



ANNUAL COMPREHENSIVE FINANCIAL REPORT

City of El Paso de Robles, California
For the Fiscal Year Ended June 30, 2022





Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2022

Prepared by the Department of Administrative Services

Ryan Cornell, Administrative Services Director
Catherine Piatti, Finance Manager



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GFOA Certificate of
Achievement for Excellence in
Financial Reporting



City of El Paso de Robles

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CITY OF EL PASO DE ROBLES

"The Pass of the Oaks"

January 31, 2023

Honorable Mayor, Members of the City Council, and the Citizens of El Paso de Robles,

We are pleased to present the City of El Paso de Robles' (City) Annual Comprehensive Financial Report (ACFR) for the fiscal year (FY) ended June 30, 2022. State law requires that every general-purpose local government publish an annual report on its financial position and activity, and that the report be audited by an independent firm of certified public accountants. Taken together, the ACFR, the multi-year fiscal forecast, and the budget provide the best overview of the City's fiscal health and opportunities for future financial stability. Because the ACFR is audited by an independent expert, the report provides additional assurance to the community that the City is being a responsible steward of the community's tax dollars.

The City's financial statements have been audited by Brown Armstrong Accountancy Corporation, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2022, are free of material misstatements. 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 statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion, meaning that the City's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

Since the audit is based on management's representations concerning the finances of the City, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City'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 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. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Management has provided 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 it. The City's MD&A can be found immediately following the report of the independent auditors.

The Reporting Entity

The City was incorporated in 1889 as a general law City that operates under the Council-Manager form of government with a general population of 31,176. The governing body consists of a five-member City Council and, beginning in 2020, the City is now divided into four voting districts, each district represented by one City Councilmember residing in that district; the Mayor's position remains at-large. The voters also elect one City Treasurer at-large. All six elected positions are non-partisan. The City Manager, appointed by the City Council, is the Chief Executive Officer, and is empowered to appoint all non-elected employees, except for the City Attorney.

The City is a full-service city providing police and fire/emergency medical services; a municipal general aviation airport; library; parks and recreation services; a sanitary landfill; state-of-the-art water, wastewater, and stormwater utilities; streets, sidewalks, trails, and traffic safety infrastructure; as well as private development review, approval, and inspection services.

This ACFR includes the financial activities of the primary government, the City, and its component unit, the El Paso de Robles Financing Authority (Authority). A component unit is a legally separate entity for which the primary government is financially accountable and either having substantially the same governing board as the City or providing services entirely to the City. The Authority was formed by the City as a conduit for long-term debt financing and has the power to acquire, purchase, construct, finance, lease and/or sell public facilities and appurtenances necessary for the public purposes of the City. The ACFR also includes the operations of the Successor Agency (former Redevelopment Agency) which is reported as a Private-Purpose Trust Fund.

Budget Information

In June 2022, the City Council adopted the Biennial Operating and Capital Improvement Budget for FY's 2022-23 and 2023-24. This budget marks a return of a two-year budget cycle, which was not possible since 2020 due to the economic instability and the unforeseen impacts of the Coronavirus (COVID-19) pandemic. The budget is a plan for the use of City resources consistent with specific objectives developed and approved by the City Council. The budget is adopted by resolution of the City Council and may be modified from time to time as the City Council sees fit, or administratively by the City Manager in accordance with the City Council's approved Fiscal Policies. Unspent appropriations may be carried forward into the next fiscal year with the City Manager's approval; however, appropriations that are carried forward are generally related to capital projects and special one-time appropriations, usually agreements involving third-party consultants or other outside services. Budgetary control is maintained at the department level, meaning line-item variances within any given department are allowed so long as the total departmental expenditures do not exceed total budgeted appropriations.

Paso Robles Economy and Outlook

The fiscal outlook for the City remains positive, with most revenues projected to grow modestly over the next two years. Robust tourism activity, coupled with projected increases in commercial and residential development will continue to stimulate the local economy. Specifically, consistent growth in Measures J-20 and E-12, the City's sales tax override, and transient occupancy tax revenues place the City in a strong fiscal position. However, the strong local economy is monitoring and preparing for economic headwinds developing nationally and globally. Record high housing costs, inflation, stock market volatility, supply chain issues, all-time high gasoline

prices and rising borrowing costs are a few of the variables tempering what would otherwise be an even more robust fiscal outlook.

Despite economic headwinds, the City is making significant investments across several key priority areas. Most notably, the budget includes adding key positions across most departments, with a focus on public safety, public works, parks, and community development activities. The capital budget advances many major projects either to completion or "shovel ready" status. The budget also includes new initiatives to improve efficiencies and organizational effectiveness, including a new standalone Utilities Department, which will include management and oversight of wastewater, water and solid waste functions of the City. Reorganization is necessary due to evolving regulatory environments and growth these utilities are experiencing. New residential developments will drive the need to add new positions for the Community Development Department. Quality of life remains a key priority, therefore this budget includes new resources and addresses capital needs of the library and City parks. Several capital projects will invest one-time discretionary funding to bring projects to "shovel ready" status.

