,774,094
		6,248,027
		982,754
	(3,198)	13,169,759
<u>98,213</u>	<u>17,731,667</u>	<u>97,250,452</u>
<u>\$ 6,202,375</u>	<u>\$ 19,577,470</u>	<u>\$ 112,117,317</u>



City of Santa Maria

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

June 30, 2019

Total fund balances - governmental funds \$ 97,250,452

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets are not current financial resources and, therefore, are not reported in the governmental funds. Net capital assets of \$12,719,684 (\$31,640,266 less accumulated depreciation of \$18,920,583) allocated from internal service funds are included in the information below.

Capital assets at historical cost	\$ 404,696,496	
Accumulated depreciation	(215,259,651)	
Net capital assets		189,436,845

Long-term liabilities are not due and payable in the current fiscal period and, therefore, are not reported in the governmental funds. Long-term liabilities of \$12,675,344 allocated from internal service funds are included in the information below.

Compensated absences	\$ 5,051,466	
OPEB liability	14,937,173	
Claims payable	11,015,484	
Capital lease payable	2,496,469	
Net pension liability	107,891,986	
Total long-term liabilities		(141,392,578)

Deferred outflows and inflows of resources relating to pensions and other postemployment benefits (OPEB) are applicable to future periods and, therefore, are not reported in the governmental funds. Deferred outflows of resources of \$156,181 and deferred inflows of resources of \$34,760 allocated from internal service funds are included in the information below.

Deferred outflows of resources relating to OPEB	\$ 436,290	
Deferred outflows of resources relating to pensions	24,127,113	
Deferred inflows of resources relating to OPEB	(2,104,755)	
Deferred inflows of resources relating to pensions	(2,504,644)	
Net		19,954,004

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.

6,051,875

Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. Assets and liabilities of the internal service funds not mentioned above is:

33,569,180

Total net position - governmental activities

\$ 204,869,778

City of Santa Maria

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Governmental Funds

For the Fiscal Year Ended June 30, 2019

	Major Funds			
	General	General Capital Projects	Library	Growth Mitigation
REVENUES:				
Taxes and assessments	\$ 61,642,338	\$ -	\$ -	\$ -
Permits, fines and forfeitures	2,485,799			
Use of money and property	4,027,140	9	62,455	1,286,132
Intergovernmental revenues	1,494,135	1,220,824	1,365,639	
Charges for current services	6,338,668		77,048	7,602,851
Other revenues	353,440		3,521	
Total revenues	76,341,520	1,220,833	1,508,663	8,888,983
EXPENDITURES:				
Current:				
General government	9,203,070			
Community development	3,732,225			
Public safety	46,195,860			
Recreation and parks	9,864,428			
Public works	2,745,100			
Library	78,866		3,085,457	
Capital outlay	296,738	5,190,813	68,062	39,581
Debt service:				
Principal		203,930		
Interest and fiscal charges		70,252		
Total expenditures	72,116,287	5,464,995	3,153,519	39,581
Excess of revenues over (under) expenditures	4,225,233	(4,244,162)	(1,644,856)	8,849,402
OTHER FINANCING SOURCES (USES):				
Transfers in	5,145,415	2,371,183	1,738,660	
Transfers out	(5,748,592)			
Total other financing sources (uses)	(603,177)	2,371,183	1,738,660	
NET CHANGE IN FUND BALANCES	3,622,056	(1,872,979)	93,804	8,849,402
Fund balances - July 1, 2018	36,615,835	8,358,139	991,216	22,841,432
Prior period adjustments		(7,826)		(70,507)
Fund balances - July 1, 2018, restated	36,615,835	8,350,313	991,216	22,770,925
Fund balances - June 30, 2019	\$ 40,237,891	\$ 6,477,334	\$ 1,085,020	\$ 31,620,327

Community Development Capital Projects	Non-major Governmental Funds	Total Governmental Funds
\$ -	\$ 13,886,089	\$ 75,528,427
	512,088	2,997,887
4,236	786,400	6,166,372
1,085,952	417,386	5,583,936
5,000	433,032	14,456,599
	48,516	405,477
<u>1,095,188</u>	<u>16,083,511</u>	<u>105,138,698</u>
	224,424	9,427,494
471,559	421,258	4,625,042
	48,100	46,243,960
	3,195,207	13,059,635
	3,367,430	6,112,530
		3,164,323
	5,086,307	10,681,501
		203,930
	1,884	72,136
<u>471,559</u>	<u>12,344,610</u>	<u>93,590,551</u>
<u>623,629</u>	<u>3,738,901</u>	<u>11,548,147</u>
	2,367,938	11,623,196
<u>(686,301)</u>	<u>(4,185,833)</u>	<u>(10,620,726)</u>
<u>(686,301)</u>	<u>(1,817,895)</u>	<u>1,002,470</u>
<u>(62,672)</u>	<u>1,921,006</u>	<u>12,550,617</u>
160,885	15,740,154	84,707,661
	70,507	(7,826)
<u>160,885</u>	<u>15,810,661</u>	<u>84,699,835</u>
<u>\$ 98,213</u>	<u>\$ 17,731,667</u>	<u>\$ 97,250,452</u>



City of Santa Maria

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2019

Net changes in fund balances - total governmental funds \$ 12,550,617

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 outlay exceeds depreciation in the current fiscal period and the loss on disposal of capital assets during the current fiscal period.

Capital outlay	\$ 5,585,579	
Depreciation	(9,017,121)	
Loss on disposal of capital asset	(401)	
	<hr/>	
Net capital assets		(3,431,943)

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. This amount is the net affect of these differences in the treatment of long-term debt and related items.

179,631

In governmental funds, other post employment benefit (OPEB) costs are recognized when the payment is made. In the statement of activities, OPEB costs are determined based on the accrual basis. This amount is the net change on net OPEB liability, deferred outflows of resources and deferred inflows of resources under the accrual basis.

(682,377)

In governmental funds, pension costs are recognized when the payment is made. In the statement of activities, pension costs are determined based on the accrual basis. This amount is the net change on net pension liability, deferred outflows of resources and deferred inflows of resources under the accrual basis.

(7,436,699)

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.

(779,222)

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.

4,969,018

Change in net position - governmental activities

\$ 5,369,025



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.

Proprietary Funds

STATEMENT OF NET POSITION

Proprietary Funds

June 30, 2019

	Enterprise Funds	
	Water and Wastewater	Solid Waste
ASSETS:		
Current assets:		
Cash and investments	\$ 65,194,040	\$ 70,186,818
Accounts receivable, net	6,809,298	2,644,435
Other receivables	403,163	371,714
Deposits	13,400	
Prepaid items	24,015,658	29,261
Inventory	215,900	
Due from other funds		
Total current assets	96,651,459	73,232,228
Noncurrent assets:		
Restricted assets:		
Deposit with CCWA	5,483,179	
Advances receivables		2,735,466
Restricted cash and investments	5,319,813	
Total restricted assets	10,802,992	2,735,466
Capital assets:		
Nondepreciable assets	10,976,442	7,195,861
Depreciable assets, net	69,315,528	13,050,268
Total net capital assets	80,291,970	20,246,129
Total noncurrent assets	91,094,962	22,981,595
Total assets	187,746,421	96,213,823
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred charge on refunding	3,036,606	
Deferred OPEB	52,945	30,581
Deferred pension	1,547,573	1,467,706
Total deferred outflows of resources	4,637,124	1,498,287
LIABILITIES:		
Current liabilities:		
Accounts payable	1,212,770	991,705
Accrued wages and benefits	118,968	134,579
Unearned revenue		250
Debt due within one year	2,850,863	372,103
Total current liabilities	4,182,601	1,498,637
Noncurrent liabilities:		
COP bond payable	48,654,523	
Compensated absences	69,243	89,850
OPEB liability	1,462,942	1,479,678
Claims payable		
Accrued closure care costs		16,163,990
Capital lease payable		
Net pension liability	8,788,829	8,335,251
Total noncurrent liabilities	58,975,537	26,068,769
Total liabilities	63,158,138	27,567,406
DEFERRED INFLOWS OF RESOURCES:		
Deferred OPEB	179,331	206,228
Deferred pension	163,550	155,109
Total deferred inflows of resources	342,881	361,337
NET POSITION:		
Net investment in capital assets	24,143,102	20,246,129
Restricted	10,802,992	2,735,466
Unrestricted	93,936,432	46,801,772
Total net position	\$ 128,882,526	\$ 69,783,367

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

Net position of business-type activities

Transit	Total Enterprise Funds	Internal Service Funds
\$ 20,670,635	\$ 156,051,493	\$ 44,504,691
1,776,878	11,230,611	248,092
4,239,077	5,013,954	
	13,400	185,000
5,333	24,050,252	184,980
	215,900	60,097
26,691,923	196,575,610	45,182,860
	5,483,179	
	2,735,466	
	5,319,813	
	13,538,458	
5,377,565	23,549,868	523,932
14,251,166	96,616,962	18,978,928
19,628,731	120,166,830	19,502,860
19,628,731	133,705,288	19,502,860
46,320,654	330,280,898	64,685,720
	3,036,606	
3,852	87,378	9,623
101,830	3,117,109	301,693
105,682	6,241,093	311,316
1,172,019	3,376,494	820,566
8,692	262,239	24,771
25,744,967	25,745,217	
16,589	3,239,555	4,586,191
26,942,267	32,623,505	5,431,528
	48,654,523	
4,006	163,099	7,613
95,187	3,037,807	289,844
		10,780,469
	16,163,990	
		590,514
578,301	17,702,381	1,713,344
677,494	85,721,800	13,381,784
27,619,761	118,345,305	18,813,312
14,769	400,328	32,346
10,762	329,421	31,883
25,531	729,749	64,229
19,628,731	64,017,962	18,266,559
	13,538,458	
(847,687)	139,890,517	27,852,936
\$ 18,781,044	217,446,937	\$ 46,119,495
	12,384,554	
	\$ 229,831,491	

City of Santa Maria

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

Proprietary Funds

For the Fiscal Year Ended June 30, 2019

	Enterprise Funds		
	Water and Wastewater	Solid Waste	Transit
OPERATING REVENUES:			
Charges for current services	\$ 49,521,003	\$ 24,899,793	\$ 882,701
Other revenues		5,423	
Total operating revenues	49,521,003	24,905,216	882,701
OPERATING EXPENSES:			
Salaries, wages and benefits	5,631,830	6,004,438	382,379
Materials and supplies	2,106,952	331,315	20,949
Equipment maintenance and operation	4,408,488	4,667,903	3,515,081
Contracts and services	3,741,055	10,096,222	207,710
State water payments:			
State water payments to DWR	18,491,645		
State water payments to CCWA	3,872,848		
Depreciation	3,569,459	1,098,317	1,460,208
Total operating expenses	41,822,277	22,198,195	5,586,327
Operating income (loss)	7,698,726	2,707,021	(4,703,626)
NONOPERATING REVENUES (EXPENSES):			
Local, state and federal grants	111,564	85,067	2,461,115
Interest income	3,629,598	2,977,589	876,535
Amortization expense	(425,260)		
Gain (loss) on sale of equipment		(102,282)	6,200
Interest expense	(2,354,506)		
Noncapitalized costs and planning studies			(1,652,830)
Contributed capital to other agency			
Total nonoperating revenues (expenses)	961,396	2,960,374	1,691,020
Income (loss) before capital contributions and transfers	8,660,122	5,667,395	(3,012,606)
Capital contributions	1,430,809		2,324,132
Transfers in			
Transfers out	(721,060)	(612,450)	(91,317)
Change in net position	9,369,871	5,054,945	(779,791)
NET POSITION:			
Beginning of fiscal year	119,512,655	64,728,422	19,560,835
Prior period adjustments			
Beginning of fiscal year - restated	119,512,655	64,728,422	19,560,835
End of fiscal year	\$ 128,882,526	\$ 69,783,367	\$ 18,781,044

Adjustment to reflect the consolidation of Internal Services Fund activities to related Enterprise Funds
Change in net position of business-type activities

Total Enterprise Funds	Internal Service Funds
\$ 75,303,497	\$ 19,605,657
5,423	1,478
<u>75,308,920</u>	<u>19,607,135</u>
12,018,647	1,543,419
2,459,216	2,028,042
12,591,472	1,929,614
14,044,987	5,921,427
18,491,645	
3,872,848	
6,127,984	3,656,644
<u>69,606,799</u>	<u>15,079,146</u>
<u>5,702,121</u>	<u>4,527,989</u>
2,657,746	
7,483,722	
(425,260)	
(96,082)	59,372
(2,354,506)	
(1,652,830)	
	(40,539)
<u>5,612,790</u>	<u>18,833</u>
11,314,911	4,546,822
3,754,941	2,463,558
	817,304
(1,424,827)	(394,947)
<u>13,645,025</u>	<u>7,432,737</u>
	38,917,598
	(230,840)
	<u>38,686,758</u>
	<u>\$ 46,119,495</u>
2,253,353	
<u>\$ 15,898,378</u>	

City of Santa Maria

STATEMENT OF CASH FLOWS

Proprietary Funds

For the Fiscal Year Ended June 30, 2019

	Enterprise Funds		
	Water and Wastewater	Solid Waste	Transit
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts for current services	\$ 49,153,249	\$ 23,805,283	\$ 872,066
Payments for goods and services	(36,665,715)	(14,260,345)	(3,104,336)
Payments to employees	(4,784,711)	(3,606,582)	(379,259)
Net cash provided by (used for) operating activities	7,702,823	5,938,356	(2,611,529)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Grant revenues received	91,546	111,583	4,731,288
Noncapitalized costs and planning studies			(1,652,830)
Transfers in from other funds			
Transfers out to other funds	(721,060)	(612,450)	(91,317)
Net cash provided by (used for) noncapital financing activities	(629,514)	(500,867)	2,987,141
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grant revenues received			616,817
Purchase of capital assets	(2,023,561)	(1,402,504)	(680,414)
Bond payments made	(2,565,035)		
Lease payments made			
Interest payments made	(2,067,678)		
Proceeds from sale of capital assets			6,200
Net cash used for capital and related financing activities	(6,656,274)	(1,402,504)	(57,397)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Loan repayments received		662,347	
Proceeds (purchase) of investments	4,686,724	1,058,508	1,284,885
Interest income received	3,565,936	2,914,354	846,472
Net cash provided by investing activities	8,252,660	4,635,209	2,131,357
Net increase (decrease) in cash and cash equivalents	8,669,695	8,670,194	2,449,572
CASH AND CASH EQUIVALENTS:			
Beginning of fiscal year	22,450,814	17,023,738	5,117,527
End of fiscal year	<u>\$ 31,120,509</u>	<u>\$ 25,693,932</u>	<u>\$ 7,567,099</u>
Reconciliation of cash and investments per the statement of net position:			
Cash and investments	\$ 65,194,040	\$ 70,186,818	\$ 20,670,635
Restricted cash and investments	10,802,992		
Less: non-cash equivalents	(44,876,523)	(44,492,886)	(13,103,536)
Total cash and cash equivalents	<u>\$ 31,120,509</u>	<u>\$ 25,693,932</u>	<u>\$ 7,567,099</u>

Total Enterprise Funds	Internal Service Funds
\$ 73,830,598	\$ 19,603,852
(54,030,396)	(6,915,402)
(8,770,552)	(1,022,215)
<u>11,029,650</u>	<u>11,666,235</u>
4,934,417	
(1,652,830)	
(1,424,827)	817,304
<u>1,856,760</u>	<u>(394,947)</u>
616,817	
(4,106,479)	(2,789,980)
(2,565,035)	
(2,067,678)	(645,789)
6,200	(40,538)
<u>6,200</u>	<u>49,396</u>
<u>(8,116,175)</u>	<u>(3,426,911)</u>
662,347	
7,030,117	(1,830,314)
7,326,762	
<u>15,019,226</u>	<u>(1,830,314)</u>
19,789,461	6,831,367
44,592,079	14,477,228
<u>\$ 64,381,540</u>	<u>\$ 21,308,595</u>
\$ 156,051,493	\$ 44,504,691
10,802,992	
(102,472,945)	(23,196,096)
<u>\$ 64,381,540</u>	<u>\$ 21,308,595</u>

City of Santa Maria

STATEMENT OF CASH FLOWS

Proprietary Funds

For the Fiscal Year Ended June 30, 2019

	Enterprise Funds		
	Water and Wastewater	Solid Waste	Transit
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 7,698,726	\$ 2,707,021	\$ (4,703,626)
Adjustments to reconcile operating activities:			
Depreciation expense	3,569,459	1,098,317	1,460,208
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
Accounts receivable	(367,754)	(1,099,933)	(11,334)
Prepaid items	(4,387,318)	(29,261)	16,717
Inventory			
Deferred outflows for OPEB	(1,578)	(30,581)	(273)
Deferred outflows for pensions	620,998	896,790	57,352
Accounts payable	342,591	500,166	622,687
Accrued wages and benefits	25,830	48,864	1,883
Unearned revenue			699
Compensated absences	44,679	57,124	(150)
OPEB liability	22,404	1,062,171	2,051
Claims payable			
Postclosure care costs		364,190	
Pension liability	143,456	794,671	(56,306)
Deferred inflows for OPEB	36,962	206,228	3,156
Deferred inflows for pensions	(45,632)	(637,411)	(4,593)
Net cash provided by (used for) operating activities	\$ 7,702,823	\$ 5,938,356	\$ (2,611,529)
NON-CASH ACTIVITY:			
Amortization of deferral on refunding and bond premium	\$ 426,184	\$ -	\$ -
Accretion discount	(378,573)		
Transfer of capital asset	(10,850)		
Contributed capital asset	1,430,809		

Total Enterprise Funds	Internal Service Funds
\$ 5,702,121	\$ 4,527,989
6,127,984	3,656,644
(1,479,021)	(3,283)
(4,399,862)	(63,689)
	461,885
(32,432)	(1,877)
1,575,140	1,113
1,465,444	326,174
76,577	7,171
699	
101,653	(8,304)
1,086,626	6,344
	2,239,311
364,190	
881,821	506,156
246,346	7,927
(687,636)	2,674
<u>\$ 11,029,650</u>	<u>\$ 11,666,235</u>
0	
\$ 426,184	\$ -
(378,573)	
(10,850)	10,850
1,430,809	2,452,708



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, 2019

	Private Purpose Trust Fund	Agency Funds
ASSETS:		
Cash and investments	\$ -	\$ 6,269,321
Accounts receivable		17,553
Total assets		\$ 6,286,874
LIABILITIES:		
Trust deposits		\$ 6,286,874
Total liabilities		\$ 6,286,874
NET POSITION:		
Held in trust for other taxing entities		
Total net position	\$ -	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Year Ended June 30, 2019

	Private Purpose Trust Fund
ADDITIONS:	
Total additions	\$ -
DELETIONS:	
Tax increment reimbursement	412
Total deletions	412
Net change in net position	(412)
Net position - July 1, 2018	412
Net position - June 30, 2019	\$ -



City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Santa Maria (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 U.S. GAAP, 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 1700 North Broadway, Suite 405, Walnut Creek, CA 94596.

Central Coast Water Authority: Central Coast Water Authority (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, 2019

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, 2019

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, 2019

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 Fund: 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.

Growth Mitigation Fund: This fund accounts for the receipt of developer and user fees as approved under State of California Assembly Bill 1600.

Community Development Capital Projects Fund: This fund was established to account for receipts from Community Development Block Grant Funds for special projects in the City.

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-

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2019

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.

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. The Successor Agency was dissolved during the 2018-19 fiscal year.

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.

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2019

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 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. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs - other than quoted prices included within level 1 - that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

E. 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."

F. 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.

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2019

G. 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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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

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 shown on the following page:

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Water and Wastewater and Solid Waste Funds:

Facilities and Improvements	25-50 years
Equipment	6-15 years

Transit Fund:

Facilities and Improvements	25-50 years
Equipment	3-10 years
Buses	10 years

Fleet Service Fund:

Equipment	3-10 years
Vehicles	5 years

Business Equipment Fund:

Equipment	3-10 years
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H. *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.

I. *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.

J. *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

City of Santa Maria

Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2019

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.

K. 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 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.

L. Post-Employment Benefits

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. 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, 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

City of Santa Maria

Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2019

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.

N. 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.”

O. 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.

P. 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.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

Q. 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.

R. Use of Estimates

The preparation of the basic financial statements in conformity with U.S. 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.

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2019

S. 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 2024. The City is required to report a portion of these closure and postclosure costs as an operating expense each fiscal year based on landfill capacity used.

The City reported \$16.2 million in landfill closure and postclosure care liability at June 30, 2019, and is based on the percent of capacity used (86.4%) as of June 30, 2019. It is estimated that the total cost of all closure and postclosure costs to be \$21.4 million at June 30, 2019. The City will recognize remaining estimated costs of \$5.2 million in closure and postclosure care as the remaining capacity is filled, which is expected to be by 2024. Inflation and changes in technology and/or regulations may result in higher or lower 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 have been met by a pledge of the General Fund sales tax revenue should the Solid Waste Fund be unable to perform in accordance with the requirements.

T. 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 U.S. GAAP. 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

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2019

controlled at the project level.

U. 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 three items which qualify 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 Statement of Net Position and Governmental Funds Balance Sheet will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of fund balance by the government that is applicable to a future reporting period.

The City has two items which qualify for reporting in this category; refer to Note 7 for a detailed listing of deferred inflows of resources the City has recognized.

V. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

GASB Pronouncement	Title	Effective Date
Statement No. 84	"Fiduciary Activities"	Fiscal years beginning after December 15, 2018
Statement No. 87	"Leases"	Fiscal years beginning after December 15, 2019
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	Fiscal years beginning after December 15, 2019
Statement No. 90	"Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61"	Fiscal years beginning after December 15, 2018
Statement No. 91	"Conduit Debt Obligations"	Fiscal years beginning after December 15, 2020

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2019

2. CASH AND INVESTMENTS

A. Cash and Investments

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

Statement of Net Position:

Cash and investments	\$ 291,498,250
Cash and investments held by fiscal agent	6,966,012

Fiduciary Funds:

Cash and investments	<u>6,269,321</u>
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Total cash and investments	<u><u>\$ 304,733,583</u></u>
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The composition of cash and investments as of June 30, 2019, is as follows:

Cash on hand	\$ 17,135
Deposits with financial institutions	10,847,700
Investments	<u>293,868,748</u>
Total cash and investments	<u><u>\$ 304,733,583</u></u>

The City categorizes its fair value measurements within the fair value hierarchy established by U.S. Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobserved inputs.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

The City had the following recurring fair value measurements as of June 30, 2019:

Investment Type	Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
US Treasury Bonds	\$ 146,604,732	\$ 146,604,732	\$ -	\$ -
Federal Agency Issues	11,301,445	11,301,445		
Negotiable Certificates of Deposit	18,526,844	18,526,844		
Medium-Term Corporate Notes	50,418,594	50,418,594		
Municipal Obligations	4,120,693	4,120,693		
Total investments measured at fair value	230,972,308	\$ 230,972,308	\$ -	\$ -

Investments measured at amortized costs

Local Agency Investment Fund (LAIF)	55,930,052
Money Market Funds	6,966,388
Total investments	\$ 293,868,748

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	\$65 million
Mutual Funds	N/A	20%	None

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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:

Investment Type	Value	Remaining Maturing (in Months)			
		12 Months or Less	13 to 24 Months	25-60 Months	More Than 60 Months
US Treasury Bonds	\$ 146,604,732	\$ -	\$ 40,174,285	\$ 106,430,447	\$ -
Federal Agency Issues	11,301,445		1,979,460	9,321,985	
Negotiable Certificates of Deposit	18,526,844	6,780,633	11,746,211		
Medium-Term Corporate Notes	50,418,594	4,543,929	12,614,170	32,239,557	1,020,938
Municipal Obligations	4,120,693	2,871,493	1,249,200		
Local Agency Investment Fund (LAIF)	55,930,052	55,930,052			
Money Market Funds	376	376			
Held by fiscal agent:					
Money Market Funds	6,966,012	6,966,012			
Total	\$ 293,868,748	\$ 77,092,495	\$ 67,763,326	\$ 147,991,989	\$ 1,020,938

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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	Rating as of Fiscal Year End					Not Rated	Total
			AAA	AA	A	A-1	B		
US Treasury Bonds	\$ 146,604,732	N/A	\$ -	\$ 146,604,732	\$ -	\$ -	\$ -	\$ -	\$ 146,604,732
Federal Agency Issues	11,301,445	N/A		11,301,445					11,301,445
Negotiable Certificates of Deposit	18,526,844	A		5,585,074	6,161,137	6,780,633			18,526,844
Medium-Term Corporate Notes	50,418,594	A	3,323,691	15,948,898	23,864,398		7,281,607		50,418,594
Municipal Obligations	4,120,693	A		1,249,200	2,871,493				4,120,693
Local Agency Investment Fund (LAIF)	55,930,052	N/A						55,930,052	55,930,052
Money Market Funds	376	N/A						376	376
Held by fiscal agent: Money Market Funds	6,966,012	A						6,966,012	6,966,012
Total	\$ 293,868,748		\$ 3,323,691	\$ 180,689,349	\$ 32,897,028	\$ 6,780,633	\$ 7,281,607	\$ 62,896,440	\$ 293,868,748

G. Concentration of Credit Risk

The Investment Policy of the City contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2019, there were no investments in which one issuer held 5% or more of the total City's investments.

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:

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Treasury Bonds/Notes	\$ 146,604,732
Medium-Term Corporate Notes	50,418,594
Federal Agency Issues	11,301,445
Certificates of Deposit	18,526,844
Municipal Obligations	4,120,693

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, 2019, 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, 2019, 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, 2019

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:

Governmental accounts receivables:

Governmental	Accounts Receivable				Loans Receivable
	Accrued Revenue	Interest Receivable	Grants Receivable	Total	
General	\$ 9,788,529	\$ 415,136	\$ -	\$10,203,665	\$ 165,490
Library	1,972		2,971	4,943	
General Capital Projects	387,912			387,912	
Growth Mitigation		213,878		213,878	664,543
Community Development Capital Projects	445,725			445,725	5,755,035
Nonmajor Governmental Funds	1,210,930	110,284	15,194	1,336,408	106,350
Internal Service Funds	183,364			183,364	
Total	\$12,018,432	\$ 739,298	\$ 18,165	\$12,775,895	\$ 6,691,418

Business-type receivables:

Business-type	Accounts Receivable	Allowance for Doubtful Accounts	Total Net Receivables	Other Receivables		
				Interest Receivable	Grants Receivable	Total
Water and Wastewater	\$ 6,971,052	\$ 161,754	\$ 6,809,298	\$ 383,146	\$ 20,018	\$ 403,164
Solid Waste	2,730,275	85,840	2,644,435	371,714		371,714
Transit	1,776,878		1,776,878	114,097	4,124,979	4,239,076
Internal Service Funds	64,728		64,728			
Total	\$11,542,933	\$ 247,594	\$11,295,339	\$ 868,957	\$ 4,144,996	\$ 5,013,954

A. Loans Receivable

Deferred Payment Agreements

Growth Mitigation Fee Deferred Payment Agreement: On February 22, 2017, the City entered into an Agreement Deferring Payment of Traffic Impact Mitigation Fee with Gateway Associates L.P., a California limited partnership, in which the City agreed to defer \$949,543 in traffic impact mitigation fees related to the development of a project, named the Gateway Business Center. Repayment of the fees is to be made in nine annual installments, without interest beginning on December 6, 2017. The outstanding balance as of June 30, 2019 was \$664,543.

Loans Receivable

The table on the following page is a summary of the status of loans by program or project as of June 30, 2019. Additional detail on each loan program follows.

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2019

Program/Project	Number of Outstanding Loans	Payments Made During 2018-19	Total Outstanding Balance
Residential Rehabilitation	14	25,000	\$ 262,427
Habitat for Humanity Residential Rehabilitation	3	13,600	90,100
Non-Profit Facilities	38		4,772,781
Neighborhood Stabilization	3		619,096
Economic Development Program	1		10,631
Oak Valley Lots	8	86,376	165,490
Economic Development Fund (formerly Business Retention / Attraction Loan Program)	7		106,350
Totals	74	\$ 124,976	\$ 6,026,875

Residential Rehabilitation Loan Program (CDBG): The Residential Rehabilitation Loan Program provided no-interest loans of up to \$40,000 for rehabilitation of single family owner-occupied dwellings. The loans were funded entirely with Community Development Block Grant (CDBG) funds. For each loan, the City maintains a lien against the property, and payment of the loan is deferred until the property changes ownership. Funds under this program have been expended and there will be no further residential rehabilitation loans. However, the City of Santa Maria provides CDBG funding to Community Action Partnership of San Luis Obispo, Inc. (CAPSLO) to offer minor home repair services. This assistance is offered in the form of grants to low-income homeowners and renters.

Habitat for Humanity Residential Rehabilitation Loan Program (CDBG): On July 1, 2005, a new program was funded with Community Development Block Grant (CDBG) funds. This program provided no-interest loans of up to \$40,000 for rehabilitation of low-income qualified, single family, owner-occupied dwellings. Habitat for Humanity (HFH) operated the program as a contractor for the City until June 30, 2009. The program assisted in the alleviation of code violations, lead-based paint abatement, and improving the quality of existing housing stock owned by low-income families in the City. As of July 1, 2009, the contract with HFH ended.

Non-Profit Facilities Program (CDBG): The Non-Profit Facilities Program provides no-interest, deferred-payment loans to non-profits for physical improvements to their facilities. The loans are amortized and forgiven at the rate of 10 percent per year. The amortization begins immediately for loans used for rehabilitation or room additions, and after five years for acquisition or new construction loans. The City is repaid only upon sale or transfer of the property.

Neighborhood Stabilization Program (CDBG): The Neighborhood Stabilization Program (NSP) was authorized under the Housing and Economic Recovery Act (HERA) of 2008 that was

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2019

approved by Congress in July 2008. This program was administered by the U.S. Department of Housing and Urban Development (HUD) at the Federal level and the Department of Housing and Community Development (HCD) at the State level. The program targeted areas experiencing high foreclosure and property abandonment problems. Two of the three properties acquired were 614 South Pine Street (duplex) and 607 West Cook Street (triplex). Both properties were rehabilitated and transferred to Good Samaritan Shelter to provide low-income housing. The properties are on an amortization schedule which begins immediately for the rehabilitation portion of the grant and five years after the closing date for the acquisition portion of the grant.

Economic Development Program (CDBG): The Economic Development Program provided loans to businesses to help create and retain jobs for low income residents. The loan amount, term and interest rate were determined on a case-by-case basis. One interest-bearing loan exists under the program and is currently in default. The City Attorney's office filed a final judgment by default against Art-Craft Paint, Inc. in Superior Court on July 6, 2011. Since March 2001, there have been no new loans approved. The remaining funds that were allocated to this program were re-allocated to the Library Project.

Oak Valley Self-Help Project, Lots 138-207 (General Fund): From December 1991 to November 1992, 70 loans originated under the Oak Valley Self-Help Project. They were no-interest loan secured by a third deed of trust held by the City. They are deferred from the date of the note and deed of trust for 30 years at which time the total loan balance becomes due and payable, or sooner if the borrower no longer occupies the property, title to the property is transferred, or if the borrower chooses to rent the property.

Economic Development Fund (Formerly known as Business Retention / Attraction Revolving Loan Fund): In January 2005, the City Council authorized the creation of a Business Retention and Attraction Program to be funded through the General Fund from proceeds from the sale of surplus ground water. In September 2005, the City Council adopted specific guidelines and criteria for processing of loans where loan applications are received by the Santa Maria Valley Chamber of Commerce and forwarded to Coastal Business Finance for review and processing. There have been no loan approvals under this program since 2009.

On July 21, 2009, City Council provided policy direction to staff to approve financial assistance to the Area 9 "participating" property owners on behalf of the "non-participating" property owners. The financial assistance consists of an advance of up to \$100,000 in order to facilitate the preparation of an Environmental Impact Report for the Area 9 Industrial/Business Park Specific Plan. This financial assistance will be reimbursed to the City by the "non-participating" property owners as property develops. Per a City resolution, the interest will be based on the CPI for the year. Whatever the balance is as of July 1st of the year will be added to the overall balance for the duration of the fiscal year. It will accrue each year.

On June 16, 2017, the City Council authorized the name change of this fund from the Business Retention and Attraction Loan Fund to the Economic Development Fund. The previously approved loans mentioned above will continue to be monitored from this fund. In August 2017, City Council authorized City staff to enter into an agreement with Make it Your Business (MIYB) that is in substantial conformance with HUD guidelines and reimburse MIYB up to \$16,909 to cover the costs associated with the procurement and installation of a partition wall and video-

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

conferencing equipment. This forgivable loan is treated like a CDBG-funded Capital project and will go through an amortization schedule.

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, 2019, as follows:

Governmental Activities:	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Nondepreciable capital assets				
Land	\$ 23,936,340	\$ -	\$ -	\$ 23,936,340
Construction in progress	4,736,326	3,360,714	(1,403,514)	6,693,526
Infrastructure - ROW	12,338,345			12,338,345
Total nondepreciable capital assets	41,011,011	3,360,714	(1,403,514)	42,968,211
Depreciable capital assets				
Building and improvements	148,248,884	12,482		148,261,366
Equipment	32,131,953	3,506,435	(387,395)	35,250,993
Infrastructure	177,719,069	496,857		178,215,926
Total depreciable capital assets	358,099,906	4,015,774	(387,395)	361,728,285
Less: Accumulated depreciation				
Building and improvements	(57,513,663)	(3,359,687)		(60,873,350)
Equipment	(18,740,532)	(2,759,558)	386,994	(21,113,096)
Infrastructure	(130,375,330)	(2,897,876)		(133,273,206)
Total accumulated depreciation	(206,629,525)	(9,017,121)	386,994	(215,259,651)
Net depreciable assets	151,470,382	(5,001,347)	(401)	146,468,634
Net capital assets	\$ 192,481,393	\$ (1,640,633)	\$ (1,403,915)	\$ 189,436,845

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, 2019, is as follows:

Net Capital Assets by Type:	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets	\$120,677,442	\$ (538,213)	\$ (703,135)	\$119,436,094
Internal Service Fund assets	12,121,864	1,298,600	(700,780)	12,719,684
Infrastructure assets	59,682,086	(2,401,019)	-	57,281,067
Net capital assets by type	\$192,481,393	\$ (1,640,633)	\$ (1,403,915)	\$189,436,845

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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.

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, 2019, is as follows:

Business-Type Activities:	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Nondepreciable capital assets				
Land	\$ 13,102,312	\$ -	\$ -	\$ 13,102,312
Construction in progress	10,932,879	3,480,268	(3,861,375)	10,551,772
Total nondepreciable capital assets	24,035,191	3,480,268	(3,861,375)	23,654,084
Depreciable capital assets				
Building and improvements	157,461,786	3,183,326		160,645,112
Equipment	52,947,407	5,015,927	(5,622,734)	52,340,600
Total depreciable capital assets	210,409,193	8,199,253	(5,622,734)	212,985,712
Accumulated depreciation				
A/D Building and improvements	(76,334,437)	(3,619,109)		(79,953,546)
A/D Equipment	(31,614,887)	(3,641,807)	5,520,450	(29,736,244)
Total accumulated depreciation	(107,949,324)	(7,260,916)	5,520,450	(109,689,790)
Net depreciable assets	102,459,869	938,337	(102,284)	103,295,922
Net capital assets	\$ 126,495,060	\$ 4,418,605	\$ (3,963,659)	\$ 126,950,006

A summary of changes in capital assets activity, by type, for the City's business-type activities for the fiscal year ended June 30, 2019, is as follows:

Net Capital Assets by Type:	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Water and Wastewater assets	\$ 80,407,057	\$ 1,271,122	\$ (1,386,209)	\$ 80,291,970
Solid Waste assets	20,044,224	304,187	(102,282)	20,246,129
Transit assets	20,408,525	1,264,902	(2,044,696)	19,628,731
Internal Service Fund assets	5,635,254	1,578,394	(430,472)	6,783,176
Net capital assets by type	\$126,495,060	\$ 4,418,605	\$ (3,963,659)	\$126,950,006

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

C. Depreciation Expense

Depreciation expense of \$16,278,037 was charged to the following functions:

	Governmental Activities	Business-Type Activities	Total
General government	\$ 996,104	\$ -	\$ 996,104
Community development	5,583		5,583
Public safety	884,329		884,329
Recreation and parks	1,042,656		1,042,656
Public works	2,923,183		2,923,183
Library services	641,554		641,554
Internal Service Funds	2,523,712	1,132,932	3,656,644
Water and Wastewater		3,569,459	3,569,459
Solid Waste		1,098,317	1,098,317
Transit		1,460,208	1,460,208
Total	<u>\$ 9,017,121</u>	<u>\$ 7,260,916</u>	<u>\$ 16,278,037</u>

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Due To and From Other Funds

The Due To and From Other Funds at June 30, 2019, are as follows:

Fund	Due From Other Funds	Due to Other Funds
General Capital Projects Fund	\$ 143,718	\$ -
Community Development Capital Projects Fund		143,718
Total	<u>\$ 143,718</u>	<u>\$ 143,718</u>

The outstanding balances among funds results from cash advances to non-major governmental 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 Internal Service Funds to be collected within the subsequent fiscal year.