Major Initiatives

Measure J-20

In November 2020, City voters approved Measure J-20, a one-cent supplemental sales tax. Measure J-20 is projected to generate \$12 million or more annually in sales tax revenues with the main priorities for spending this revenue to support police, fire and street maintenance activities. The Fiscal Year 2021-22 budget reflects the first full year of revenues received under Measure J-20. As part of the measure implementation plan, the City Council approved:

- Seven sworn and two civilian positions within the Police Department;
- Six sworn and one civilian position within the Fire Department;
- Two positions within the Streets Maintenance Division;
- One-time investments in public safety facilities, such as construction of Fire Station No. 3 and the police department's data 9-1-1 communications system; and
- Supplementing the City's 6-Year Street Maintenance and Repair Plan.

The FY 2022-23 and 2023-24 Measure J-20 workplan (hereinafter referred to as "the Plan") continues to make significant investments in public safety and streets. Investments in ongoing operations from the first phase of implementation are fully funded, in addition to several additional staffing augmentations to the police and fire departments. If authorized, and fully implemented, the police department will increase by 29 full-time equivalents (FTE), 25 of which are sworn staff. As a result, the Plan will continue to improve response times and provide essential police services to the community.

The Plan also includes funding to provide incentives for lateral police officer recruitment to fill current and future vacancies. The program was approved by the City Council during the June 7, 2022 meeting. Incentive programs have become a very common tool among law enforcement agencies nationwide, as qualified applicant pools have shrunk while demand for public safety services continues to increase. There are a significant number of police officers who live in the north county but work for other agencies. This program will focus efforts on attracting these officers to the department. Lastly, the Plan includes all necessary equipment (e.g., firearms and

police cruisers) as well as tenant improvements required for a police substation currently planned near the airport.

The Plan also invests in the City's Fire and Emergency Services Department, consistent with the Five-Year Strategic Plan recently endorsed by the City Council. The Plan will add one deputy chief and one fire inspector, and will now cover 100% of the six firefighter costs previously funded through the original SAFER grant. This plan will allow the department to build capacity, enhance succession planning and maintain necessary firefighter staffing levels to respond effectively to the growing number of calls for service.

The Plan also includes funding a shortfall to replace fire engines in the second year of the budget. The shortfall is simply the difference between set-aside funds collected in the replacement fund and the actual cost to replace the fire engine.

For the street and road maintenance component of Measure J-20, the Plan will fund Measure E-12 shortfalls of the 6-Year Street Maintenance and Repair Plan; \$5.1 million in FY 2022-23; and \$1.8 million in FY 2023-24. However, because of the delay in filling public safety positions, staff is recommending an additional allocation of \$1.4 million in budget savings in FY 2022-23 to fund 17th Street from Chestnut to Spring (in coordination with sidewalk improvements funded with CDBG) and to fund deferred transportation safety issues associated with signage, roadway striping and markings.

Organizational Restructuring Plan

The FY 2022-23 budget includes an organizational restructure (hereinafter referred to as the "reorg") impacting the City Manager's Office, Administrative Services, Public Works, and Community Services Departments. The most significant portion of the reorganization separates the utilities functions of the City (i.e., sewer, refuse, water and utility billing) into a standalone Utilities Department and realigns specific functions under Public Works, Community Services and Administrative Services. The reorganization is designed to accomplish several objectives, including:

- Recognizing the significant regulatory and operational impacts facing City-operated utilities that require comprehensive, specialized management and focused staffing efforts;
- Improving alignment of like-type operations within the respective departments;
- Improving succession planning and professional development of staff; and
- Increasing organizational capacity in alignment with City Council Goals, community priorities and service level expectations.

In summary, the reorganization proposes to make the following organizational changes:

- Create a standalone Utilities Department, including the addition of a Utilities Director;
- Move the Median and Trees Unit (including oversight of the Landscape and Lighting Districts) from Community Services Department to the Public Works Department;
- Move the Facilities function from Community Services Department to the Public Works Department (including special events);

- Retain a Parks Maintenance and Trails Unit within the Community Services Department, with added staff to enhance City parks maintenance while also improving safety and quality of life experience within City parks;
- Invest one-time funding to purchase equipment to ensure each unit has independent utility and capacity to address community needs by reducing instances where equipment sharing is necessary;
- Retain stormwater management and compliance within the Public Works Department; and
- Move the Information Technology Division under Administrative Services Department to align citywide central services under one department.

Capital Improvement Program

The capital improvement program (CIP) for FY 2022-23 and FY 2023-24 focuses on a theme of moving large projects to “shovel ready” status. This includes investment of one-time general fund revenue to fund several large transportation improvements to expand economic development opportunities and traffic improvements. The CIP allocates local resources to major bridge projects, including the Union Road/Hwy 46E Overcrossing and South Vine Street Bridge Project. Other focuses include addressing public safety needs, deferred maintenance in City parks and facilities and improving street conditions citywide, including bike and pedestrian improvements. This plan includes allocating a portion of one-time Measure J-20 funds to augment and accelerate the adopted six-year street improvement plan. Additionally, there are several capital projects where the City Council proposes utilizing a 1% increase from transient occupancy tax proceeds, if approved by voters. Should voters approve the increase, staff will recommend projects be accelerated and/or funded with this new revenue.