B. Advances Payable/Receivable

On October 31, 2012, the Solid Waste Collection advanced the General Fund \$5,572,242 to prepay the CalPERS Side Fund for the Fire Safety Pension Plan. The loan term is ten years with annual payments of \$653,237 at an interest rate of 3%. The future minimum payment obligation is shown on the following page:

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2019

Fiscal Year Ending	Amount
2020	\$ 653,237
2021	653,237
2022	653,237
2023	653,237
Total	<u>2,612,948</u>
Less: amount representing in interest	<u>184,803</u>
Present value of net minimum payments	<u><u>\$ 2,428,145</u></u>

On October 31, 2012, the Solid Waste Collection Fund advanced the General Capital Projects Fund \$875,000 to pay for the matching portion of the levee construction project. The loan term is nine years with annual payments of \$106,129 at an interest rate of 1.79%. The future minimum payment obligation is shown below:

Fiscal Year Ending	Amount
2020	\$ 106,129
2021	106,129
2022	106,130
Total	<u>318,388</u>
Less: amount representing in interest	<u>11,067</u>
Present value of net minimum payments	<u><u>\$ 307,321</u></u>

On July 1, 2013, the Southwest Landscape District advanced the Stowell Parking Lot Fund \$155,831 to pay for resurfacing of the Stowell Center parking lot. The loan term is eight years with annual payments of \$22,199 at an interest rate of 3%. The future minimum payment obligation is shown below:

Fiscal Year Ending	Amount
2020	\$ 22,199
2021	22,199
Total	<u>44,398</u>
Less: amount representing in interest	<u>1,921</u>
Present value of net minimum payments	<u><u>\$ 42,477</u></u>

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

C. Transfers In and Out

The transfers in and out between funds are shown below:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 5,145,415	\$ 5,748,592
General Capital Projects Fund	2,371,183	
Library Fund	1,738,660	
Community Development Capital Projects Fund		686,301
Nonmajor Governmental Funds	2,367,938	4,185,833
Water and Wastewater Fund		721,060
Solid Waste Fund		612,450
Transit Fund		91,317
Internal Services Funds	817,304	394,947
Total	<u>\$ 12,440,500</u>	<u>\$ 12,440,500</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.

6. DEFERRED OUTFLOWS OF RESOURCES

At June 30, 2019, deferred outflows of resources, in the Statement of Net Position, consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Deferred charge on refunding	\$ -	\$ 3,036,606
Deferred OPEB	436,290	91,667
Deferred pension	24,127,113	3,267,956
Total	<u>\$ 24,563,403</u>	<u>\$ 6,396,229</u>

7. DEFERRED INFLOWS OF RESOURCES

At June 30, 2019, deferred inflows of resources, reported in the Statement of Net Position, consisted of the following:

City of Santa Maria

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2019

	Governmental Activities	Business-type Activities
Deferred OPEB	\$ 2,104,755	\$ 413,856
Deferred pensions	2,504,644	345,363
Total	<u>\$ 4,609,399</u>	<u>\$ 759,219</u>

At June 30, 2019, deferred inflows of resources, reported in the Balance Sheet – Governmental Funds, consisted of the following:

Unavailable Deferred Revenue:	
General Fund	\$ 165,490
Community Development Capital Project Fund	5,780,035
Nonmajor Governmental Funds	106,350
Total	<u>\$ 6,051,875</u>

8. LONG-TERM LIABILITIES

A. Bonds Payable

On June 19, 2012, the City issued \$50,119,493 of Water and Wastewater 2012 A/B Revenue Refunding Bonds (Bonds) with an interest rate ranging from three to five percent. The purpose of the Bonds was to refund prior Certificates of Participation Bonds (COP's) with interest rates ranging from five to 7.4 percent, with a par value of \$38,320,394, and maturing 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, 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 COP's are due. The current refunding met the requirements of an insubstance defeasance and the COP's were removed from the City's financial statements. As a result of this refunding, the City reduced its current annual debt service requirement by approximately \$2,000,000 through 2027 and a resulted in an economic gain of \$3,067,050. As of June 30, 2019, \$195,567 of defeased COP's are still outstanding.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

The total long-term debt for the refunding bonds payable consists of the following:

	Balance 7/1/2018	Prior Period Adjustment	Additions	Deletions	Balance 6/30/2019	Due Within One Year
COP Payable 1997	\$ 1,055,862	\$ -	\$ -	\$ -	\$ 1,055,862	\$ -
Add: Accretion	3,944,071		346,783		4,290,854	
Refunding Bond Payable 2012	47,191,016			2,565,035	44,625,981	2,423,421
Add: Accretion	702,146		31,790	94,545	639,391	105,002
Bond Premium	642,213			35,678	606,535	35,678
Total	\$53,535,308	\$ -	\$ 378,573	\$ 2,695,258	\$51,218,623	\$ 2,564,101

The annual requirements to amortize COP's and Bonds Payable is as follows:

Fiscal Year Ending June 30	Certificate of Participation (1997)			Water and Wastewater Refunding Bonds (2012 A/B)		
	Principal*	Interest*	Total	Principal*	Interest*	Total
2020	\$ -	\$ -	\$ -	\$ 2,423,421	\$ 2,209,292	\$ 4,632,713
2021				2,276,167	2,351,546	4,627,713
2022	547,104	2,527,896	3,075,000	60,000	1,492,713	1,552,713
2023	508,758	2,566,241	3,074,999	60,000	1,491,063	1,551,063
2024				1,842,929	2,786,334	4,629,263
2025-2029				14,117,140	9,027,360	23,144,500
2030-2034				15,236,325	7,912,975	23,149,300
2035-2036				8,609,999	650,999	9,260,998
Total	\$ 1,055,862	\$ 5,094,137	\$ 6,149,999	\$ 44,625,981	\$ 27,922,282	\$ 72,548,263

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

B. Compensated Absences

City employees accumulate earned but unused vacation, sick and compensated time-off pay benefits, which can be converted to cash at termination of employment. Since no means exist to reasonably estimate the amounts that might be liquidated with current available financial resources, if any, they are reported as long-term debt on the Statement of Net Position. No expenditure is allocated to each function based on usage. The non-current portion of these vested benefits (payable in accordance with the various bargaining agreements) at June 30, 2019, total \$5,051,466 for governmental activities and \$857,862 for business type activities.

C. Other Post-employment Benefits (OPEB)

In accordance with GASB Statement No. 75, the City is required to measure and report the liabilities associated with other post-employment benefits (OPEB). The City's estimated OPEB liability for the fiscal year was determined to be \$18,101,652. See Note 11 for further detail.

D. Claims Payable

The City's estimated liability at June 30, 2019, is \$14,687,312. The City's liability is based on claim reserves established by the claims administrators and actuarial studies. The claims liability includes an allowance for incurred, but not reported losses. See Note 12 for further detail.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

E. *Accrued Closure 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 City reported \$16,163,990 in landfill closure and post-closure care liability at June 30, 2019 and is based on the percent of capacity used (86.4%) as of June 30, 2019. It is estimated that the total cost of all closure and post-closure costs to be \$21.4 million. The City will recognize the remaining estimated costs of \$5.2 million in closure and post-closure care as the remaining capacity is filled, which is expected to be by 2024. Inflation and changes in technology and/or regulations may result in higher or lower costs.

F. *Capital Lease Payable*

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 in the amount of \$4,905,000. The three leases have terms of seven, ten and twelve years with interest ranging from 2.14 and 2.68 percent. Payments are due semi-annually under the terms of the lease agreement.

On January 11, 2017, the City entered into a lease agreement with Community Bank of Santa Maria for the acquisition of a Computer Aided Dispatch and Records Management System (CAD/RMS) in the amount of \$2,280,000. The lease has a term of ten years with interest rate of 3.1 percent.

At June 30, 2019, the outstanding balance is:

Fiscal Year June 30	Fleet 7-Year	Fleet 10-Year	Fleet 12-Year	CAD/RMS 10-Year	Total
2020	\$ 537,494	\$ 65,383	\$ 83,449	\$ 266,912	\$ 953,238
2021	-	65,383	83,449	266,912	415,744
2022	-	65,383	83,449	266,912	415,744
2023	-	65,383	83,449	266,912	415,744
2024	-	-	83,449	266,912	350,361
2025-2027	-	-	83,450	800,735	884,185
Total	537,494	261,532	500,695	2,135,295	3,435,016
Less: amount representing in interest	8,505	13,902	41,015	256,974	320,396
Present value of net minimum payments	\$ 528,989	\$ 247,630	\$ 459,680	\$ 1,878,321	\$ 3,114,620

G. *Net Pension Liability*

In accordance with GASB Statement No. 68, the City is required to measure and report the liabilities associated with pension liability. The City's estimated net pension liability at June 30, 2019 was \$126,451,039. See Note 10 for further detail.

H. *Changes in Long-Term Liabilities*

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Long-term liability activity for the fiscal year ended June 30, 2019, is shown below:

Governmental Activities	Balance	Additions	Deletions	Balance	Due Within	Due After
	7/1/2018			6/30/2019	One Year	One Year
Compensated absences	\$ 4,768,917	\$ 4,218,548	\$ 3,935,999	\$ 5,051,466	\$ 4,165,733	\$ 885,733
OPEB liability	14,669,396	1,386,294	1,118,517	14,937,173		14,937,173
Claims payable	10,950,840	2,353,882	2,289,238	11,015,484	2,930,132	8,085,352
Capital lease payable	3,023,294		526,825	2,496,469	533,195	1,963,274
Net pension liability	107,412,563	11,043,146	10,563,723	107,891,986		107,891,986
Total	<u>\$140,825,010</u>	<u>\$ 19,001,870</u>	<u>\$ 18,434,302</u>	<u>\$141,392,578</u>	<u>\$ 7,629,060</u>	<u>\$133,763,518</u>

Business-Type Activities	Balance	Additions	Deletions	Balance	Due Within	Due After One
	7/1/2018			6/30/2019	One Year	Year
Bonds payable	\$ 53,535,308	\$ 378,573	\$ 2,695,258	\$ 51,218,623	\$ 2,564,101	\$ 48,654,522
Compensated absences	814,670	700,762	657,570	857,862	691,193	166,669
OPEB liability	3,113,402	264,423	213,346	3,164,479		3,164,479
Claims payable	3,650,279	784,629	763,080	3,671,828	976,711	2,695,117
Accrued closure costs	16,596,068		432,078	16,163,990		16,163,990
Capital lease payable	941,045		322,894	618,151	322,893	295,258
Net pension liability	18,262,259	2,160,980	1,864,186	18,559,053		18,559,053
Total	<u>\$ 96,913,031</u>	<u>\$ 4,289,367</u>	<u>\$ 6,948,412</u>	<u>\$ 94,253,986</u>	<u>\$ 4,554,898</u>	<u>\$ 89,699,088</u>

9. INDIVIDUAL FUND INFORMATION

A. Excess of Expenditures over Appropriations

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

Fund	Amount Over Budget
Traffic Safety	\$ 22,850

B. Deficit Fund Equity

The non-major special revenue fund with a deficit fund balance at June 30, 2019, is as follows:

Fund	Deficit Fund Balance
Street Grant	\$ (3,198)

The deficit is a result from timing issues regarding grant funding and receipt of reimbursement of 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

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

buffer” of 1,620 acre-feet per year at costs estimated between \$12 and \$20 million per year through 2035. The estimated State Water payments for each of the next five fiscal years, are summarized as follows:

Fiscal Year Ending June 30	Amount
2020	\$ 25,462,331
2021	22,577,840
2022	23,267,832
2023	23,728,033
2024	24,286,226
Total	<u>\$ 119,322,262</u>

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 1959 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, 2019, are summarized as follows:

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

	Miscellaneous Employee Plan		
	Tier I	Tier II	Tier III (PEPRA)
Hire date	Prior to January 1, 2011	On or after January 1, 2011*	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 55 5 years of service	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.43% to 2.42%	1.0% to 2.5%
Retirement age	50-55	50-63	52-67
Required employee contribution rates	8.000%	7.000%	6.000%
Required employer normal cost rate	10.414%	10.414%	10.414%
Required employer payment of unfunded liability (all tiers)	\$ 4,041,463	\$ -	\$ -

*After January 1, 2013, second tier will only apply to employees transferring from another CalPERS agency.

Employees Covered – At June 30, 2019, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	Misc 377
Inactive employees entitled to but not yet receiving benefits	398
Active employees	372
Total	<u>1,147</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 the 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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability follows.

Actuarial Assumptions: The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

City of Santa Maria

Notes to Basic Financial Statements

For the Fiscal Year Ended June 30, 2019

	Miscellaneous
Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	For details, see June 30, 2015 Funding Valuation Report
Asset valuation method	Market value of assets
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 and administrative expense, including inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of April 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. Deferred inflows of resources for changes of assumptions presented in pension schedules represent the unamortized portion of the changes of assumptions related to prior measurement periods.

Discount Rate: The discount rate used to measure the total pension liability was 7.15% 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 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.

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 (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

adjusted to account for assumed administrative expenses.

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 Location	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

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

(b) An expected inflation of 2.92% used for this period

C. Changes in the Net Pension Liability

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at July 1, 2017	\$ 231,244,105	\$ 159,464,867	\$ 71,779,238
Changes in year:			
Service cost	4,624,221		4,624,221
Interest on total pension liability	16,294,595		16,294,595
Changes of benefit terms			
Changes of assumptions	(868,158)		(868,158)
Differences between expected and actual experience	522,753		522,753
Net plan to plan resource movement		(2,222)	2,222
Contributions - employer		5,719,302	(5,719,302)
Contributions - employee (paid by employer)		1,268,350	(1,268,350)
Contributions - employee		736,785	(736,785)
Net investment income		13,541,048	(13,541,048)
Benefit payments, including refunds of employee contributions	(10,628,779)	(10,628,779)	
Administrative expenses		(248,490)	248,490
Other miscellaneous income/(expense)		(471,887)	471,887
Net change during 2017-18	9,944,632	9,914,107	30,525
Balance at June 30, 2018	\$ 241,188,737	\$ 169,378,974	\$ 71,809,763

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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:

Miscellaneous Plan	Discount -1% (6.15%)	Current Rate (7.15%)	Discount +1% (8.15%)
Net Pension Liability (Asset)	\$ 105,179,964	\$ 71,809,763	\$ 44,389,594

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, 2019, the City of Santa Maria recognized pension expense of \$11,400,197. At June 30, 2019, the City of Santa Maria reported deferred outflows of resources and deferred inflows of resources related to the Miscellaneous Plan from the sources below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,409,883	\$ -
Changes of assumptions	5,275,785	620,113
Differences between expected and actual experiences	593,286	716,184
Net difference between projected and actual earnings on pension plan investments	365,607	
Total	<u>\$ 12,644,561</u>	<u>\$ 1,336,297</u>

\$6,409,883 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, 2020. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30	
2019	\$ 5,642,584
2020	1,397,985
2021	(1,686,767)
2022	(455,421)

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

E. Payable to the Pension Plan

At June 30, 2019, the Local Government reported a payable of \$105,911 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

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 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, 2019 are summarized as follows:

	Police Safety Employee Plan		
	Tier I	Tier II	Tier III (PEPRA)
	Prior to January 1, 2011	On or after January 1, 2011*	On or after January 1, 2013
Hire date			
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%
Retirement age	50	50-55	50-57
Required employee contribution rates	9.000%	9.000%	12.000%
Required employer normal cost rate	20.771%	17.847%	12.141%
Required employer payment of unfunded liability	\$ 2,045,658	\$ 1,226	\$ 4,190

City of Santa Maria
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For the Fiscal Year Ended June 30, 2019

Fire Safety Employee Plan

	Tier I	Tier II	Tier III (PEPRA)
Hire date	Prior to January 1, 2011	On or after January 1, 2011*	On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%
Retirement age	50	50-55	50-57
Required employee contribution rates	9.000%	9.000%	12.750%
Required employer normal cost rate	22.346%	19.353%	12.965%
Required employer payment of unfunded liability	\$ 878,313	\$ 2,994	\$ 3,624

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. Contributions to the safety pension plan from the City during the 2018-19 fiscal year was \$6,046,149.

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

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, 2018, 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, 2017 rolled forward to June 30, 2018 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. At June 30, 2018, the City's proportion of the safety plan was 0.9312%, an increase of 0.00292% from the prior year. The City of Santa Maria's proportionate share of the net pension liability for each Plan as of the June 30, 2017 and 2018 measurement dates was as follows:

	Police Safety	Fire Safety	Total
Proportion - June 30, 2018	0.6314%	0.2706%	0.9020%
Proportion - June 30, 2019	0.6519%	0.2794%	0.9313%
Increase (Decrease) in Proportion	0.0205%	0.0088%	0.0293%

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

For the year ended June 30, 2019, the City of Santa Maria recognized pension expense of \$10,005,694 for the Safety Plan for Police and Fire. At June 30, 2019, the City of Santa Maria reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,046,149	\$ -
Changes of assumptions	5,361,262	723,330
Differences between expected and actual experiences	1,174,057	4,454
Net difference between projected and actual earnings on pension plan investments	369,947	
Change in employer's proportion	1,543,253	
Differences in actual contributions and proportionate share of contributions	255,840	785,926
Total	<u>\$ 14,750,508</u>	<u>\$ 1,513,710</u>

\$6,046,149 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, 2020.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30	Deferred Outflows/ (Inflows) of Resources
2020	\$ 5,571,696
2021	3,283,877
2022	(1,286,451)
2023	(378,473)

Actuarial Assumptions: The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the actuarial assumptions on the following page:

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

	Safety - Police	Safety - Fire
Valuation date	June 30, 2017	June 30, 2017
Measurement date	June 30, 2018	June 30, 2018
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Discount rate	7.15%	7.15%
Inflation	2.50%	2.50%
Projected salary increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment rate of return	7.15% (2)	7.15% (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 pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of April 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. Deferred inflows of resources for changes of assumptions presented in pension schedules represent the unamortized portion of the changes of assumptions related to prior measurement periods.

Discount Rate: The discount rate used to measure the total pension liability was 7.15% 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 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.

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

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 adjusted to account for assumed administrative expenses.

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 Location	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

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

(b) An expected inflation of 2.92% used for this period

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:

	Discount -1% (6.15%)	Current Rate (7.15%)	Discount +1% (8.15%)
Net Pension Liability (Asset)	\$ 82,760,495	\$ 54,641,276	\$ 31,602,612

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

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

C. Payable to the Pension Plan

At June 30, 2019, the Local Government reported a payable of \$146,258 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

D. 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 \$98,039 were made during the fiscal year-ending June 30, 2019. The total amount of covered compensation was \$1,307,187. 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^{1/2}. City liabilities are limited to the amount of current contributions.

The account summary reports the additions and distributions during fiscal year 2018-19, as follows:

Beginning balance - July 1, 2018		\$ 423,176
Plus:		
Contributions	\$ 98,039	
Year-to-date earnings	<u>13,963</u>	
Subtotal		112,002
Less:		
Distributions	58,126	
Year-to-date expenses	<u>9,990</u>	
Subtotal		<u>68,116</u>
Ending balance - June 30, 2019		<u><u>\$ 467,062</u></u>

11. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. General Information about Other Post Employment Benefit (OPEB) Plans

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

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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. The City was required to contribute \$133 per month during calendar year 2018 and \$136 per month during calendar year 2019 towards the cost of the retiree health insurance, which is the same amount contributed toward active employee health insurance. The contribution amount is calculated by using the annual consumer price index increase. During fiscal year 2018-19, expenditures of \$235,314 were recognized for post-retirement health insurance contributions on a pay-as-you-go basis.

Employees Covered: As of June 30, 2018, the measurement date, the following numbers of participants were covered by the benefit terms:

Active employees	533
Inactive employees currently receiving benefits	143
Inactive employees entitled to but not yet receiving benefits	223
Total	899

Contributions: The City currently finances benefits on a pay-as-you-go basis.

B. OPEB Liability

The City's total OPEB Liability was measured as of June 30, 2018. The total OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions: The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Actuarial valuation date:	June 30, 2018
Contribution policy:	No pre-funding
Discount rate:	3.87% at June 30, 2018 (Bond Buyer 20-bond Index), 3.58% at June 30, 2017 (Bond Buyer 20-bond Index)
General inflation:	2.75% annually
Mortality, Retirement, Disability, Termination:	CalPERS 1997-2015 Experience Study
Mortality improvement:	Mortality projected fully generational with Scale MP-17 for post-retirement mortality
Salary increases:	3.00% plus merit component, Merit – tables from CalPERS 1997-2015 Experience Study
Medical trend:	Non-Medicare: 7.50% for 2019, decreasing to an ultimate range of 4.00% in 2076 and later years 6.50% for 2019, decreasing to an ultimate range of 4.00% in 2076 and later years
PEMHCA minimum increase:	4.25% annually
Participation at retirement:	Active employees: 40%; Retirees: 100% if covered
Spouse coverage:	Active employees: 50% of participating actives will cover spouse; Retirees: based on current coverage

Discount Rate: The discount rate used to measure the total OPEB liability was 3.87%. This discount rate is the mid-point, rounded to five basis points, of the range of 3-20 year municipal bond rate indices; S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

C. Changes in OPEB Liability

The changes in the total OPEB liability for the plan are as follows:

	<u>Total OPEB Liability</u>
Balance at 6/30/18 (Measurement Date June 30, 2017)	<u>\$ 17,782,798</u>
Changes recognized for the measurement period:	
Service Cost	987,657
Interest	663,060
Benefit changes	-
Actual vs. expected experience	-
Changes of assumptions	(833,410)
Benefit payments*	<u>(498,453)</u>
Net Changes	<u>318,854</u>
Balance at June 30, 2019 (Measurement Date June 30, 2018)	<u>\$ 18,101,652</u>

*Includes \$219,601 cash benefit payments and \$278,852 implied subsidy benefit payments by the City.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	1% Decrease (2.87%)	Current Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability	\$ 21,230,526	\$ 18,101,652	\$ 15,611,559

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.50 percent decreasing to 3.00 percent for Non-Medicare plans and 5.50 percent decreasing to 3.00 percent for Medicare plans) or 1-percentage-point higher (8.50 percent decreasing to 5.00 percent for Non-Medicare plans and 6.50 percent decreasing to 5.00 percent for Medicare plans) than the current healthcare cost trend rates:

	1% Decrease (Non-Medicare 6.5% decreasing to 3%; Medicare 5.5% decreasing to 3%)	Current Rate (Non-Medicare 7.5% decreasing to 4%; Medicare 6.5% decreasing to 4%)	1% Increase (Non-Medicare 8.5% decreasing to 5%; Medicare 7.5% decreasing to 5%)
Total OPEB Liability	\$ 15,118,004	\$ 18,101,652	\$ 21,988,831

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$1,343,158. As of the fiscal year ended June 30, 2019, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date*	\$ 527,957	\$ -
Change in assumptions	-	2,518,611
Differences between expected and actual experience	-	-
	<u>\$ 527,957</u>	<u>\$ 2,518,611</u>

* Contributions of \$235,314 cash benefit payments, \$3,167 administrative costs and \$289,476 implied subsidy benefit payments by the City.

The gains and losses are amortized over the expected average remaining service life. The expected average remaining service life is 9.8 years.

City of Santa Maria
Notes to Basic Financial Statements
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\$527,957 reported as deferred outflows of resources related to contributions subsequent to the measure date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

Fiscal year ending June 30	Amount
2019	\$ (311,996)
2020	(311,996)
2021	(311,996)
2022	(311,996)
2023	(311,996)
Thereafter	(958,631)
	<u>\$ (2,518,611)</u>

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, 2019, the estimated outstanding liability was \$12,470,999 for workers' compensation and \$2,216,313 for general liability. Such amounts have been accrued in the accompanying combined financial statements' Internal Service Insurance Fund. At June 30, 2019, the estimated liability for claims payable is \$14,687,312. 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, 2019

Insurance Claims Payable

	2017-18	2018-19		Total
		General Liability	Workers Comp	
Claims payable at July 1	\$ 14,385,145	\$ 2,153,118	\$ 12,448,001	\$ 14,601,119
Claims incurred during the fiscal year	3,268,292	1,071,206	2,067,305	3,138,511
Payments on claims during the fiscal year	3,052,318	1,008,011	2,044,307	3,052,318
Claims and judgements payable at June 30	<u>\$ 14,601,119</u>	<u>\$ 2,216,313</u>	<u>\$ 12,470,999</u>	<u>\$ 14,687,312</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

There were four prior period adjustments were made in the 2018-19 fiscal year:

1. The City recorded a prior period adjustment to record prior year capital expenditures totaling \$192,140. This reduced the fund balance of the General Capital Projects Fund by \$85,353 and the fund balance of the Business Equipment Fund by \$106,787.
2. A prior period adjustment was processed to correct the recognition of revenue for the 2017-18 fiscal year. Revenue was under-recorded in the Land Acquisition and Residential Development Tax funds, and over-recorded in the Growth Mitigation Fund. As a result, the fund balance for the Growth Mitigation Fund was reduced by \$70,507 and the fund balances for the Land Acquisition Tax Fund and the Residential Development Tax Fund were increased by \$35,678 and \$34,829, respectively.
3. The City recorded a prior period adjustment in the amount of \$124,053, to decrease the fund balance in the Business Equipment Fund. The city determined that capital assets were overstated in the 2017-18 fiscal year.

City of Santa Maria
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

4. A prior period adjustment was made to increase the General Capital Projects Fund by \$77,527. This amount represents revenues that were under-reported in the 2017-18 fiscal year.

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

	Governmental Activities	Business-Type Activities	Total
Beginning net position	\$ 199,739,419	\$ 213,933,113	\$ 413,672,532
Prior period adjustments	(238,666)	-	(238,666)
Beginning net position, restated	<u>\$ 199,500,753</u>	<u>\$ 213,933,113</u>	<u>\$ 413,433,866</u>

Governmental Funds:

	General Capital Projects	Growth Mitigation Fund	Land Acquisition Tax	Residential Development Tax	Business Equipment
Beginning Fund Balance, Net Position	\$ 8,358,139	\$ 22,841,432	\$ 2,013,459	\$ 1,805,909	\$ 16,262,392
Prior Period Adjustments:					
Understatement of capital expenditures	(85,353)				(106,787)
Overstatement of assets					(124,053)
Overstatement of revenues		(70,507)			
Understatement of revenues	77,527		35,678	34,829	
Beginning Fund Balance, Net Position, restated	<u>\$ 8,350,313</u>	<u>\$ 22,770,925</u>	<u>\$ 2,049,137</u>	<u>\$ 1,840,738</u>	<u>\$ 16,031,552</u>

Business-Type Funds:

There were no prior period adjustments for Business-Type funds in the 2018-19 fiscal year.

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 \$2,253,353 difference are shown below:

Internal receivable representing charges greater than cost to business-type activities - current year	<u>\$ 2,253,353</u>
Net adjustment to increase net position - total enterprise funds to arrive at net position - business-type activities	<u>\$ 2,253,353</u>

Required Supplementary Information

City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2019

1. BUDGETARY INFORMATION

The following are budget comparison schedules for the General Fund:

	Budget Amounts		Actual	Variance
	Original	Final		Over/(Under)
REVENUES:				
Taxes and assessments	\$ 57,412,032	\$ 57,412,032	\$ 61,642,338	\$ 4,230,306
Permits, fines and forfeitures	2,751,620	2,751,620	2,485,799	(265,821)
Use of money and property	1,306,460	1,306,460	4,027,140	2,720,680
Intergovernmental revenues	1,077,020	1,510,870	1,494,135	(16,735)
Charges for current services	3,999,950	4,275,008	6,338,668	2,063,660
Other revenues	83,080	93,749	353,440	259,691
Total revenues	<u>66,630,162</u>	<u>67,349,739</u>	<u>76,341,520</u>	<u>8,991,781</u>
EXPENDITURES:				
Current:				
General government	9,955,080	9,622,773	9,203,070	(419,703)
Community development	3,977,052	4,127,706	3,732,225	(395,481)
Public safety	48,905,170	47,162,181	46,195,860	(966,321)
Recreation and parks	10,635,432	10,494,722	9,864,428	(630,294)
Public works	3,143,404	3,299,749	2,745,100	(554,649)
Library	83,176	83,176	78,866	(4,310)
Capital outlay	39,250	1,061,259	296,738	(764,521)
Debt service:				
Principal	197,760	197,760		(197,760)
Interest and fiscal charges	69,160	69,160		(69,160)
Total expenditures	<u>77,005,484</u>	<u>76,118,486</u>	<u>72,116,287</u>	<u>(4,002,199)</u>
Excess of revenues over (under) expenditures	<u>(10,375,322)</u>	<u>(8,768,747)</u>	<u>4,225,233</u>	<u>12,993,980</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	7,587,736	7,587,736	5,145,415	(2,442,321)
Transfers out	(3,079,156)	(3,879,156)	(5,748,592)	(1,869,436)
Total other financing sources (uses)	<u>4,508,580</u>	<u>3,708,580</u>	<u>(603,177)</u>	<u>(4,311,757)</u>
Net changes in fund balance	<u>\$ (5,866,742)</u>	<u>\$ (5,060,167)</u>	<u>3,622,056</u>	<u>\$ 8,682,223</u>
FUND BALANCE:				
Fund balance - July 1, 2018			<u>36,615,835</u>	
Fund balance - June 30, 2019			<u>\$ 40,237,891</u>	

City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2019

1. BUDGETARY INFORMATION (continued)

The following are budget comparison schedules for the Library Fund:

	Budget Amounts		Actual	Variance
	Original	Final		Over/(Under)
REVENUES:				
Use of money and property	\$ 38,490	\$ 38,490	\$ 62,455	\$ 23,965
Intergovernmental revenues	1,229,455	1,334,536	1,365,639	31,103
Charges for current services	48,545	51,885	77,048	25,163
Other revenues	1,045	1,045	3,521	2,476
Total revenues	<u>1,317,535</u>	<u>1,425,956</u>	<u>1,508,663</u>	<u>82,707</u>
EXPENDITURES:				
Current:				
Library	3,490,790	3,551,927	3,085,457	(466,470)
Capital outlay		74,423	68,062	(6,361)
Total expenditures	<u>3,490,790</u>	<u>3,626,350</u>	<u>3,153,519</u>	<u>(472,831)</u>
Excess of revenues under expenditures	<u>(2,173,255)</u>	<u>(2,200,394)</u>	<u>(1,644,856)</u>	<u>555,538</u>
OTHER FINANCING SOURCES:				
Transfers in	1,738,660	1,738,660	1,738,660	
Total other financing sources	<u>1,738,660</u>	<u>1,738,660</u>	<u>1,738,660</u>	
Net changes in fund balance	<u>\$ (434,595)</u>	<u>\$ (461,734)</u>	93,804	<u>\$ 555,538</u>
FUND BALANCE:				
Fund balance - July 1, 2018			<u>991,216</u>	
Fund balance - June 30, 2019			<u>\$ 1,085,020</u>	

City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2019

1. BUDGETARY INFORMATION (continued)

The following are budget comparison schedules for the Growth Mitigation Fund:

	Budget Amounts		Actual	Variance Over/(Under)
	Original	Final		
REVENUES:				
Use of money and property	\$ 246,490	\$ 246,490	\$ 1,286,132	\$ 1,039,642
Charges for current services	3,348,521	3,348,521	7,602,851	4,254,330
Total revenues	<u>3,595,011</u>	<u>3,595,011</u>	<u>8,888,983</u>	<u>5,293,972</u>
EXPENDITURES:				
Capital outlay	4,798,075	5,028,810	39,581	(4,989,229)
Total expenditures	<u>4,798,075</u>	<u>5,028,810</u>	<u>39,581</u>	<u>(4,989,229)</u>
Net changes in fund balance	<u>\$ (1,203,064)</u>	<u>\$ (1,433,799)</u>	<u>8,849,402</u>	<u>\$ 10,283,201</u>
FUND BALANCE:				
Fund balances - July 1, 2018			22,841,432	
Prior period adjustment			<u>(70,507)</u>	
Fund balance - July 1, 2018			<u>22,770,925</u>	
Fund balance - June 30, 2019			<u>\$ 31,620,327</u>	

City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2019

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 U.S. GAAP.

City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2019

3. SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

The following table provides required supplementary information regarding the City's post-employment healthcare benefits.

Schedule of Changes in Total OPEB Liability and Related Ratios

	2017/18 Fiscal Year	2018/19 Fiscal Year
Changes in total OPEB liability		
Service Cost	\$ 1,160,502	\$ 987,657
Interest	560,748	663,060
Benefit changes	-	-
Actual vs. expected experience	-	-
Changes of assumptions	(2,224,149)	(833,410)
Benefit payments*	(458,422)	(498,453)
Net Changes	(961,321)	318,854
Total OPEB Liability (beginning of year)	18,744,119	17,782,798
Total OPEB Liability (end of year)	\$ 17,782,798	\$ 18,101,652
Total OPEB Liability/(Asset)	\$ 17,782,798	\$ 18,101,652
Covered payroll**	\$ 42,387,055	\$ 43,477,642
Total OPEB liability as a percentage of covered payroll	42.0%	41.6%

* Fiscal year 2017/18 was the first year of implementation, therefore only two years are shown.

** For the 12 month period ending on the Measurement Date (June 30, 2019 for fiscal year 2018/19).

City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION

For the Fiscal Year Ended June 30, 2019

4. SCHEDULE OF OPEB CONTRIBUTIONS

The City's contribution for fiscal years ended 2018 and 2019 were \$502,891 and \$527,957, respectively. The City did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2019, therefore, the City does not need to comply with GASB 75's Required Supplementary Information requirements.

City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION

Last Ten Fiscal Years*

5. SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - AGENT MISCELLANEOUS PLAN

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.

	2015	2016	2017	2018	2019
Total Pension Liability					
Service cost	\$ 3,946,039	\$ 3,770,300	\$ 4,062,704	\$ 4,585,208	\$ 4,624,221
Interest on total pension liability	13,473,063	14,158,423	15,031,513	15,599,879	16,294,595
Changes of assumptions		(3,584,466)	-	13,392,377	(868,158)
Differences between expected and actual experience		(407,728)	1,869,084	(1,818,008)	522,753
Benefit payments, including refunds of employee	(7,565,922)	(8,238,987)	(8,823,127)	(9,657,026)	(10,628,779)
Net change in total pension liability	9,853,180	5,697,542	12,140,174	22,102,430	9,944,632
Total pension liability - beginning	181,450,779	191,303,959	197,001,501	209,141,675	231,244,105
Total pension liability - ending [A]	\$ 191,303,959	\$ 197,001,501	\$ 209,141,675	\$ 231,244,105	\$ 241,188,737
Plan Fiduciary Net Position					
Plan to plan resource movement	\$ -	\$ 790	\$ 790	\$ (3,561)	\$ (2,222)
Contributions - employer	3,897,607	4,379,642	4,899,014	5,445,133	5,719,302
Contributions - employee (employer paid)	1,349,744	1,345,103	1,067,829	1,789,693	1,268,350
Contributions - employee	238,574	444,056	685,938	-	736,785
Net investment income	21,907,641	3,244,614	758,955	16,234,603	13,541,048
Benefit payments	(7,565,922)	(8,238,987)	(8,823,127)	(9,657,026)	(10,628,779)
Administrative expense		(165,840)	(89,815)	(215,369)	(248,490)
Other miscellaneous income/(expense)	-	-	-	-	(471,887)
Net change in plan fiduciary net position	19,827,644	1,009,378	(1,500,416)	13,593,473	9,914,107
Plan fiduciary net position - beginning	126,534,788	146,362,432	147,371,810	145,871,394	159,464,867
Plan fiduciary net position - ending [B]	\$ 146,362,432	\$ 147,371,810	\$ 145,871,394	\$ 159,464,867	\$ 169,378,974
Net pension liability - ending [(A) - (B)]	\$ 44,941,527	\$ 49,629,691	\$ 63,270,281	\$ 71,779,238	\$ 71,809,763
Plan fiduciary net position as a percentage of the total pension liability	76.51%	74.81%	69.75%	68.96%	70.23%
Covered payroll	\$ 21,285,071	\$ 21,526,125	\$ 23,454,015	\$ 24,165,742	\$ 24,698,076
Net pension liability as percentage of covered payroll	211.14%	230.56%	269.76%	297.03%	290.75%

* Fiscal year 2014-15 was the first year of implementation, therefore only five years are shown.

Notes to Schedule

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. Deferred inflows of resources for changes of assumptions presented in pension schedules represent the unamortized portion of the changes

City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION

Last Ten Fiscal Years*

of assumptions related to prior measurement periods. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION Last Ten Fiscal Years*

6. SCHEDULE OF PENSION CONTRIBUTIONS - AGENT MISCELLANEOUS PLAN

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.

Schedule of Contributions Miscellaneous Plan - Agent Multiple-Employer Defined Benefit Pension Plan

	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 4,379,642	\$ 4,899,014	\$ 5,445,133	\$ 5,719,302	\$ 6,409,883
Contributions in relation to the actuarially determined contribution	4,379,642	4,899,014	5,445,133	5,719,302	6,409,883
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 21,526,125	\$ 23,454,015	\$ 24,165,742	\$ 24,698,076	\$ 23,324,338
Contributions as a percentage of covered payroll	20.35%	20.89%	22.53%	23.16%	27.48%

* Fiscal year 2014-15 was the first year of implementation, therefore only five years are shown.

Notes to Schedule

Valuation date: 6/30/2017

Methods and assumptions used to determine rates:

Actuarial cost method	Entry Age Normal
Amortization method	For details, see June 30, 2015 Funding Valuation Report
Remaining amortization period	For details, see June 30, 2015 Funding Valuation Report
Asset valuation method	Market value of assets
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 and administrative expense, including inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION

Last Ten Fiscal Years*

7. SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - COST SHARING PLAN

	2015	2016	2017	2018	2019
Portion of the net pension liability	0.5300%	0.5200%	0.5403%	0.5435%	0.5670%
Proportionate share of the net pension liability	\$ 31,938,565	\$ 35,674,690	\$ 46,750,339	\$ 53,895,584	\$ 54,641,276
Covered payroll	\$ 14,092,568	\$ 14,570,632	\$ 15,920,697	\$ 16,907,241	\$ 17,159,798
Proportionate share of the net pension liability as percentage of covered payroll	226.63%	244.84%	293.65%	318.77%	318.43%
Plan's total pension liability	\$ 30,829,966,631	\$ 31,771,217,402	\$ 33,358,627,624	\$ 37,161,348,332	\$ 38,944,855,364
Plan's fiduciary net position	\$ 24,607,502,515	\$ 24,907,305,871	\$ 24,705,532,291	\$ 27,244,095,376	\$ 29,308,589,559
Plan's fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%	75.26%

Notes to Schedule

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. Deferred inflows of resources for changes of assumptions presented in pension schedules represent the unamortized portion of the changes of assumptions related to prior measurement periods. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Santa Maria

REQUIRED SUPPLEMENTARY INFORMATION Last Ten Fiscal Years*

8. SCHEDULE OF PENSION CONTRIBUTIONS - COST SHARING PLAN

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.