Financial Policies

The City has established a comprehensive set of fiscal policies designed to: (1) provide for an acceptable level of services and products effectively; (2) provide for an acceptable level of services and products as the community grows; (3) ensure that the City is living within its means; and (4) provide reserves for unbudgeted needs that might arise from time to time. As such, the City continues to develop and maintain financial management programs (e.g., two-year budgets, ten-year financial forecasts, and five-year capital improvement program forecast) to ensure its long-term ability to pay for the costs necessary to provide the services required by its citizens. Similarly, the City will maintain financial records management information systems capable of tracking revenues and expenditure line-items, by source, by fund, by department, or any other format deemed necessary or desirable. The accounting systems are in conformity with generally accepted accounting principles as specified by the Municipal Finance Officers Association’s “Governmental Accounting, Auditing, and Financial Reporting,” and pronouncements issued by the Governmental Accounting Standards Board. Additionally, the City has established stand-alone investment, purchasing, and debt management policies which are available on the City’s website at www.prcity.com.

Certificate of Award

For Fiscal Year 2020-21, the City received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States (GFOA) for its annual comprehensive financial report. To receive the award, the City published an easily

readable and efficiently organized ACFR that satisfied accounting principles generally accepted in the United States of America and all applicable legal requirements. This was the fourth time the City has received the award from GFOA. Previously, the City was awarded the California Society of Municipal Finance Officers (CSMFO) Certificate for Outstanding Financial Reporting for 19 consecutive years.

Acknowledgements

We would like to express our sincerest appreciation to the entire Administrative Services staff for their work ethic and dedication to "customer service" both internally and externally. The preparation of the ACFR was made possible by the entire Administrative Services staff. Special acknowledgment goes to Catherine Piatti, Finance Manager, in the preparation of audit fieldwork and the ACFR. In addition, we would like to thank the Mayor and City Council, and each City department for their continued commitment to ensuring the City's financial operations are conducted in a highly responsible manner.

Respectfully submitted,



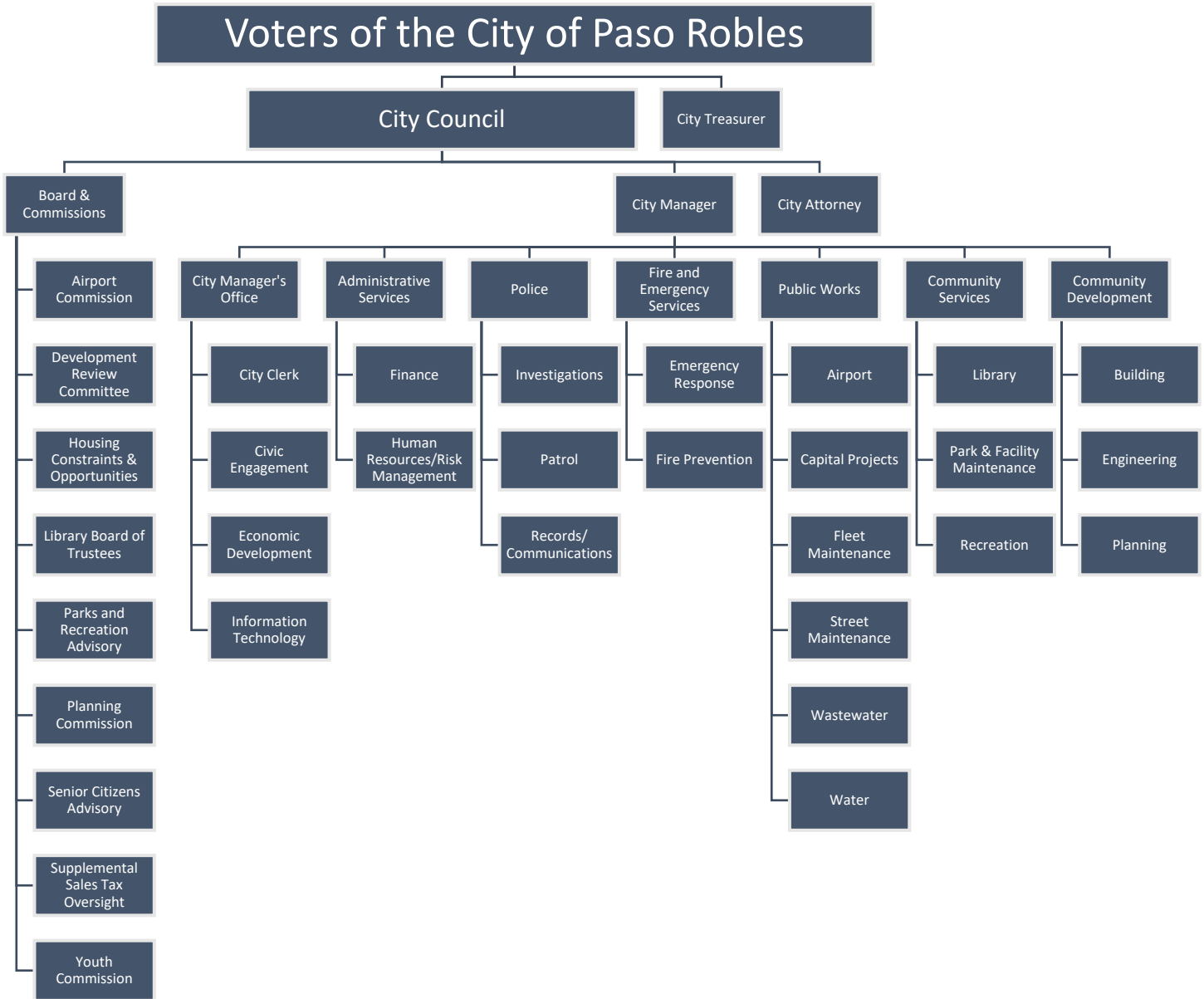
Ty Lewis
City Manager



Ryan Cornell
Administrative Services Director

City of El Paso de Robles

Organization of City Government
As of June 30, 2022



City of El Paso de Robles

Directory of City Officials
As of June 30, 2022

ELECTED OFFICIALS

Mayor..... Steve Martin
Mayor Pro Tem John Hamon
Councilmember..... Maria Garcia
Councilmember..... Steve Gregory
Councilmember..... Fred Strong
City Treasurer..... Ryan Cornell