Schedule of Contributions - Cost Sharing Plan

	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 4,800,522	\$ 5,137,401	\$ 5,440,257	\$ 5,264,629	\$ 6,046,149
Contributions in relation to the actuarially determined contribution	4,800,522	5,137,401	5,440,257	5,264,629	6,046,149
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 14,570,632	\$ 15,920,697	\$ 16,907,241	\$ 17,159,798	\$ 18,193,183
Contributions as a percentage of covered payroll	32.95%	32.27%	32.18%	30.68%	33.23%

*Fiscal year 2014-15 was the first year of implementation, therefore only five fiscal years are shown.

Notes to Schedule

Valuation date: 6/30/2017

Methods and assumptions used to determine rates:

Safety Plan	Entry age normal
Amortization method	Level percentage of payroll, payroll growth = 3.00%
Remaining amortization period	Multiple periods
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.3755%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of retirement are based on the 1997-2011 CalPERS Experience Study
Mortality	Derived using CalPERS' membership data for all funds.



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.

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.

Economic Development Fund - The Economic Development 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 - The Gas Tax Fund accounts for the City's share of State and Santa Barbara County gasoline tax collected in accordance with the provisions of the State's Streets and Highway Code.

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

Local Streets Fund - The Local Streets Fund accounts for resources for local transportation projects financed by a ½ cent Santa Barbara County sales tax.

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.

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

Debt Service Fund

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

City of Santa Maria
COMBINING BALANCE SHEET
Non-major Governmental Funds
June 30, 2019

	Special Revenue Funds			
	Traffic Safety	Drainage Districts	Land Acquisition Tax	Residential Development Tax
ASSETS:				
Cash and investments	\$ -	\$ 320,917	\$ 1,638,894	\$ 1,990,241
Cash with fiscal agent				
Accounts receivable	32,683	1,707	8,175	9,826
Loans receivable				
Advances receivable				
Prepaid items				
Total assets	<u>\$ 32,683</u>	<u>\$ 322,624</u>	<u>\$ 1,647,069</u>	<u>\$ 2,000,067</u>
LIABILITIES:				
Accounts payable	\$ 7,142	\$ 34	\$ 60,418	\$ 201
Advances payable				
Accrued wages and benefits				
Unearned revenue				
Total liabilities	<u>7,142</u>	<u>34</u>	<u>60,418</u>	<u>201</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred revenue				
Total deferred inflows of resources				
FUND BALANCES:				
Nonspendable:				
Prepaid items				
Restricted for:				
Community development				
Debt service				
Drainage		322,590		
Education				
Landscape maintenance				
Park acquisition			1,586,651	
Park development				1,999,866
Public safety	25,541			
Road maintenance				
Assigned to:				
Capital projects				
Unassigned				
Total fund balances	<u>25,541</u>	<u>322,590</u>	<u>1,586,651</u>	<u>1,999,866</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,683</u>	<u>\$ 322,624</u>	<u>\$ 1,647,069</u>	<u>\$ 2,000,067</u>

Special Revenue Funds

Landscape Maintenance	Stowell Parking and Lighting	Economic Development	Supplemental Law Enforcement Grant	Federal and State Asset Forfeiture
\$ 2,030,872	\$ 159,338	\$ 448,040	\$ 608,151	\$ 328,507
28,899	858	2,382	4,097	1,743
42,477		106,350		
<u>\$ 2,102,248</u>	<u>\$ 160,196</u>	<u>\$ 556,772</u>	<u>\$ 612,248</u>	<u>\$ 330,250</u>
\$ 97,311	\$ 616	\$ 804	\$ 83	\$ 36
	42,477			
25,571			612,165	
<u>122,882</u>	<u>43,093</u>	<u>804</u>	<u>612,248</u>	<u>36</u>
		106,350		
		106,350		
		449,618		
1,979,366	117,103			
				330,214
<u>1,979,366</u>	<u>117,103</u>	<u>449,618</u>	<u></u>	<u>330,214</u>
<u>\$ 2,102,248</u>	<u>\$ 160,196</u>	<u>\$ 556,772</u>	<u>\$ 612,248</u>	<u>\$ 330,250</u>

(continued)

City of Santa Maria

COMBINING BALANCE SHEET (continued)

Non-major Governmental Funds

June 30, 2019

	Special Revenue Funds			
	Gas Tax	Street Grant	Local Streets	Public Access Television
ASSETS:				
Cash and investments	\$ 2,556,930	\$ 59,171	\$ 6,734,539	\$ 247,449
Cash with fiscal agent				
Accounts receivable	444,336	97,087	632,950	71,665
Loans receivable				
Advances receivable				
Prepaid items			10,000	261
Total assets	<u>\$ 3,001,266</u>	<u>\$ 156,258</u>	<u>\$ 7,377,489</u>	<u>\$ 319,375</u>
LIABILITIES:				
Accounts payable	\$ 413,819	\$ 159,456	\$ 269,835	\$ 1,376
Advances payable				
Accrued wages and benefits			44,204	2,684
Unearned revenue				
Total liabilities	<u>413,819</u>	<u>159,456</u>	<u>314,039</u>	<u>4,060</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred revenue				
Total deferred inflows of resources				
FUND BALANCES:				
Nonspendable:				
Prepaid items			10,000	261
Restricted for:				
Community development				
Debt service				
Drainage				
Education				315,054
Landscape maintenance				
Park acquisition				
Park development				
Public safety				
Road maintenance	2,587,447		7,053,450	
Assigned to:				
Capital projects				
Unassigned		(3,198)		
Total fund balances	<u>2,587,447</u>	<u>(3,198)</u>	<u>7,063,450</u>	<u>315,315</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,001,266</u>	<u>\$ 156,258</u>	<u>\$ 7,377,489</u>	<u>\$ 319,375</u>

Special Revenue Funds

Grant (Non-recurring)	Total Special Revenue Funds
\$ 680,726	\$ 17,803,775
	1,336,408
	106,350
	42,477
	10,261
\$ 680,726	\$ 19,299,271
\$ 1,221	\$ 1,012,352
	42,477
	72,459
	612,165
1,221	1,739,453
	106,350
	106,350
	10,261
	449,618
	322,590
	315,054
	2,096,469
	1,586,651
	1,999,866
	355,755
	9,640,897
679,505	679,505
	(3,198)
679,505	17,453,468
\$ 680,726	\$ 19,299,271

City of Santa Maria

COMBINING BALANCE SHEET (completed)

Non-major Governmental Funds

June 30, 2019

	Debt Service	
	Public Financing Authority	Total Nonmajor Governmental Funds
ASSETS:		
Cash and investments	\$ -	\$ 17,803,775
Cash with fiscal agent	278,199	278,199
Accounts receivable		1,336,408
Loans receivable		106,350
Advances receivable		42,477
Prepaid items		10,261
Total assets	\$ 278,199	\$ 19,577,470
LIABILITIES:		
Accounts payable	\$ -	\$ 1,012,352
Advances payable		42,477
Accrued wages and benefits		72,459
Unearned revenue		612,165
Total liabilities		1,739,453
DEFERRED INFLOWS OF RESOURCES:		
Deferred revenue		106,350
Total deferred inflows of resources		106,350
FUND BALANCES:		
Nonspendable:		
Prepaid items		10,261
Restricted for:		
Community development		449,618
Debt service	278,199	278,199
Drainage		322,590
Education		315,054
Landscape maintenance		2,096,469
Park acquisition		1,586,651
Park development		1,999,866
Public safety		355,755
Road maintenance		9,640,897
Assigned to:		
Capital projects		679,505
Unassigned		(3,198)
Total fund balances	278,199	17,731,667
Total liabilities, deferred inflows of resources, and fund balances	\$ 278,199	\$ 19,577,470

(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, 2019

	Special Revenue Funds			
	Traffic Safety	Drainage Districts	Land Acquisition Tax	Residential Development Tax
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 120,289
Permits, fines and forfeitures	512,088			
Use of money and property		13,370	73,280	78,317
Intergovernmental revenues				
Charges for current services		1,987	85,157	
Other revenues				
Total revenues	<u>512,088</u>	<u>15,357</u>	<u>158,437</u>	<u>198,606</u>
EXPENDITURES:				
Current:				
General government				
Community development				
Public safety	48,100			
Recreation and parks				
Public works				
Capital outlay			620,923	39,478
Debt service:				
Interest and fiscal charges				
Total expenditures	<u>48,100</u>	<u></u>	<u>620,923</u>	<u>39,478</u>
Excess of revenues over (under) expenditures	<u>463,988</u>	<u>15,357</u>	<u>(462,486)</u>	<u>159,128</u>
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out	(514,040)			
Total other financing sources (uses)	<u>(514,040)</u>	<u></u>	<u></u>	<u></u>
Net changes in fund balances	<u>(50,052)</u>	<u>15,357</u>	<u>(462,486)</u>	<u>159,128</u>
FUND BALANCES:				
Fund balances - July 1, 2018	75,593	307,233	2,013,459	1,805,909
Prior period adjustments			35,678	34,829
Fund balances - July 1, 2018, restated	<u>75,593</u>	<u>307,233</u>	<u>2,049,137</u>	<u>1,840,738</u>
Fund balances - June 30, 2019	<u>\$ 25,541</u>	<u>\$ 322,590</u>	<u>\$ 1,586,651</u>	<u>\$ 1,999,866</u>

Special Revenue Funds

Landscape Maintenance	Stowell Parking and Lighting	Economic Development	Supplemental Law Enforcement Grant	Federal and State Asset Forfeiture
\$ 3,720,483	\$ 56,944	\$ -	\$ -	\$ -
88,679	6,359	18,731	30,478	13,665
(54,856)	128		135,024	3,891
<u>3,754,306</u>	<u>63,431</u>	<u>18,731</u>	<u>165,502</u>	<u>17,556</u>
		755		
3,195,207	21,329			
337,135				
	1,884			
<u>3,532,342</u>	<u>23,213</u>	<u>755</u>		
<u>221,964</u>	<u>40,218</u>	<u>17,976</u>	<u>165,502</u>	<u>17,556</u>
1,942,688				
(1,603,756)	(563)		(165,502)	
<u>338,932</u>	<u>(563)</u>		<u>(165,502)</u>	
<u>560,896</u>	<u>39,655</u>	<u>17,976</u>		<u>17,556</u>
1,418,470	77,448	431,642		312,658
<u>1,418,470</u>	<u>77,448</u>	<u>431,642</u>		<u>312,658</u>
<u>\$ 1,979,366</u>	<u>\$ 117,103</u>	<u>\$ 449,618</u>	<u>\$ -</u>	<u>\$ 330,214</u>

(continued)

City of Santa Maria

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)

Non-major Governmental Funds

For the Fiscal Year Ended June 30, 2019

	Special Revenue Funds			
	Gas Tax	Street Grant	Local Streets	Public Access Television
REVENUES				
Taxes and assessments	\$ 4,229,960	\$ -	\$ 5,758,413	\$ -
Permits, fines and forfeitures				
Use of money and property	88,184		366,701	8,636
Intergovernmental revenues		178,999		
Charges for current services	71,205		46,493	283,046
Other revenues		48,412		104
Total revenues	<u>4,389,349</u>	<u>227,411</u>	<u>6,171,607</u>	<u>291,786</u>
EXPENDITURES				
Current:				
General government				224,424
Community development				
Public safety				
Recreation and parks				
Public works	25,450		3,320,651	
Capital outlay	2,510,986	270,332	1,304,782	
Debt service:				
Interest and fiscal charges				
Total expenditures	<u>2,536,436</u>	<u>270,332</u>	<u>4,625,433</u>	<u>224,424</u>
Excess of revenues (under) expenditures	<u>1,852,913</u>	<u>(42,921)</u>	<u>1,546,174</u>	<u>67,362</u>
OTHER FINANCING SOURCES (USES):				
Transfers in			375,250	50,000
Transfers out	(655,049)		(1,226,435)	(20,488)
Total other financing sources (uses)	<u>(655,049)</u>		<u>(851,185)</u>	<u>29,512</u>
Net changes in fund balances	<u>1,197,864</u>	<u>(42,921)</u>	<u>694,989</u>	<u>96,874</u>
FUND BALANCES:				
Fund balances - July 1, 2018	1,389,583	39,723	6,368,461	218,441
Prior period adjustment				
Fund balances - July 1, 2018, restated	<u>1,389,583</u>	<u>39,723</u>	<u>6,368,461</u>	<u>218,441</u>
Fund balances - June 30, 2019	<u>\$ 2,587,447</u>	<u>\$ (3,198)</u>	<u>\$ 7,063,450</u>	<u>\$ 315,315</u>

Special Revenue Funds

Grant (Non-recurring)	Total Special Revenue Funds
\$ -	\$ 13,886,089
	512,088
	786,400
99,344	417,386
	433,032
	48,516
99,344	16,083,511
	224,424
420,503	421,258
	48,100
	3,195,207
	3,367,430
2,671	5,086,307
	1,884
423,174	12,344,610
(323,830)	3,738,901
	2,367,938
	(4,185,833)
	(1,817,895)
(323,830)	1,921,006
1,003,335	15,461,955
	70,507
1,003,335	15,532,462
\$ 679,505	\$ 17,453,468

City of Santa Maria

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (completed)

Non-major Governmental Funds

For the Fiscal Year Ended June 30, 2019

	<u>Debt Service</u>	
	Public Financing Authority	Total Nonmajor Governmental Funds
REVENUES		
Taxes and assessments	\$ -	\$ 13,886,089
Permits, fines and forfeitures		512,088
Use of money and property		786,400
Intergovernmental revenues		417,386
Charges for current services		433,032
Other revenues		48,516
Total revenues	<u> </u>	<u>16,083,511</u>
EXPENDITURES		
Current:		
General government		224,424
Community development		421,258
Public safety		48,100
Recreation and parks		3,195,207
Public works		3,367,430
Capital outlay		5,086,307
Debt service:		
Interest and fiscal charges		1,884
Total expenditures	<u> </u>	<u>12,344,610</u>
Excess of revenues (under) expenditures	<u> </u>	<u>3,738,901</u>
OTHER FINANCING SOURCES (USES):		
Transfers in		2,367,938
Transfers out		<u>(4,185,833)</u>
Total other financing sources (uses)	<u> </u>	<u>(1,817,895)</u>
Net changes in fund balances	<u> </u>	<u>1,921,006</u>
FUND BALANCES:		
Fund balances - July 1, 2018	278,199	15,740,154
Prior period adjustment		70,507
Fund balances - July 1, 2018, restated	<u>278,199</u>	<u>15,810,661</u>
Fund balances - June 30, 2019	<u>\$ 278,199</u>	<u>\$ 17,731,667</u>

(concluded)



City of Santa Maria

BUDGETARY COMPARISON SCHEDULES

Special Revenue Funds

For the Fiscal Year Ended June 30, 2019

	Traffic Safety		
	Budget	Actual	Variance Over/(Under)
REVENUES:			
Taxes and assessments	\$ -	\$ -	\$ -
Permits, fines and forfeitures	370,000	512,088	142,088
Use of money and property			
Intergovernmental revenues			
Charges for current services			
Other revenues			
Total revenues	<u>370,000</u>	<u>512,088</u>	<u>142,088</u>
EXPENDITURES:			
Current:			
General government			
Community development			
Public safety	25,250	48,100	22,850
Recreation and parks			
Public works			
Capital outlay			
Debt service:			
Principal			
Interest and fiscal charges			
Total expenditures	<u>25,250</u>	<u>48,100</u>	<u>22,850</u>
Excess of revenues over (under) expenditures	<u>344,750</u>	<u>463,988</u>	<u>119,238</u>
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out	(300,000)	(514,040)	(214,040)
Total other financing sources (uses)	<u>(300,000)</u>	<u>(514,040)</u>	<u>(214,040)</u>
Net changes in fund balances	<u>\$ 44,750</u>	<u>(50,052)</u>	<u>\$ (94,802)</u>
FUND BALANCES:			
Fund balances - July 1, 2018		75,593	
Prior period adjustments			
Fund balances - July 1, 2018, restated		<u>75,593</u>	
Fund balances - June 30, 2019		<u>\$ 25,541</u>	

Drainage Districts			Land Acquisition Tax		
Budget	Actual	Variance Over/(Under)	Budget	Actual	Variance Over/(Under)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,550	13,370	10,820	16,070	73,280	57,210
	1,987	1,987	887,540	85,157	(802,383)
<u>2,550</u>	<u>15,357</u>	<u>12,807</u>	<u>903,610</u>	<u>158,437</u>	<u>(745,173)</u>
			999,762	620,923	(378,839)
			<u>999,762</u>	<u>620,923</u>	<u>(378,839)</u>
<u>2,550</u>	<u>15,357</u>	<u>12,807</u>	<u>(96,152)</u>	<u>(462,486)</u>	<u>(366,334)</u>
<u>\$ 2,550</u>	<u>15,357</u>	<u>\$ 12,807</u>	<u>\$ (96,152)</u>	<u>(462,486)</u>	<u>\$ (366,334)</u>
	307,233			2,013,459	
	<u>307,233</u>			<u>35,678</u>	
	<u>\$ 322,590</u>			<u>2,049,137</u>	
				<u>\$ 1,586,651</u>	

(continued)

City of Santa Maria

BUDGETARY COMPARISON SCHEDULES (continued)

Special Revenue Funds

For the Fiscal Year Ended June 30, 2019

	Residential Development Tax		
	Budget	Actual	Variance Over/(Under)
REVENUES:			
Taxes and assessments	\$ 82,510	\$ 120,289	\$ 37,779
Permits, fines and forfeitures			
Use of money and property	16,170	78,317	62,147
Intergovernmental revenues			
Charges for current services			
Other revenues			
Total revenues	<u>98,680</u>	<u>198,606</u>	<u>99,926</u>
EXPENDITURES:			
Current:			
General government			
Community development			
Public safety			
Recreation and parks			
Public works			
Capital outlay	45,805	39,478	(6,327)
Debt service:			
Principal			
Interest and fiscal charges			
Total expenditures	<u>45,805</u>	<u>39,478</u>	<u>(6,327)</u>
Excess of revenues over (under) expenditures	<u>52,875</u>	<u>159,128</u>	<u>106,253</u>
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u></u>	<u></u>	<u></u>
Net changes in fund balances	<u>\$ 52,875</u>	<u>159,128</u>	<u>\$ 106,253</u>
FUND BALANCES:			
Fund balances - July 1, 2018		1,805,909	
Prior period adjustment		34,829	
Fund balances - July 1, 2018, restated		<u>1,840,738</u>	
Fund balances - June 30, 2019		<u>\$ 1,999,866</u>	