EXECUTIVE MANAGEMENT

City Manager..... Ty Lewis
Assistant City Manager Chris Huot
City Attorney..... Elizabeth Hull
Administrative Services Director Ryan Cornell
Community Development Director Warren Frace
Community Services Director Julie Dahlen
Fire Chief Jonathan Stornetta
Police Chief Damian Nord
Public Works Director Christopher Alakel



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of El Paso De Robles
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Financial Section

Independent Auditor's Report

Management's Discussion & Analysis

Basic Financial Statements

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Individual Fund Financial Statements
and Schedules



INDEPENDENT AUDITOR'S REPORT

To the City Council
City of El Paso de Robles, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Paso de Robles (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis; the General Fund, Measure J-20 Supplemental Sales Tax Fund, American Rescue Plan Act Fund, and Specific Plans Fund budgetary comparisons; the schedule of changes in the net other post-employment benefit liability and related ratios; the schedule of changes in the net pension liability and related ratios; the schedule of pension contributions – agent multiple-employer defined benefit pension; the schedule of plan's proportionate share of net pension liability; and the schedule of pension contributions – cost-sharing defined benefit pension plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial

statements. The 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 to 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 fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

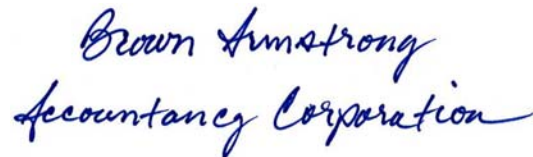
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 City's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style.

Bakersfield, California
January 31, 2023

City of El Paso de Robles

Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

The management’s discussion and analysis (MD&A) of the City of El Paso de Robles (City) provides an overall review and analysis of the City’s financial activities for the fiscal year (FY) ended June 30, 2022. City management encourages readers to consider the information presented here, in conjunction with the accompanying transmittal letter located in the introductory section, the basic financial statements, and the accompanying notes to those basic financial statements to enhance their understanding of the City’s financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for FY 2021-22, are as follows:

- General Fund revenues continued to see unprecedented year-over-year increases due to the improved stay-at-home restrictions coming out of the COVID-19 pandemic. This resulted in record-breaking tourism activity for the City with transient occupancy tax increasing by 37%, from \$7.1 million in FY 2020-21 to \$9.8 million in FY 2021-22. Similar results were realized in tourism-related sales tax industries such as casual dining, restaurants, hotels, and fuel and service stations. As such, sales tax increased by \$2.5 million from FY 2020-21 to FY 2021-22, representing a 14% increase. Spikes in the global cost of crude oil resulted in higher gas prices which also boosted sales tax receipts for the first part of 2022, as well.
- In 2020, the voters of the City approved Measure J-20, a one-cent supplemental sales tax override. The main priorities for spending the Measure J-20 supplemental sales tax revenue—as approved by City Council in Resolution 20-118—are for fire and emergency services, police services, and street repair and maintenance. FY 2021-22 reflects the first full year of revenues received which totaled \$13.1 million. Approximately \$3.9 million of these funds were expended on the following:

Measure J-20 Fund	Expended in Fiscal Year
Police Personnel	\$ 357,882
Police Vehicle & Equipment	62,404
Design of Substation/Evidence Storage	143,972
Fire and Emergency Services Personnel ¹	311,304
Fire and Emergency Services Equipment	43,018
Construction of Fire Station No. 3	1,741,151
Street Maintenance Personnel	153,191
Street & Road Maintenance	1,133,813
Total Measure J-20 Expenditures	<u>\$ 3,946,735</u>

1- Net of grant revenues

- For FY 2021-22, the City implemented Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. Under this statement, the City, as a lessee, is required to recognize a lease liability and an intangible right-to-use leased asset; and, as a lessor, is required to recognize a lease receivable and a deferred inflow of resources. The objective of this statement is to improve accounting and financial reporting for leases by governments, thereby enhancing the relevance and consistency of information about governments’ leasing activities. Implementation of GASB Statement No. 87 and the impact on the City’s financial statements are explained in Note 4, Leases Receivable, and Note 10, Right-to-Use Leased Assets and Leases Payable in the Notes to the Basic Financial Statements section of this report.

City of El Paso de Robles

Management’s Discussion and Analysis For the Fiscal Year Ended June 30, 2022

- For FY 2021-22, the City established Internal Service Funds for Information Technology (IT), Fleet and Equipment, and Risk Management activities. An internal service fund is used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government. For example, IT provides services to each of the City’s general fund departments as well as the enterprise funds. Previously, IT-related expenses were accounted for in many areas including the City Manager’s Office expenditures (IT was part of the City Manager’s Office Department), accounted for in the IT Replacement Fund, accounted for in each of the enterprise funds as an “operating expense” or “capital outlay” as well as some costs directly charged to a specific department. By this methodology, it was very difficult to determine what the total IT needs are of the City as a whole. Incorporating internal services funds allows for better transparency as to what the total cost of IT, fleet maintenance, and risk management functions are, as well as how much of each fund is contributing towards these services. The Internal Service Funds are presented in the accompany Proprietary Fund financial statements and related combining statements.
- In accordance with GASB Statement No. 31, the City accounts for cash investments with maturities of one year or more at its fair value. On June 30, 2022, the Local Agency Investment Fund (LAIF), the City’s largest investment holding, had a fair value factor of 98.7%; similar factors were realized amongst the remaining City investments. This resulted in a \$4.5 million fair market value adjustment in the current year and reported as an investment loss in most city funds (certain funds, such as the Airport Fund, realized positive investment income due to direct leasing of certain facilities and the implementation of GASB Statement No. 87).
- In 2012, the voters of the City approved Measure E-12, a one half-cent supplemental sales tax override. The main purpose of these funds is for street repair and maintenance. On February 4, 2020, City Council approved a “Street Maintenance Plan” which outlines which residential streets, arterials, and collectors will be maintained over the next six years. For FY 2021-22, approximately \$5.9 million of these funds were expended on the following street segments:

Measure E-12	Expended in Fiscal Year
Creston Road	\$ 46,403
Spring Street (24 th Street – 36 th Street)	5,702
West Side Streets	64,864
Jardine Road	366,840
24 th Street Bridge	140,945
Dry Creek Road	1,042,725
Rambouillet/Nicklaus-Area	2,508,489
Olive/16 th -20 th Streets	1,486,722
Appaloosa Drive	21,313
Melody Drive/Patricia Lane	67,321
Rolling Hill Estates	24,365
Country Club-Area	86,710
Total Measure E-12 Expenditures	<u>\$ 5,862,399</u>

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City using the integrated approach as prescribed by GASB Statement No. 34. This discussion and analysis is intended to serve as an introduction to the

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City's basic financial statements. The City's basic financial statements are comprised of three components: (1) Government-wide Financial Statements; (2) Fund Financial Statements; and (3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements report information about the City as a whole using accounting methods similar to those used by private sector companies or the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the GASB statement regarding inter-fund activity, payables, and receivables.

The Statement of Net Position presents information on all of the City's assets and liabilities, as well as any deferred outflows or inflows of resources. Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, which is one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base, the condition of the City's roads, and the number of calls for services the City responds to.

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

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

- Governmental Activities – Most of the City's basic services are reported in this category, including general government, public safety, public works, community services, and community development. Taxes and state and federal grants finance most of these activities.
- Business-type Activities – The City charges a fee to customers to cover all or most of the cost of certain services it provides. These activities include the City's water system, wastewater system, airport, transit operations, and parking operations.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements include statements for each of the three categories of activities - governmental, proprietary, and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The proprietary and fiduciary activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Reconciliation of the governmental fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants, however, management may

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establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

The City has three types of fund financial statements:

- **Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view of the City's general government operations, such as police, fire and public works, and the basic services it provides. Governmental funds information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations that explain the relationship (or differences) between governmental funds and the governmental activities follow the governmental funds statements.
- **Proprietary Funds** – The City maintains two different types of Proprietary Funds: Enterprise Funds and Internal Service Funds. Enterprise Funds are used when the City charges customers for the services it provides, whether to outside customers or to other units of the City. 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, information technology maintenance and replacement, and risk management functions. Both Enterprise and Internal Service Funds are generally reported as proprietary funds. Proprietary fund statements, like the government-wide statements, provide short-term and long-term financial information about the activities the City operates like businesses, such as utility services.
- **Fiduciary Funds** – The City is the trustee, or fiduciary, for certain funds held on behalf of the War Memorial Hospital Scholarship, Business Improvement Area, Groundwater Sustainability Agency, Pension Trust and the Successor Agency for the dissolution of the Redevelopment Agency. The City's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position. These activities are excluded from the City's other financial statements since the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Combining Statements and Other Individual Fund Financial Information

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

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FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City presents its financial statements under the reporting model required by the GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This section provides two fiscal years of financial information and a comparative analysis of the government-wide financial statements.

Analysis of Net Position

The net position of the City increased \$45.2 million from \$324 million on June 30, 2021, to \$369.2 million on June 30, 2022. Total assets increased \$58.3 million and total liabilities decreased \$15.6 million. The following analysis of governmental and business-type activities provides more detailed information for these changes.

	Governmental Activities		Business-Type Activities		Total	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
ASSETS						
Current assets	\$79,812,586	\$105,558,691	\$21,118,097	\$27,400,657	\$100,930,683	\$132,959,348
Noncurrent assets	209,777,033	226,989,918	146,407,544	155,483,402	356,184,577	382,473,320
Total assets	289,589,619	332,548,609	167,525,641	182,884,059	457,115,260	515,432,668
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resource	8,450,280	10,889,264	1,565,218	1,084,259	10,015,498	11,973,523
Total deferred outflows of resources	8,450,280	10,889,264	1,565,218	1,084,259	10,015,498	11,973,523
LIABILITIES						
Current liabilities	8,525,846	17,229,095	5,373,516	5,115,078	13,899,362	22,344,173
Noncurrent liabilities	61,433,924	43,552,062	64,961,757	58,448,232	126,395,681	102,396,675
Total liabilities	69,959,770	60,781,157	70,335,273	63,959,691	140,295,043	124,740,848
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources	2,363,975	18,947,114	471,276	14,519,086	2,835,251	33,466,200
Total deferred inflows of resources	2,363,975	18,947,114	471,276	14,519,086	2,835,251	33,466,200
NET POSITION						
Net investment in capital assets	190,141,957	200,336,981	87,809,962	87,509,379	277,951,919	289,113,860
Restricted	30,096,396	30,895,914	8,522,563	3,152,473	38,618,959	34,048,387
Unrestricted	5,477,801	32,476,707	1,951,785	14,827,689	7,429,586	46,036,896
Total net position	\$225,716,154	\$263,709,602	\$98,284,310	\$105,489,541	\$324,000,464	\$369,199,143