Landscape Maintenance		
Budget	Actual	Variance Over/(Under)
\$ 3,714,373	\$ 3,720,483	\$ 6,110
6,960	88,679	81,719
5,500	(54,856)	(60,356)
<u>3,726,833</u>	<u>3,754,306</u>	<u>27,473</u>
4,425,327	3,195,207	(1,230,120)
406,824	337,135	(69,689)
<u>4,832,151</u>	<u>3,532,342</u>	<u>(1,299,809)</u>
<u>(1,105,318)</u>	<u>221,964</u>	<u>1,327,282</u>
2,059,077	1,942,688	(116,389)
<u>(1,603,756)</u>	<u>(1,603,756)</u>	
<u>455,321</u>	<u>338,932</u>	<u>(116,389)</u>
<u>\$ (649,997)</u>	<u>560,896</u>	<u>\$ 1,210,893</u>
	1,418,470	
	<u>1,418,470</u>	
	<u>\$ 1,979,366</u>	

(continued)

City of Santa Maria

BUDGETARY COMPARISON SCHEDULES (continued)

Special Revenue Funds

For the Fiscal Year Ended June 30, 2019

	Stowell Parking and Lighting		
	Budget	Actual	Variance Over/(Under)
REVENUES:			
Taxes and assessments	\$ 53,436	\$ 56,944	\$ 3,508
Permits, fines and forfeitures			
Use of money and property	960	6,359	5,399
Intergovernmental revenues	150	128	(22)
Charges for current services			
Other revenues			
Total revenues	<u>54,546</u>	<u>63,431</u>	<u>8,885</u>
EXPENDITURES:			
Current:			
General government			
Community development			
Public safety			
Recreation and parks			
Public works	306,217	21,329	(284,888)
Capital outlay			
Debt service:			
Principal	19,720		(19,720)
Interest and fiscal charges	2,480	1,884	(596)
Total expenditures	<u>328,417</u>	<u>23,213</u>	<u>(305,204)</u>
Excess of revenues over (under) expenditures	<u>(273,871)</u>	<u>40,218</u>	<u>314,089</u>
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out	(563)	(563)	
Total other financing sources (uses)	<u>(563)</u>	<u>(563)</u>	
Net changes in fund balances	<u>\$ (274,434)</u>	<u>39,655</u>	<u>\$ 314,089</u>
FUND BALANCES:			
Fund balances - July 1, 2018		77,448	
Prior period adjustment			
Fund balances - July 1, 2018, restated		<u>77,448</u>	
Fund balances - June 30, 2019		<u>\$ 117,103</u>	

Economic Development			Supplemental Law Enforcement Grant		
Budget	Actual	Variance Over/(Under)	Budget	Actual	Variance Over/(Under)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,610	18,731	15,121	6,220	30,477	24,257
140,000			135,025		(4,975)
<u>3,610</u>	<u>18,731</u>	<u>15,121</u>	<u>146,220</u>	<u>165,502</u>	<u>19,282</u>
130,000	755	(129,245)			
<u>130,000</u>	<u>755</u>	<u>(129,245)</u>			
(126,390)	17,976	144,366	146,220	165,502	19,282
				(165,502)	(165,502)
				(165,502)	(165,502)
<u>\$ (126,390)</u>	<u>17,976</u>	<u>\$ 144,366</u>	<u>\$ 146,220</u>		<u>\$ (146,220)</u>
	431,642				
	<u>431,642</u>				
	<u>\$ 449,618</u>			<u>\$ -</u>	

(continued)

City of Santa Maria

BUDGETARY COMPARISON SCHEDULES (continued)

Special Revenue Funds

For the Fiscal Year Ended June 30, 2019

	Federal and State Asset Forfeiture		
	Budget	Actual	Variance Over/(Under)
REVENUES:			
Taxes and assessments	\$ -	\$ -	\$ -
Permits, fines and forfeitures			
Use of money and property	2,660	13,665	11,005
Intergovernmental revenues		3,891	3,891
Charges for current services			
Other revenues			
Total revenues	<u>2,660</u>	<u>17,556</u>	<u>14,896</u>
EXPENDITURES:			
Current:			
General government			
Community development			
Public safety			
Recreation and parks			
Public works			
Capital outlay			
Debt service:			
Principal			
Interest and fiscal charges			
Total expenditures	<u> </u>	<u> </u>	<u> </u>
Excess of revenues over (under) expenditures	<u>2,660</u>	<u>17,556</u>	<u>14,896</u>
OTHER FINANCING SOURCES (USES):			
Transfers in			
Transfers out			
Total other financing sources (uses)	<u> </u>	<u> </u>	<u> </u>
Net changes in fund balances	<u>\$ 2,660</u>	<u>17,556</u>	<u>\$ 14,896</u>
FUND BALANCES:			
Fund balances - July 1, 2018		312,658	
Prior period adjustment			
Fund balances - July 1, 2018, restated		<u>312,658</u>	
Fund balances - June 30, 2019		<u>\$ 330,214</u>	

Gas Tax			Street Grant		
Budget	Actual	Variance Over/(Under)	Budget	Actual	Variance Over/(Under)
\$ 4,477,760	\$ 4,229,960	\$ (247,800)	\$ -	\$ -	\$ -
12,830	88,184	75,354	1,334,260	178,999	(1,155,261)
5,775	71,205	65,430		48,412	48,412
<u>4,496,365</u>	<u>4,389,349</u>	<u>(107,016)</u>	<u>1,334,260</u>	<u>227,411</u>	<u>(1,106,849)</u>
26,580	25,450	(1,130)			
5,328,256	2,510,986	(2,817,270)	1,367,677	270,332	(1,097,345)
<u>5,354,836</u>	<u>2,536,436</u>	<u>(2,818,400)</u>	<u>1,367,677</u>	<u>270,332</u>	<u>(1,097,345)</u>
<u>(858,471)</u>	<u>1,852,913</u>	<u>2,711,384</u>	<u>(33,417)</u>	<u>(42,921)</u>	<u>(9,504)</u>
<u>(655,049)</u>	<u>(655,049)</u>				
<u>(655,049)</u>	<u>(655,049)</u>				
<u>\$ (1,513,520)</u>	<u>1,197,864</u>	<u>\$ 2,711,384</u>	<u>\$ (33,417)</u>	<u>(42,921)</u>	<u>\$ (9,504)</u>
	1,389,583			39,723	
	<u>1,389,583</u>			<u>39,723</u>	
	<u>\$ 2,587,447</u>			<u>\$ (3,198)</u>	

(continued)

City of Santa Maria

BUDGETARY COMPARISON SCHEDULES (continued)

Special Revenue Funds

For the Fiscal Year Ended June 30, 2019

	Local Streets		
	Budget	Actual	Variance Over/(Under)
REVENUES:			
Taxes and assessments	\$ 5,358,940	\$ 5,758,413	\$ 399,473
Permits, fines and forfeitures			
Use of money and property	84,040	366,701	282,661
Intergovernmental revenues			
Charges for current services	54,200	46,493	(7,707)
Other revenues			
Total revenues	<u>5,497,180</u>	<u>6,171,607</u>	<u>674,427</u>
EXPENDITURES:			
Current:			
General government			
Community development			
Public safety			
Recreation and parks			
Public works	3,307,987	3,320,651	12,664
Capital outlay	4,134,203	1,304,782	(2,829,421)
Debt service:			
Principal			
Interest and fiscal charges			
Total expenditures	<u>7,442,190</u>	<u>4,625,433</u>	<u>(2,816,757)</u>
Excess of revenues over (under) expenditures	<u>(1,945,010)</u>	<u>1,546,174</u>	<u>3,491,184</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	210,000	375,250	165,250
Transfers out	<u>(1,226,435)</u>	<u>(1,226,435)</u>	
Total other financing sources (uses)	<u>(1,016,435)</u>	<u>(851,185)</u>	<u>165,250</u>
Net changes in fund balances	<u>\$ (2,961,445)</u>	<u>694,989</u>	<u>\$ 3,656,434</u>
FUND BALANCES:			
Fund balances - July 1, 2018		6,368,461	
Prior period adjustment			
Fund balances - July 1, 2018, restated		<u>6,368,461</u>	
Fund balances - June 30, 2019		<u>\$ 7,063,450</u>	

Public Access Television			Grant (non-recurring)		
Budget	Actual	Variance Over/(Under)	Budget	Actual	Variance Over/(Under)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,460	8,636	7,176		99,344	99,344
562,750	283,046	(279,704)			
6,600	104	(6,496)			
<u>570,810</u>	<u>291,786</u>	<u>(279,024)</u>		<u>99,344</u>	<u>99,344</u>
269,139	224,424	(44,715)	1,222,966	420,503	(802,463)
			2,700	2,671	(29)
<u>269,139</u>	<u>224,424</u>	<u>(44,715)</u>	<u>1,225,666</u>	<u>423,174</u>	<u>(802,492)</u>
<u>301,671</u>	<u>67,362</u>	<u>(234,309)</u>	<u>(1,225,666)</u>	<u>(323,830)</u>	<u>901,836</u>
50,000	50,000				
(20,488)	(20,488)				
<u>29,512</u>	<u>29,512</u>				
<u>\$ 331,183</u>	<u>96,874</u>	<u>\$ (234,309)</u>	<u>\$ (1,225,666)</u>	<u>(323,830)</u>	<u>\$ 901,836</u>
	218,441			1,003,335	
	<u>218,441</u>			<u>1,003,335</u>	
	<u>\$ 315,315</u>			<u>\$ 679,505</u>	

(concluded)



DESCRIPTION OF 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, 2019

	Fleet Services	Business Equipment	Insurance	Total
ASSETS				
Current assets:				
Cash and investments	\$ 10,952,113	\$ 12,295,928	\$ 21,256,650	\$ 44,504,691
Accounts receivable, net	12,056	1,235	234,801	248,092
Deposits			185,000	185,000
Prepaid items	3,311	181,669		184,980
Inventory	60,097			60,097
Due from other funds				
Total current assets	<u>11,027,577</u>	<u>12,478,832</u>	<u>21,676,451</u>	<u>45,182,860</u>
Capital assets:				
Construction in progress	208,431	315,501		523,932
Facilities	961,255			961,255
Equipment	31,659,161	14,910,342		46,569,503
Accumulated depreciation	(19,262,496)	(9,289,334)		(28,551,830)
Total net capital assets	<u>13,566,351</u>	<u>5,936,509</u>		<u>19,502,860</u>
Total noncurrent assets	<u>13,566,351</u>	<u>5,936,509</u>		<u>19,502,860</u>
Total assets	<u>24,593,928</u>	<u>18,415,341</u>	<u>21,676,451</u>	<u>64,685,720</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred OPEB	7,535		2,088	9,623
Deferred pension	301,693			301,693
Total deferred outflows of resources	<u>309,228</u>		<u>2,088</u>	<u>311,316</u>
LIABILITIES				
Current liabilities:				
Accounts payable	240,145	447,234	133,187	820,566
Accrued wages and benefits	19,982		4,789	24,771
Debt due within one year	675,181		3,911,010	4,586,191
Total current liabilities	<u>935,308</u>	<u>447,234</u>	<u>4,048,986</u>	<u>5,431,528</u>
Noncurrent liabilities:				
Compensated absences	6,668		945	7,613
OPEB liability	216,847		72,997	289,844
Claims payable			10,780,469	10,780,469
Leases payable	590,514			590,514
Net pension liability	1,713,344			1,713,344
Total noncurrent liabilities	<u>2,527,373</u>		<u>10,854,411</u>	<u>13,381,784</u>
Total liabilities	<u>3,462,681</u>	<u>447,234</u>	<u>14,903,397</u>	<u>18,813,312</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred OPEB	21,764		10,582	32,346
Deferred pension	31,883			31,883
Total deferred inflows of resources	<u>53,647</u>		<u>10,582</u>	<u>64,229</u>
NET POSITION				
Net investment in capital assets	12,330,050	5,936,509		18,266,559
Unrestricted	9,056,778	12,031,598	6,764,560	27,852,936
Total net position	<u>\$ 21,386,828</u>	<u>\$ 17,968,107</u>	<u>\$ 6,764,560</u>	<u>\$ 46,119,495</u>

City of Santa Maria

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

Internal Service Funds

For the Fiscal Year Ended June 30, 2019

	Fleet Services	Business Equipment	Insurance	Total
OPERATING REVENUES				
Charges for current services	\$ 8,980,242	\$ 4,136,402	\$ 6,489,013	\$ 19,605,657
Other revenues	549	929		1,478
Total operating revenues	8,980,791	4,137,331	6,489,013	19,607,135
OPERATING EXPENSES				
Salaries, wages and benefits	1,284,811		258,608	1,543,419
Materials and supplies	1,874,430	149,565	4,047	2,028,042
Equipment maintenance and operation	663,102	1,264,146	2,366	1,929,614
Contracts and services	996,109		4,925,318	5,921,427
Depreciation	2,265,868	1,390,776		3,656,644
Total operating expenses	7,084,320	2,804,487	5,190,339	15,079,146
OPERATING INCOME	1,896,471	1,332,844	1,298,674	4,527,989
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on sale of equipment	59,778	(406)		59,372
Interest expense	(40,539)			(40,539)
Total nonoperating revenues (expenses)	19,239	(406)		18,833
Income before capital contributions and transfers	1,915,710	1,332,438	1,298,674	4,546,822
Capital contributions	1,838,730	624,828		2,463,558
Transfers in			817,304	817,304
Transfers out	(237,206)	(20,711)	(137,030)	(394,947)
Change in net position	3,517,234	1,936,555	1,978,948	7,432,737
NET POSITION				
Beginning of fiscal year	17,869,594	16,262,392	4,785,612	38,917,598
Prior period adjustment		(230,840)		(230,840)
End of fiscal year	\$ 21,386,828	\$ 17,968,107	\$ 6,764,560	\$ 46,119,495

City of Santa Maria

COMBINING STATEMENT OF CASH FLOWS

Internal Service Funds

For the Fiscal Year Ended June 30, 2019

	Fleet Services	Business Equipment	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts for current services	\$ 9,006,971	\$ 4,136,096	\$ 6,460,785	\$ 19,603,852
Payments for goods and services	(3,555,365)	(1,121,205)	(2,238,832)	(6,915,402)
Payments to employees	(768,782)		(253,433)	(1,022,215)
Net cash provided by operating activities	4,682,824	3,014,891	3,968,520	11,666,235
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in from other funds			817,304	817,304
Transfers out to other funds	(237,206)	(20,711)	(137,030)	(394,947)
Net cash provided by (used for) noncapital financing activities	(237,206)	(20,711)	680,274	422,357
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(2,722,983)	(66,997)		(2,789,980)
Lease payments made	(645,788)			(645,788)
Interest expense payments made	(40,539)			(40,539)
Proceeds from sale of capital assets			49,396	49,396
Net cash provided by (used for) capital and related financing activities	(3,409,310)	(66,997)	49,396	(3,426,911)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds (purchase) of investments	785,801	(983,574)	(1,632,541)	(1,830,314)
Net cash provided by (used for) investing activities	785,801	(983,574)	(1,632,541)	(1,830,314)
Net increase (decrease) in cash and cash equivalents	1,822,109	1,943,609	3,065,649	6,831,367
CASH AND CASH EQUIVALENTS				
Beginning of fiscal year	2,580,128	2,557,680	9,339,420	14,477,228
End of fiscal year	\$ 4,402,237	\$ 4,501,289	\$ 12,405,069	\$ 21,308,595
Reconciliation of cash and investments per the statement of net position:				
Cash and investments	\$ 10,952,113	\$ 12,295,928	\$ 21,256,650	\$ 44,504,691
Restricted cash and investments				
Less: non-cash equivalents	(6,549,876)	(7,794,639)	(8,851,581)	(23,196,096)
Total cash and cash equivalents	\$ 4,402,237	\$ 4,501,289	\$ 12,405,069	\$ 21,308,595

(continued)

City of Santa Maria

COMBINING STATEMENT OF CASH FLOWS (continued)

Internal Service Funds

For the Fiscal Year Ended June 30, 2019

	Fleet Services	Business Equipment	Insurance	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 1,896,471	\$ 1,332,844	\$ 1,298,674	\$ 4,527,989
Adjustments to reconcile operating activities:				
Depreciation expense	2,265,868	1,390,776		3,656,644
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
Accounts receivable	26,180	(1,235)	(28,228)	(3,283)
Prepaid items	(2,272)	(72,703)	11,286	(63,689)
Inventory			461,885	461,885
Deferred outflows for OPEB	(1,646)		(231)	(1,877)
Deferred outflows for pensions	1,113			1,113
Accounts payable	(19,452)	365,209	(19,583)	326,174
Accrued wages and benefits	7,174		(3)	7,171
Compensated absences	(9,902)		1,598	(8,304)
OPEB liability	4,823		1,521	6,344
Claims payable			2,239,311	2,239,311
Pension liability	506,156			506,156
Deferred inflows for OPEB	5,637		2,290	7,927
Deferred inflows for pensions	2,674			2,674
Net cash provided by operating activities	\$ 4,682,824	\$ 3,014,891	\$ 3,968,520	\$ 11,666,235
NON-CASH ACTIVITY:				
Contributed capital assets	\$ 1,838,730	\$ 624,828	\$ -	\$ 2,463,558

(concluded)



DESCRIPTION OF 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

COMBINING STATEMENT OF ASSETS AND LIABILITIES

Agency Funds

June 30, 2019

	Treasurer's Trust	Maintenance Annuity	Twitchell Management Authority	Total Agency Funds
ASSETS:				
Cash and investments	\$ 2,723,691	\$ 191,160	\$ 3,354,470	\$ 6,269,321
Accounts receivable			17,553	17,553
Total assets	<u>\$ 2,723,691</u>	<u>\$ 191,160</u>	<u>\$ 3,372,023</u>	<u>\$ 6,286,874</u>
LIABILITIES:				
Trust deposits	\$ 2,723,691	\$ 191,160	\$ 3,372,023	\$ 6,286,874
Total liabilities	<u>\$ 2,723,691</u>	<u>\$ 191,160</u>	<u>\$ 3,372,023</u>	<u>\$ 6,286,874</u>