Governmental Activities

- In total, current assets increased by \$25.7 million when comparing FY 2021-22 to FY 2020-21. Specifically, cash and investments, despite the adverse impacts of the fair market value adjustment, increased by \$25.9 million during the year. The increase in cash and investments is mainly due to 1) the unexpended funds the City received as part of the American Rescue Plan Act (ARPA) in the amount of \$5.3 million; delays in the construction of fully funded/budgeted capital projects (there is approximately \$9.2 million in budgeted, but unexpended capital projects on June 30, 2022); and 3) expending the City's new Measure J-20 supplemental sales tax override has taken longer than anticipated due to the challenges in recruiting for certain public safety position. On June 30, 2022, Measure J-20 Fund had a cash balance of approximately \$8 million.

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- Noncurrent assets increased by \$17.2 million when comparing FY 2021-22 to FY 2020-21. This is because the City continues to make investments in replacing, repairing, and rehabilitating the City’s aging infrastructure. For the current year, net capital assets increased by \$9.4 million and includes following projects: Fire Station #3 and Fire Engine (\$3 million), Dry Creek Road Improvements (\$1 million), Zone 4G/4D Street Repairs (\$2.5 million), Olive/16th – 20th Street Repairs (\$1.5 million), Union Rd/Golden Hill Roundabout (\$355 thousand), South Vine Bridge Design (\$292 thousand), Huer Huero Creek Bridge/Roundabout \$253 thousand), Sierra Bonita ADA Ramp Improvements (\$228 thousand), Police Department Substation (\$144 thousand), Police Department Computer Aided Dispatch System (\$142 thousand), and various vehicles and pieces of equipment (\$471 thousand). Furthermore, the implementation of GASB Statement No. 87, *Leases*, resulted in an increase in noncurrent assets in the amount of \$6.6 million due to the initial restatement of leases receivable, and \$1.2 million due to the initial restatement of right-to-use leased assets.
- Current liabilities increased by \$8.7 million while noncurrent liabilities, decreased by \$17.9 million, resulting in an overall decrease of \$9.2 million in total liabilities. The increase in current liabilities is attributed to the funds the City received as part of the American Rescue Plan Act (ARPA). Since the City has yet to expend these funds, it is reported as unearned revenue. In addition to unearned revenue, debt due within one year increased by \$1.3 million because the City now reports a portion of outstanding compensated absences as debt due within one year. Previously, all compensated absences were reported as noncurrent liabilities.
- As previously mentioned, noncurrent liabilities realized a significant decline from FY 2020-21 to FY 2021-22. This decrease can be attributed to net pension liability the California Public Employees Retirement System (CalPERS) exceeding its expected rate of return in FY 2020-21. The assumed rate of return is 7.75% and the actual rate of return was 21.3%. This resulted in a decrease in net pension liability of \$15.1 million.
- Restricted net position, representing amounts that must be used in accordance with external restrictions, increased by less than \$800,000. The majority of the increase in the restriction is due to additional developer impact fees (i.e., restricted monies) being received and not yet expended.

Business-type Activities

The City’s business-type activities’ net position on June 30, 2022, was \$105.5 million. Business-type activities use the same accrual basis of accounting as the Proprietary Funds. As mentioned earlier, business-type activities and proprietary funds are used to account for those activities that are supported primarily by user charges to external users, and includes water and wastewater utilities, airport operations, transit services and parking operations. As such, information regarding the significant changes in business-type activities are located within the Proprietary Funds section of this MD&A.

Analysis of the Statement of Activities

The changes in net position for governmental and business-type activities are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
REVENUES						
Program revenues:						
Charges for services	\$6,360,360	\$8,699,062	\$27,750,599	\$31,206,717	\$34,110,959	\$39,905,779
Operating grants & contributions	2,907,433	2,384,482	839,916	1,441,502	3,747,349	3,825,984
Capital grants & contributions	778,919	7,046,952	39,518	1,584,698	818,437	8,631,650