City of Santa Maria

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Agency Funds

For the Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
TREASURER'S TRUST				
Assets				
Cash and investments	\$ 2,739,256	\$ 1,180,911	\$ 1,196,476	\$ 2,723,691
Total assets	<u>\$ 2,739,256</u>	<u>\$ 1,180,911</u>	<u>\$ 1,196,476</u>	<u>\$ 2,723,691</u>
Liabilities				
Trust deposits	\$ 2,739,256	\$ 1,180,911	\$ 1,196,476	\$ 2,723,691
Total liabilities	<u>\$ 2,739,256</u>	<u>\$ 1,180,911</u>	<u>\$ 1,196,476</u>	<u>\$ 2,723,691</u>
 MAINTENANCE ANNUITY				
Assets				
Cash and investments	\$ 191,160	\$ -	\$ -	\$ 191,160
Total assets	<u>\$ 191,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,160</u>
Liabilities				
Trust deposits	\$ 191,160	\$ -	\$ -	\$ 191,160
Total liabilities	<u>\$ 191,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,160</u>

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
TWITCHELL MANAGEMENT AUTHORITY				
Assets				
Cash and investments	\$ 2,809,396	\$ 920,078	\$ 375,004	\$ 3,354,470
Accounts receivable	33,391	245,824	261,662	17,553
Total assets	<u>\$ 2,842,787</u>	<u>\$ 1,165,902</u>	<u>\$ 636,666</u>	<u>\$ 3,372,023</u>
Liabilities				
Trust deposits	\$ 2,842,787	\$ 1,165,902	\$ 636,666	\$ 3,372,023
Total liabilities	<u>\$ 2,842,787</u>	<u>\$ 1,165,902</u>	<u>\$ 636,666</u>	<u>\$ 3,372,023</u>
 TOTAL AGENCY FUNDS				
Assets				
Cash and investments	\$ 5,739,812	\$ 2,100,989	\$ 1,571,480	\$ 6,269,321
Accounts receivable	33,391	245,824	261,662	17,553
Total assets	<u>\$ 5,773,203</u>	<u>\$ 2,346,813</u>	<u>\$ 1,833,142</u>	<u>\$ 6,286,874</u>
Liabilities				
Trust deposits	\$ 5,773,203	\$ 2,346,813	\$ 1,833,142	\$ 6,286,874
Total liabilities	<u>\$ 5,773,203</u>	<u>\$ 2,346,813</u>	<u>\$ 1,833,142</u>	<u>\$ 6,286,874</u>



City of Santa Maria
STATISTICAL NARRATIVE
For the Fiscal Year Ended June 30, 2019

Contents	<u>Page</u>
Financial Trends 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
Revenue Capacity These schedules contain information to help assess the government's most significant local revenue sources.	S-14
Debt Capacity 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
Demographic and Economic Information 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
Operating Information 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

	2010	2011	2012	2013
Governmental activities:				
Net investment in capital assets	\$ 201,165,622	\$ 191,139,585	\$ 192,111,417	\$ 185,807,029
Restricted	21,374,294	14,242,819	16,580,945	19,980,316
Unrestricted	54,913,132	64,860,795	63,942,788	54,055,203
Total governmental activities net position	<u>277,453,048</u>	<u>270,243,199</u>	<u>272,635,150</u>	<u>259,842,548</u>
Business-type activities:				
Net investment in capital assets	59,215,521	71,545,818	74,477,063	67,641,499
Restricted	9,649,160	9,656,112	9,438,575	9,436,292
Unrestricted	92,438,651	90,913,322	91,124,060	96,775,370
Total business-type activities net position	<u>161,303,332</u>	<u>172,115,252</u>	<u>175,039,698</u>	<u>173,853,161</u>
Primary government:				
Net investment in capital assets	260,381,143	262,685,403	266,588,480	253,448,528
Restricted	31,023,454	23,898,931	26,019,520	29,416,608
Unrestricted	147,351,783	155,774,117	155,066,848	150,830,573
Total primary government net position	<u>\$ 438,756,380</u>	<u>\$ 442,358,451</u>	<u>\$ 447,674,848</u>	<u>\$ 433,695,709</u>

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

	2014	2015	2016	2017	2018	2019
\$	193,188,601	\$ 194,642,953	\$ 188,622,757	\$ 190,559,531	\$ 189,458,099	\$ 186,940,376
	16,390,255	13,215,099	17,395,841	17,255,714	22,468,151	24,128,050
	49,812,081	(24,766,252)	(10,597,132)	3,443,367	(12,186,831)	(6,198,648)
	<u>259,390,937</u>	<u>183,091,800</u>	<u>195,421,466</u>	<u>211,258,612</u>	<u>199,739,419</u>	<u>204,869,778</u>
	66,652,413	78,721,922	68,911,471	73,871,266	72,018,707	70,182,987
	9,412,562	9,691,277	10,131,042	10,155,858	10,228,128	10,802,992
	<u>109,796,207</u>	<u>93,632,485</u>	<u>111,558,400</u>	<u>116,147,672</u>	<u>131,686,278</u>	<u>148,845,512</u>
	<u>185,861,182</u>	<u>182,045,684</u>	<u>190,600,913</u>	<u>200,174,796</u>	<u>213,933,113</u>	<u>229,831,491</u>
	259,841,014	273,364,875	257,534,228	264,430,797	261,476,806	257,123,363
	25,802,817	22,906,376	27,526,883	27,411,572	32,696,279	34,931,042
	<u>159,608,288</u>	<u>68,866,233</u>	<u>100,961,268</u>	<u>119,591,039</u>	<u>119,499,447</u>	<u>142,646,864</u>
\$	<u>445,252,119</u>	<u>\$ 365,137,484</u>	<u>\$ 386,022,379</u>	<u>\$ 411,433,408</u>	<u>\$ 413,672,532</u>	<u>\$ 434,701,269</u>

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

	2010	2011	2012	2013
Expenses				
Governmental activities:				
General government	\$ 9,018,262	\$ 8,230,946	\$ 7,603,331	\$ 7,818,914
Public safety	29,583,710	29,278,112	29,073,153	31,939,863
Public works	19,850,452	13,518,414	14,991,119	15,698,704
Library	3,778,788	3,497,409	3,220,926	3,796,528
Community development	4,872,301	4,703,671	5,386,829	5,304,543
Recreation and parks	11,549,567	11,932,463	11,028,926	13,350,009
Interest & fiscal charges	722,568	521,500	481,130	301,150
Total governmental activities expenses	79,375,648	71,682,515	71,785,414	78,209,711
Business-type activities:				
Water and wastewater	32,761,079	34,916,887	33,459,891	34,657,330
Solid waste	18,260,204	18,093,584	17,421,849	19,745,844
Public transit	5,345,420	6,833,916	7,858,226	7,450,124
Total business-type activities expenses	56,366,703	59,844,387	58,739,966	61,853,298
Total primary government expenses	135,742,351	131,526,902	130,525,380	140,063,009
Program Revenues				
Governmental activities:				
Charges for services:				
General government	4,948,795	2,691,168	2,849,587	2,565,366
Public safety	1,771,559	1,372,576	1,710,795	1,156,798
Public works	2,609,280	4,052,970	3,265,217	2,421,122
Library	158,627	215,408	210,463	162,508
Community development	282,506	1,148,105	819,711	1,348,188
Recreation and parks	3,344,401	3,864,146	3,877,914	3,755,716
Operating grants and contributions	2,964,267	2,247,363	2,201,503	2,788,068
Capital grants and contributions	11,327,388	7,654,140	9,323,585	4,527,165
Total governmental activities revenues	27,406,823	23,245,876	24,258,775	18,724,931
Business-type activities:				
Charges for services:				
Water and wastewater	31,865,644	33,999,060	36,086,815	38,166,683
Solid waste	16,674,004	16,751,192	17,124,050	18,480,130
Public transit	976,448	1,916,361	1,956,833	1,260,409
Operating grants and contributions	3,870,297	4,474,802	5,834,863	4,377,283
Capital grants and contributions	4,675,288	5,710,300	1,381,705	178,195
Total business-type activities program revenues	58,061,681	62,851,715	62,384,266	62,462,700
Total primary government program revenues	85,468,504	86,097,591	86,643,041	81,187,631

	2014	2015	2016	2017	2018	2019
\$	8,220,874	\$ 8,605,534	\$ 10,144,022	\$ 9,454,311	\$ 12,266,896	\$ 12,367,768
	34,401,081	39,250,751	37,605,907	43,903,052	48,324,704	51,180,049
	18,229,879	12,821,336	11,656,546	7,007,376	11,746,844	12,331,331
	3,436,077	3,531,458	3,385,534	3,234,243	3,967,988	4,071,745
	4,764,190	4,549,840	2,964,536	4,022,306	3,119,011	6,172,842
	12,937,541	13,728,948	12,976,179	14,381,336	14,478,319	14,948,372
	170,296	47,577	32,763	29,090	80,643	72,141
	<u>82,159,938</u>	<u>82,535,444</u>	<u>78,765,487</u>	<u>82,031,714</u>	<u>93,984,405</u>	<u>101,144,248</u>
	36,180,592	36,387,984	35,821,158	38,090,035	41,201,174	44,240,450
	18,326,043	18,739,993	21,192,889	23,029,155	22,240,599	20,473,443
	7,154,550	6,432,043	5,998,378	6,369,349	8,185,311	7,219,970
	<u>61,661,185</u>	<u>61,560,020</u>	<u>63,012,425</u>	<u>67,488,539</u>	<u>71,627,084</u>	<u>71,933,863</u>
	<u>143,821,123</u>	<u>144,095,464</u>	<u>141,777,912</u>	<u>149,520,253</u>	<u>165,611,489</u>	<u>173,078,111</u>
	2,423,426	3,426,136	6,226,561	528,833	495,929	466,875
	1,729,547	1,618,371	2,908,061	2,957,935	3,648,786	2,938,279
	3,234,109	3,182,799	3,189,813	10,821,482	9,178,147	8,924,227
	221,400	285,926	334,755	570,802	273,705	207,341
	2,568,397	3,046,249	3,874,028	6,063,502	3,451,177	3,053,722
	3,998,766	4,477,483	5,335,179	5,420,937	6,241,176	5,641,478
	3,269,355	2,911,571	2,416,259	2,302,240	4,675,064	2,210,281
	8,417,194	4,061,807	3,553,872	2,532,447	3,137,870	3,373,657
	<u>25,862,194</u>	<u>23,010,342</u>	<u>27,838,528</u>	<u>31,198,178</u>	<u>31,101,854</u>	<u>26,815,860</u>
	42,216,665	40,615,334	42,781,358	47,174,594	52,430,634	49,521,003
	19,542,919	20,093,403	21,206,163	22,298,502	24,737,812	24,899,793
	876,105	935,501	812,601	797,433	854,882	882,701
	5,339,103	5,360,024	3,029,726	4,438,846	3,606,219	2,638,229
	4,582,352	1,354,881	2,294,634	4,484,651	7,132,412	3,774,458
	<u>72,557,144</u>	<u>68,359,143</u>	<u>70,124,482</u>	<u>79,194,026</u>	<u>88,761,959</u>	<u>81,716,184</u>
	<u>98,419,338</u>	<u>91,369,485</u>	<u>97,963,010</u>	<u>110,392,204</u>	<u>119,863,813</u>	<u>108,532,044</u>

Continued

City of Santa Maria
CHANGES IN NET POSITION (continued)
Last Ten Fiscal Years

	2010	2011	2012	2013
Net (expense)/revenue				
Governmental activities	(51,968,825)	(48,436,639)	(47,526,639)	(59,484,780)
Business-type activities	1,694,978	3,007,328	3,644,300	609,402
Total primary government net expense	<u>(50,273,847)</u>	<u>(45,429,311)</u>	<u>(43,882,339)</u>	<u>(58,875,378)</u>
General revenues and other changes in net position				
Governmental Activities:				
Taxes				
Property taxes	15,338,302	15,357,803	14,926,979	14,488,973
Sales taxes	19,621,992	21,711,665	23,644,020	27,606,191
Franchise taxes	3,366,190	3,578,754	3,787,686	3,849,977
Transient occupancy taxes	2,116,310	2,363,467	2,440,980	2,532,032
Other taxes	527,518	733,034	668,699	501,109
Motor vehicle in-lieu tax	302,938	431,934	49,503	
Use of money and property	4,498,446	2,439,648	2,210,175	1,365,203
Other revenues	682,132	405,292	519,746	316,525
Intergovernmental revenues - unrestricted	474,600	511,728	392,473	358,863
Extraordinary items			(516,788)	
Transfers	1,615,511	(7,046,991)	1,570,117	1,245,547
Total governmental activities	<u>48,543,939</u>	<u>40,486,334</u>	<u>49,693,590</u>	<u>52,264,420</u>
Business-type activities:				
Use of money and property	3,462,582	1,340,213	1,075,263	823,322
Other revenues				
Transfers	(1,615,511)	7,046,991	(1,570,117)	(1,245,547)
Total business-type activities	<u>1,847,071</u>	<u>8,387,204</u>	<u>(494,854)</u>	<u>(422,225)</u>
Total primary activities	<u>50,391,010</u>	<u>48,873,538</u>	<u>49,198,736</u>	<u>51,842,195</u>
Change in net position				
Governmental activities	(3,424,886)	(7,950,305)	2,166,951	(7,220,360)
Business-type activities	3,542,049	11,394,532	3,149,446	187,177
Total primary government	<u>\$ 117,163</u>	<u>\$ 3,444,227</u>	<u>\$ 5,316,397</u>	<u>\$ (7,033,183)</u>

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

2014	2015	2016	2017	2018	2019
(56,297,744)	(59,525,102)	(50,926,959)	(50,833,536)	(62,882,551)	(74,328,388)
10,895,959	6,799,123	7,112,057	11,705,487	17,134,875	9,782,321
<u>(45,401,785)</u>	<u>(52,725,979)</u>	<u>(43,814,902)</u>	<u>(39,128,049)</u>	<u>(45,747,676)</u>	<u>(64,546,067)</u>
14,830,943	15,398,828	16,431,902	17,521,830	19,169,310	20,100,615
30,028,789	31,977,276	33,391,413	32,662,412	35,522,904	42,425,965
4,106,820	4,148,057	4,343,076	4,504,448	4,776,273	4,703,992
2,844,497	3,224,413	3,395,321	3,462,237	3,525,322	3,445,935
653,275	852,312	2,020,710	1,983,144	892,397	1,074,493
1,459,225	1,270,196	2,314,452	573,856	632,145	6,166,372
553,197	269,149	242,982	3,187,849	213,030	406,680
460,847	669,088				
1,072,788	3,173,962	1,342,118	2,642,820	1,435,447	1,373,361
<u>56,010,381</u>	<u>60,983,281</u>	<u>63,481,974</u>	<u>66,538,596</u>	<u>66,166,828</u>	<u>79,697,413</u>
1,252,361	1,071,319	2,776,046	924,308	847,958	7,483,722
		9,244	5,190	24,694	5,696
<u>(1,072,788)</u>	<u>(3,173,962)</u>	<u>(1,342,118)</u>	<u>(2,642,820)</u>	<u>(1,435,447)</u>	<u>(1,373,361)</u>
179,573	(2,102,643)	1,443,172	(1,713,322)	(562,795)	6,116,057
<u>56,189,954</u>	<u>58,880,638</u>	<u>64,925,146</u>	<u>64,825,274</u>	<u>65,604,033</u>	<u>85,813,470</u>
(287,363)	1,458,179	12,555,015	15,705,060	3,284,277	5,369,025
11,075,532	4,696,480	8,555,229	9,992,165	16,572,080	15,898,378
<u>\$ 10,788,169</u>	<u>\$ 6,154,659</u>	<u>\$ 21,110,244</u>	<u>\$ 25,697,225</u>	<u>\$ 19,856,357</u>	<u>\$ 21,267,403</u>

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
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
2016	9,116,772	7,315,130	21,916,084	4,169,100	7,306,229
2017	9,793,183	7,728,647	21,262,851	4,258,000	7,141,561
2018	10,856,629	8,312,681	22,562,309	4,635,202	8,325,393
2019	11,244,551	8,856,064	23,987,254	8,450,338	9,988,373

NOTE:
Includes all governmental fund types.

SOURCE:
+Santa Barbara County
*California Franchise Tax Board; VLF Program Commenced in 2005
#California State Board of Equalization

	Franchise Tax	TOT Tax	Other Tax	Total
\$	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
	4,343,076	3,395,321	2,020,710	59,582,422
	4,504,448	3,462,237	1,983,143	60,134,070
	4,776,273	3,525,322	892,397	63,886,206
	4,703,992	3,445,935	1,074,493	71,751,000

City of Santa Maria
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	2010	2011	2012	2013
General fund				
Reserved	\$ 13,994,214	\$ -	\$ -	\$ -
Unreserved	36,840,884	-	-	-
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	19,800,000
Assigned	-	-	-	6,909,711
Unassigned	-	-	-	14,045,532
Total general fund	<u>\$ 50,835,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,755,243</u>
All other governmental funds				
Reserved	\$ 6,970,228	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	13,079,641	-	-	-
Capital projects funds	20,320,812	-	-	-
Debt service funds	(13,692,783)	-	-	-
Nonspendable	-	-	-	4,664,964
Restricted	-	-	(1)	15,587,331
Committed	-	-	-	-
Assigned	-	-	-	12,652,876
Unassigned	-	4,664,964	-	(1,863,283)
Total all other governmental funds	<u>\$ 26,677,898</u>	<u>\$ 4,664,964</u>	<u>\$ (1)</u>	<u>\$ 31,041,888</u>

The City of Santa Maria implemented GASB Statement No. 54 for the 2010-11 fiscal year. Information prior to the implementation of GASB Statement No. 54 is not available.