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	Governmental Activities		Business-Type Activities		Total	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
General revenues:						
Property taxes	\$14,012,627	\$14,765,732	\$61,505	\$70,482	\$14,074,132	\$14,836,214
Sales & use taxes	20,948,802	33,540,805	-	-	20,948,802	33,540,805
Transient occupancy taxes	7,132,691	9,803,368	-	-	7,132,691	9,803,368
Other taxes	4,928,368	5,125,133	-	-	4,928,368	5,125,133
Use of money & property	878,321	(1,241,190)	(50,046)	(415,414)	828,275	(1,656,604)
Other revenues	210,487	408,299	31,058	24,762	241,545	433,061
Total revenues	58,158,008	80,532,643	28,672,550	33,912,747	86,830,558	114,445,390
EXPENSES						
Governmental activities:						
General government	8,760,152	4,255,252	-	-	8,760,152	4,255,252
Public safety	21,295,400	18,873,101	-	-	21,295,400	18,873,101
Public works	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Highways and streets	8,360,549	9,437,822	-	-	8,360,549	9,437,822
Sanitation	469,600	486,619	-	-	469,600	486,619
Health and welfare	174,247	21,118	-	-	174,247	21,118
Culture-recreation	7,495,360	8,944,983	-	-	7,495,360	8,944,983
Economic development and Assistance	244,485	632,370	-	-	244,485	632,370
Interest on long-term debt	722,692	728,305	-	-	722,692	728,305
Intergovernmental	138,763	-	-	-	138,763	-
Business-type activities:						
Water operations	-	-	14,872,130	13,916,471	14,872,130	13,916,471
Wastewater operations	-	-	9,644,890	10,051,515	9,644,890	10,051,515
Airport operations	-	-	1,139,219	1,384,856	1,139,219	1,384,856
Transit operations	-	-	33,136	33,136	33,136	33,136
Parking operations	-	-	314,373	418,163	314,373	481,163
Total expenses	47,661,248	43,379,570	26,003,748	25,867,141	73,664,996	69,246,711
Change in net position before transfers	\$10,496,760	\$37,153,073	\$2,668,802	\$8,045,606	\$13,165,562	\$45,198,679
Transfers	1,529,763	840,375	(1,529,763)	(840,375)	-	-
Change in net position	12,026,523	37,993,448	1,139,039	7,205,231	13,165,562	45,198,679
Net position – July 1	213,689,631	225,716,154	97,145,271	98,284,310	310,834,902	324,000,464
Net position – June 30	\$225,716,154	\$263,709,602	\$98,284,310	\$105,489,541	\$324,000,464	\$369,199,143

The City's overall net position increased by \$45.2 million during the current fiscal year. The biggest factor for the surplus is due to the implementation of the City's Measure J-20 supplemental sales tax funds. As previously mentioned, FY 2021-22 was the first fully fiscal year the revenues were collected and resulted in total sales tax revenues, including both supplemental sales tax overrides, increasing by \$12.6 million when compared to the previous fiscal year. However, only approximately \$4.3 million was expended in the current, resulting in a surplus of \$8.9 million.

The City also had several housing and commercial developments get completed in the current fiscal year. This resulted in the City receiving approximately \$6.2 million in contributed infrastructure assets, and because infrastructure is recorded as a capital asset in the government-wide financial statements, this had a direct correlation with the surplus realized.

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Lastly, and as previously mentioned, the CalPERS actual rate of return for FY 2020-21 exceeded the assumed rate. This has a direct correlation with the change in net position because for government-wide financial statements repayments of long-term debt are reported as decreases in liabilities.

Governmental Activities

Governmental activities increased the City's net position by \$38 million. Total resources available during the year to finance governmental activities consisted of net position on July 1, 2020, of \$225.7 million, program revenues of \$18.1 million, and general revenues of \$62.4 million. Total expenses for governmental activities during the fiscal year were \$43.4 million with a majority of the expenses attributed to public safety (44%), highways and streets (22%) and culture-recreation (21%).

Key factors are as follows:

- Although the COVID-19 pandemic had significantly impacted many aspects of the City's local economy, two of the City's largest revenue sources, TOT and sales tax, have seen a significant rebound during FY 2020-21 which continued into FY 2021-22. Both of these revenue sources recognized an increase in FY 2021-22 compared to the previous fiscal year; sales tax up \$12.6 million; TOT up \$2.7 million. Due to these increases, overall revenue increased by 38.5%, or \$22.4 million, to \$80.5 million. Property taxes experienced a slight increase of approximately \$753,105 compared to the previous fiscal year. Again, the increased tourism activity for the City is primarily attributed pandemic restrictions being lifted, allowing consumers to return to normal activities.
- Total expenses for governmental activities decreased \$4.3 million, or 9%, when compared to the prior fiscal year. The decrease in expense is mainly due to the California Public Employees Retirement System (CalPERS) exceeding its expected rate of return in FY 2020-2 therefore reducing pension expense when compared to the prior FY. For FY 2021-22, the City recognized pension expense for the Miscellaneous Plan of \$655,963 and (\$4.6 million) for the Safety Plan.

Business-Type Activities

The City's net position from business-type activities increased by \$7.2 million. As mentioned earlier, business-type activities are used to report the same functions represented in the proprietary funds financial statements. Additional information regarding business-type activities is located within the Proprietary Funds section of this MD&A.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The City's governmental funds reported combined ending fund balance of \$86.0 million, an increase of \$12.3 million, compared to the prior fiscal year. This includes \$30.4 million in the General Fund, \$10.6 million in the Measure J-20 Supplemental Sales Tax Fund, a deficit balance of \$1.4 million in the Specific Plans Fund, \$15.5 in the Capital Projects Fund, and \$30.7 million in all other (nonmajor) governmental funds.

Approximately \$27.0 million (of the total \$86.0 fund balance for governmental funds) comprises unassigned General fund balance and is available for spending at the City's discretion. The remainder of the General fund balance is comprised of nonspendable (\$2.8 million) and assigned (\$632,738).