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
10,208	10,466	19,252	19,833	39,560	34,153
-	-	-	-	-	-
19,800,000	19,800,000	19,800,000	19,800,000	19,800,000	19,800,000
6,909,711	6,248,027	6,248,027	6,248,027	6,413,477	7,230,781
10,843,504	10,847,707	10,497,805	10,400,813	10,362,798	13,172,957
<u>\$ 37,563,423</u>	<u>\$ 36,906,200</u>	<u>\$ 36,565,084</u>	<u>\$ 36,468,673</u>	<u>\$ 36,615,835</u>	<u>\$ 40,237,891</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
9,133	9,148	8,946	6,217	12,516	18,005
12,022,546	13,155,099	17,395,841	17,255,714	15,876,404	18,223,660
-	-	-	-	-	-
5,409,355	7,193,337	13,985,928	26,510,784	32,202,906	38,774,094
(1,705,890)	(658,155)	(14,498)	(16,672)	-	(3,198)
<u>\$ 15,735,144</u>	<u>\$ 19,699,429</u>	<u>\$ 31,376,217</u>	<u>\$ 43,756,043</u>	<u>\$ 48,091,826</u>	<u>\$ 57,012,561</u>

City of Santa Maria

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2010	2011	2012	2013
Revenues				
Taxes	\$ 41,030,042	\$ 43,744,723	\$ 45,468,364	\$ 48,978,282
Permits, fines, and forfeitures	2,032,625	1,368,214	1,103,627	1,467,439
Revenues from use of money and property	3,657,552	2,530,588	2,193,493	1,382,622
Aid from governmental agencies	15,424,318	9,690,422	11,020,727	6,623,511
Charges for current services	10,769,671	12,175,204	12,561,301	9,719,735
Contributions				
Other revenues	1,125,411	334,376	527,117	1,347,451
Total revenues	<u>74,039,619</u>	<u>69,843,527</u>	<u>72,874,629</u>	<u>69,519,040</u>
Expenditures				
Current:				
General government	7,067,465	7,182,507	7,206,265	6,970,704
Community development	4,872,363	4,650,157	4,520,096	4,399,670
Public safety	28,553,613	27,848,391	28,465,201	30,375,414
Recreation and parks	9,982,054	9,757,902	9,661,463	10,740,875
Public works	5,227,336	5,001,666	4,811,965	4,403,858
Library	3,121,202	2,698,807	2,425,505	2,632,917
Non-departmental				5,572,242
Capital outlay	22,830,682	7,906,083	11,379,276	11,367,748
Debt service:				
Principal	2,010,000	2,110,000	2,215,000	2,325,000
Interest and fiscal charges	790,277	589,810	550,064	370,725
Total expenditures	<u>84,454,992</u>	<u>67,745,323</u>	<u>71,234,835</u>	<u>79,159,153</u>
Excess of revenues over (under) expenditures	<u>(10,415,373)</u>	<u>2,098,204</u>	<u>1,639,794</u>	<u>(9,640,113)</u>
Other financing sources (uses)				
Proceeds from loan				
Transfers in	12,018,459	9,383,087	10,465,679	9,143,011
Transfers out	<u>(8,462,795)</u>	<u>(8,018,247)</u>	<u>(7,700,839)</u>	<u>(7,750,381)</u>
Total other financing sources (uses)	<u>3,555,664</u>	<u>1,364,840</u>	<u>2,764,840</u>	<u>1,392,630</u>
Extraordinary gain (loss)			<u>(516,788)</u>	
Net change in fund balances	<u>\$ (6,859,709)</u>	<u>\$ 3,463,044</u>	<u>\$ 3,887,846</u>	<u>\$ (8,247,483)</u>
Debt service as a percentage of non-capital expenditures	3.3%	5.9%	3.9%	3.4%

	2014	2015	2016	2017	2018	2019
\$	52,461,017	\$ 55,557,984	\$ 62,299,906	\$ 63,145,962	\$ 67,295,238	\$ 75,528,427
	2,717,608	3,111,841	3,618,122	6,144,617	3,554,886	2,997,887
	1,482,149	1,186,557	2,266,451	615,163	632,145	6,166,372
	8,555,455	4,825,050	5,970,131	4,834,687	7,812,934	5,583,936
	12,033,721	13,747,994	15,532,791	17,206,983	16,325,002	14,456,599
	1,976,386					
	539,828	450,310	347,569	3,182,916	194,537	405,477
	<u>79,766,164</u>	<u>78,879,736</u>	<u>90,034,970</u>	<u>95,130,328</u>	<u>95,814,742</u>	<u>105,138,698</u>
	7,650,954	8,318,070	8,792,142	8,610,671	9,248,041	9,427,494
	3,904,460	3,489,725	3,446,621	3,880,662	5,163,754	4,625,042
	32,894,813	38,715,224	39,974,715	42,014,343	43,299,049	46,243,960
	11,726,183	11,776,433	11,738,711	12,951,956	13,424,657	13,059,635
	4,288,768	4,237,326	5,078,452	5,357,469	5,919,659	6,112,530
	2,790,293	2,794,617	2,878,592	2,852,926	2,985,808	3,164,323
	19,368,989	11,378,697	6,506,418	9,960,331	12,421,578	10,681,501
	4,675,000	163,904	190,285	580,551	197,752	203,930
	138,828	23,258	32,763	29,090	80,643	72,136
	<u>87,438,288</u>	<u>80,897,254</u>	<u>78,638,699</u>	<u>86,237,999</u>	<u>92,740,941</u>	<u>93,590,551</u>
	<u>(7,672,124)</u>	<u>(2,017,518)</u>	<u>11,396,271</u>	<u>8,892,329</u>	<u>3,073,801</u>	<u>11,548,147</u>
	498,110					
	9,816,183	17,269,907	10,987,033	12,103,080	10,015,646	11,623,196
	<u>(9,186,623)</u>	<u>(12,554,757)</u>	<u>(10,822,283)</u>	<u>(8,844,080)</u>	<u>(8,474,346)</u>	<u>(10,620,726)</u>
	<u>1,127,670</u>	<u>4,715,150</u>	<u>164,750</u>	<u>3,259,000</u>	<u>1,541,300</u>	<u>1,002,470</u>
\$	<u>(6,544,454)</u>	<u>\$ 2,697,632</u>	<u>\$ 11,561,021</u>	<u>\$ 12,151,329</u>	<u>\$ 4,615,101</u>	<u>\$ 12,550,617</u>
	6.2%	0.3%	0.4%	0.8%	0.3%	0.3%

City of Santa Maria

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

FY Ended June 30		Land		Improvements		Personal Property		Gross Value
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
2016		2,695,982,155		4,826,872,212		526,761,351		8,049,615,718
2017		2,789,030,651		5,131,182,618		548,954,711		8,469,167,980
2018		2,960,320,307		5,522,831,675		589,877,561		9,073,029,543
2019		3,080,805,850		5,880,098,216		664,486,655		9,625,390,721

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

Exemptions		Net Taxable Value	Total Direct Tax Rate
\$	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%
	787,289,465	7,262,326,253	1.00000%
	726,554,468	7,742,613,512	1.00000%
	810,225,469	8,262,804,074	1.00000%
	817,808,699	8,807,582,022	1.00000%

Santa Maria



City of Santa Maria

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

As of June 30, 2019

Fiscal Year	*City of Santa Maria	*Santa Barbara County	Schools	Other	Total
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%
2016	0.00000%	1.00000%	1.00013%	0.00000%	2.00013%
2017	0.00000%	1.00000%	1.00092%	0.00000%	2.00092%
2018	0.00000%	1.00000%	1.00880%	0.00000%	2.00880%
2019	0.00000%	1.00000%	1.00884%	0.00000%	2.00884%

*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

2018-19			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Windset Farms California, Inc.	\$ 253,407,489	1	2.88%
Okonite Company, Inc.	107,303,019	2	1.22%
KW Bradley Square LLC	50,056,505	3	0.57%
Santa Maria Land Partners, LLC	47,287,165	4	0.54%
MGP 50 LLC	43,940,365	5	0.50%
HT Partners LP	42,441,982	6	0.48%
Costco Wholesale Corporation	37,889,070	7	0.43%
333 East Enos Drive Owner LLC	37,786,000	8	0.43%
Sienna at Westgate LP	32,493,048	9	0.37%
Betteravia Investments LLC	30,565,527	10	0.35%
Merril Gardens at Santa Maria, LLC			
Town Center Street Scape, LLC			
Santa Maria Partners, LLC			
Country Oaks, LLC			
Dario L Pini			
SP Village Green, LLC			
Mideb Nominees, Inc.			
SMHI Hospitality, Inc.			
CPH Harvest Glen Gardens Limited Partnership			
	<u>\$ 683,170,170</u>		<u>7.77%</u>

SOURCE:
Hdl Coren & Cone

2009-10

Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
\$ 82,924,670	1	1.31%
43,668,528	2	0.69%
39,397,500	3	0.62%
31,469,312	4	0.50%
30,851,254	5	0.49%
28,537,407	6	0.45%
27,115,739	7	0.43%
22,291,036	8	0.35%
20,148,122	9	0.32%
19,985,761	10	0.32%
<hr/> \$ 346,389,329 <hr/>		<hr/> 5.48% <hr/>

City of Santa Maria

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

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	
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%	-
2016	8,715,775	8,715,775	100%	-
2017	9,365,998	9,365,998	100%	-
2018	10,182,000	10,182,000	100%	-
2019	10,877,538	10,877,538	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 2017-18 Preliminary Prop Tax Report

Total Collections to Date		
	Amount	Percentage of Levy
\$	7,650,506	100%
	7,516,780	100%
	7,596,097	100%
	7,645,901	100%
	7,805,506	100%
	8,198,307	100%
	8,715,775	100%
	9,365,998	100%
	10,182,000	100%
	10,877,538	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
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
2016	-	167,940	1,565,773	412,611
2017	-	-	1,256,867	-
2018	-	-	3,023,294	-
2019	-	-	2,496,469	-

Business-Type Activities					
Refunding Revenue Bonds	Certificates of Participation	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
\$ -	\$ 48,785,007	\$ -	\$ 60,656,623	30.71%	655
-	46,748,931	-	56,489,831	32.98%	565
44,348,219	15,170,766	-	67,023,548	27.80%	669
45,392,889	14,659,509	2,452,500	70,114,983	27.53%	699
45,777,168	12,305,203	2,163,442	63,367,312	32.57%	627
46,639,516	9,821,992	1,867,915	60,968,173	35.63%	597
51,516,994	7,201,624	1,565,773	62,430,715	35.66%	612
51,511,590	4,653,150	1,256,867	58,678,474	41.25%	575
48,535,375	4,999,933	941,045	57,499,647	46.34%	563
45,871,907	5,346,716	618,151	54,333,243	49.04%	532

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
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%	73
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%	
2016				0.00%	
2017				0.00%	
2018				0.00%	
2019				0.00%	

SOURCE:

City of Santa Maria
Santa Barbara County

City of Santa Maria

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Santa Barbara County General Fund Obligations	\$ 40,610,000	10.706%	\$ 4,347,707
Santa Maria-Bonita School District COP	31,400,000	94.337%	29,621,818
Santa Maria Joint Union High School District COP	2,302,686	58.973%	1,357,963
Subtotal, overlapping debt			<u>35,327,488</u>
City of Santa Maria, direct debt			<u>2,496,469</u>
Total direct and overlapping debt			<u>\$ 37,823,957</u>

NOTE:

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

	2010	2011	2012	2013
Debt Limit	\$ 250,396,281	\$ 250,262,993	\$ 257,486,233	\$ 267,630,406
Total net debt applicable to limit	12,157,195	9,978,883	7,694,949	7,610,085
Legal Debt Margin	<u>\$ 238,239,086</u>	<u>\$ 240,284,110</u>	<u>\$ 249,791,284</u>	<u>\$ 260,020,321</u>
Total net debt applicable to the limit as a percentage of debt limit	4.86%	3.99%	2.99%	2.84%

Legal Debt Margin Calculation for 2017-18:

Assessed value
Debt limit (3.75 percent of assessed value)
Revenue bonds and other long-term debt
Legal debt margin

	2014	2015	2016	2017	2018	2019
\$	272,982,612	\$ 284,327,889	\$ 272,337,234	\$ 317,593,799	\$ 340,238,608	\$ 360,952,152
	3,121,499	2,638,750	2,146,324	1,256,867	3,023,294	2,496,469
\$	269,861,113	\$ 281,689,139	\$ 270,190,910	\$ 316,336,932	\$ 337,215,314	\$ 358,455,683

1.14% 0.93% 0.79% 0.40% 0.89% 0.69%

\$ 9,625,390,721
360,952,152
2,496,469
\$ 358,455,683

City of Santa Maria
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Water & Wastewater Certificates of Participation and Bonds Payable						
FY Ended June 30	Water & WW Operating Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
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	
2016	44,478,328	29,605,398	14,872,930	1,153,156	3,476,207	
2017	48,626,344	31,946,964	16,679,380	1,081,262	3,548,101	
2018	53,564,449	35,192,262	18,372,187	2,928,477	1,700,885	
2019	49,521,003	38,252,818	11,268,185	2,565,035	2,067,678	

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.

Coverage	Balance in Rate Stabilization Account
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
3.21	5,006,824
3.60	5,011,069
3.97	5,023,400
2.43	5,483,179

City of Santa Maria
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

FY Ended June 30	#Population	+Personal Income	+Per Capita Personal Income	*Median Age
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
2016	104,404	22,263,835	53,484	33
2017	106,280	24,207,771	54,428	33
2018	108,470	26,646,853	59,460	33
2019	107,356	27,992,849	62,690	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 2018.



	#+School Enrollment	++Unemployment Rate
\$	45,869	9.7%
	46,563	9.4%
	46,563	8.4%
	43,367	7.2%
	43,367	6.1%
	44,021	5.3%
	45,353	4.9%
	46,313	4.3%
	46,028	4.1%
	44,134	3.1%

City of Santa Maria
PRINCIPAL EMPLOYERS
Current Fiscal Year and Ten Fiscal Years Ago

*Employer	*2018-19		
	Employees	Rank	Percentage of Total City Employment
#Vandenberg Air Force Base	6,700	1	14.39%
Santa Maria-Bonita School District	2,100	2	4.51%
Marian Medical Center	1,920	3	4.12%
Allan Hancock College	1,480	4	3.18%
C&D Zodiac Aerospace, Incorporated	915	5	1.96%
Santa Maria Joint Union High School District	805	6	1.73%
Windset Farms	750	7	1.61%
City of Santa Maria	586	8	1.26%
Wal-Mart (3 locations)	440	9	0.94%
Agro-Jal Farms	420	10	0.90%
Betteravia Farms			
Den-Mat Corporation			
Vocational Training Center			
	16,116		34.60%

SOURCE:

* City of Santa Maria 2018-20 Budget

** California Economic Forecast (as reported in the City of Santa Maria CAFR 2008-2009)

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.

****2009-10**

Employees	Rank	Percentage of Total City Employment
4,300	1	11.09%
1,400	3	3.61%
1,450	2	3.74%
890	4	2.30%
491	8	1.27%
871	5	2.25%
541	6	1.40%
533	7	1.37%
361	9	0.93%
340	10	0.88%
<hr/> 11,177 <hr/>		<hr/> 28.84% <hr/>

City of Santa Maria

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014
Public safety					
Police protection services	169.0	169.5	169.5	174.0	174.0
Fire and emergency services	60.0	54.0	51.3	63.5	63.5
Utilities					
Water distribution services	40.5	41.5	41.5	41.5	41.5
Solid waste collection/disposal services	47.0	48.0	48.0	48.0	48.0
Public ways and facilities					
Streets services	24.5	23.5	23.5	23.5	23.5
Public transit services	2.5	2.5	2.5	2.5	3.0
Recreation and parks					
Recreation and parks services	134.0	119.5	121.0	126.0	125.0
Library					
Library services	46.5	40.0	41.0	42.5	42.5
Community development					
Planning and inspection services	28.5	26.5	26.5	26.5	26.5
Block grant/special project services	2.0	2.0	2.0	2.0	2.0
General government					
Legislative services	5.0	5.0	5.0	5.0	5.0
Legal services	12.5	11.0	11.0	12.0	12.0
Administration	12.0	11.5	12.5	12.5	12.5
Finance	24.5	23.5	23.5	23.5	23.5
Engineering and facilities maintenance	23.5	21.5	21.5	21.5	22.5
Special revenue					
Landscaping services	4.5	10.5	10.5	11.5	11.5
Public, education, government television	2.0	2.0	2.0	2.0	2.0
Internal service					
Fleet services	7.5	8.5	8.5	7.5	8.5
Risk Management	1.0	1.0	1.0	1.0	1.0
Total	647.0	621.5	622.3	646.5	648.0

NOTE:

*Employee by Function was not budgeted.

SOURCE: 2018-20 City of Santa Maria Budget

2015	2016	2017	2018	2019
179.5	175.5	184.5	185.0	185.0
63.5	64.0	62.5	62.5	62.5
41.5	42.5	44.0	45.0	45.0
48.5	47.5	47.5	50.5	50.5
23.5	23.5	24.0	23.0	23.0
3.0	3.0	3.0	3.0	3.0
126.0	128.0	128.5	130.5	129.5
43.0	43.0	44.0	42.5	42.5
25.5	26.5	26.5	26.5	26.5
2.0	3.0	3.0	3.0	3.0
5.0	5.0	5.0	5.0	5.0
11.5	12.0	11.5	11.5	10.5
12.5	13.0	22.0	23.5	23.5
24.5	24.5	16.5	17.5	17.5
22.5	22.5	23.5	25.0	25.0
16.5	16.5	16.5	17.5	17.5
2.0	2.0	2.0	2.0	2.0
10.5	10.5	10.5	11.5	11.5
1.0	1.0	1.0	1.0	1.0
662.0	663.5	676.0	686.0	684.0

Santa Maria



City of Santa Maria
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function/Program	2010-12	2012-14	2014-16	2016-18	2018-20
Police					
Number of stations	1	1	1	1	1
Calls for service	187,530	198,502	221,033	241,800	344,000
Fire and emergency services					
Number of stations	5	5	5	5	5
Calls for service	17,453	17,543	18,069	18,177	20,486
Utilities					
Water production/per acre feet	26,030	26,400	25,700	26,000	28,000
Meters Read	493,836	502,608	502,700	503,600	539,789
Wastewater treated/mgd	8.00	8.40	8.40	8.40	8.04
Solid waste collection and disposal services					
Residential and commercial accounts serviced	37,594	37,767	38,638	39,169	40,111
Residential and commercial tons collected	139,775	142,320	148,691	147,918	146,632
Average tons received at landfill/day	249	249	249	249	350
Street Services					
Streetlight maintenance/hours	3,709	3,798	4,061	3,929	3,651
Traffic Signal maintenance/hours	3,543	4,592	2,305	4,000	3,000
Transit					
Passengers	2,011,445	1,941,312	1,795,923	1,879,916	1,487,500
Miles	1,691,312	1,400,399	1,389,268	1,366,369	1,963,226
Recreation and Parks					
Program registrations	72,600	72,600	72,700	72,850	78,425
Facility attendance	3,405,620	3,405,620	3,405,650	3,405,750	3,406,000
*Park acres maintained	2,000	2,000	2,000	2,007	2,007
Trees managed	38,750	45,720	45,720	45,720	47,320
Library					
Cardholders	78,154	58,820	68,978	70,357	37,941
Materials checked-out	1,017,282	1,071,802	1,012,008	1,017,285	1,108,852
Community development					
Plan checks	2,592	3,701	4,251	4,100	4,000
Building permits issued	2,592	2,672	4,100	4,000	5,000

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: 2018-20 City of Santa Maria Budget

City of Santa Maria

CAPITAL ASSETS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013
Police				
Stations	1	1	1	1
Patrol units	41	41	41	43
Fire stations	4	5	5	5
Solid waste				
Refuse collection trucks	23	23	23	23
Highways and streets				
Street miles	224	224	228	228
Streetlights	6,890	7,090	6,722	6,722
Park acreage/Open Space	2,000	2,000	2,000	2,000
Water hydrants	*3,280	3,300	3,300	3,300
Sewer miles	*200	210	220	220

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

SOURCE: 2018-20 City of Santa Maria Budget

2014	2015	2016	2017	2018	2019
1	1	1	1	1	1
47	44	45	47	71	71
5	5	5	5	5	5
23	22	22	22	22	22
228	228	229	229	230	230
7,066	7,066	7,416	7,416	7,004	7,004
2,000	2,000	2,007	2,007	2,007	2,007
3,400	3,400	3,500	3,500	3,500	3,500
233	233	240	240	245	245

Santa Maria