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The General Fund is used to account for all revenues and expenditures necessary to carry out basic government activity of the City that is not accounted for in other funds. For the fiscal year ended June 30, 2022, the City's General Fund balance was \$30.4 million, which is a \$1.5 million decrease when compared to the prior fiscal year. This decrease is attributable to transferring funds already set aside for IT and fleet equipment replacement to the newly established internal service funds. Had that one-time adjustment not occur, the City's General Fund would have realized a surplus from the increases in city tax revenues.

The Measure J-20 Supplemental Sales Tax Fund accounts for and reports the financial resources used by the voter-approved Measure J-20, a one-cent supplemental sales tax approved by voters in 2020. The tax went into effect April of 2021 and the City began receiving during the 2020-21 fiscal year. For the fiscal year ended June 30, 2022, the balance of the Measure J-20 Supplemental Sales Tax Fund was \$10.6 million, an increase of 8.9 million when compared to the prior fiscal year. Again, recruiting for certain positions funded with these funds has taken longer than anticipated.

The American Rescue Plan Act Fund accounts for receipts and expenditures of money appropriated by the American Rescue Plan Act, a COVID-19 federal stimulus relief package signed by President Biden in 2021. The City anticipates receiving approximately \$5.5 million over the next two fiscal years and must be spent no later than December 31, 2026. City Council has appropriated these funds towards the Sherwood Park Master Plan, including pickleball courts and towards the South Vine Street Bridge and road realignment.

The Specific Plans Fund accounts for collection from the payment of development impact fees as identified in the Borkey, Union/46, Chandler Ranch and Olsen Beechwood specific plans for public facilities and infrastructure. The Specific Plans Fund shows a deficit fund balance at the end of the fiscal year. As soon as development begins in these specific sites, development revenue will begin to be collected and fund balance will begin to increase.

The Capital Projects Fund accounts for large capital and infrastructure projects that typically take multiple years to construct and complete. This fund was created in FY 2018-19 and previous to FY 2018-19, this activity was accounted for as part of the General Fund. However, breaking out this activity in a standalone fund is a better way to recognize budget savings resulting from the timing of when a capital project begin or when it is completed. As a result, the \$15.5 million fund balance represents monies committed towards a capital project but yet to be spent.

The City's Nonmajor Governmental Funds are funds that do not meet the specified criteria of expenditures, assets, or liabilities (excluding extraordinary items) of at least 10% of corresponding totals for all governmental and enterprise funds and at least 5% of the aggregate amount for all governmental and enterprise funds. A fund that does not meet the specified criteria can still be classified as a major fund if it is deemed important to financial statement users. The Nonmajor Governmental Funds total fund balance recognized a slight increase of just under \$800,000 when compared to the prior fiscal year.

Proprietary Funds

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for each of the enterprise funds as they are all major funds. The basic proprietary fund financial statements can be found after the Governmental Funds Financial Statements.

- At the end of the fiscal year, the unrestricted net positions for the Water, Wastewater, Airport, Transit, and Parking funds were \$9.6 million, \$(381,402), \$3 million, \$3.6 million, and \$(898,799), respectively. There was a total increase in net position for the enterprise funds of \$5.5 million.

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Key Factors are as follows:

- The Water fund recognized an increase in net position of \$2.4 million, or 5.5%. The reason for this increase was twofold: an increase in operating revenues (approximately \$837,833) and a decrease in overall operating and nonoperating expenses. The decline in expenditures is mainly attributed to the City's water maintenance crew and realizing unusual employee turnover. This has resulted in some salary savings in the fund not realized in prior years.
- The Wastewater fund recognized an increase in net position of \$1.5 million, or 4.3%. On May 4, 2021, City Council approved new sewer rates beginning on July 1, 2021 through April 1, 2025. For FY 2021-22, wastewater rates increased by 24% and directly resulted in this increase in net position.
- The Airport fund and Transit fund also recognized slight increases of \$848,782 and \$876,238 respectively. Both increases can be attributed to increases in capital or operating grants and contributions.
- The Parking Operations Fund is a newer proprietary fund created in FY 2018-19. The Parking Operations Fund was established to account for the activity associated with the paid downtown parking program, with the intent that the cost to operate the program be fully funded through parking revenues and fines. However, it is projected to take several years for the program to be fully operational and start receiving the maximum revenues. As a result, an interfund loan (from the General Fund) was established to cover any initial shortfalls. As of June 30, 2022, the loan balance was \$662,025. Repayment of the loan will be made at the end of each fiscal year, whenever there are net revenues being generated from the Parking Operations Fund.
- Beginning in FY 2021-22, accounting for information technology maintenance, operations, and equipment replacement, fleet and equipment maintenance, operations, and replacement, and risk management activities each occur in a stand-alone internal service fund. An internal service fund is used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government. Incorporating internal services funds allows for better transparency as to what the total cost of IT, fleet maintenance, and risk management functions are, as well as how much of each fund is contributing towards these services.

Fiduciary Funds

The City maintains fiduciary funds for assets held in trust for the benefit of agencies outside of the City or employees. As of June 30, 2022, the assets of the fiduciary funds totaled \$15.9 million, compared to \$14.5 million in the prior fiscal year. The increase can be attributed to the investment portfolio associated with the Section 115 Pension Trust. The portfolio continues to perform positively from year to year. Additionally, as anticipated, the City contributed \$421,000 to the Section 115 Trust during FY 2021-22.

DEBT ADMINISTRATION

As of June 30, 2022, the City had \$45.9 million of outstanding long-term obligations (excluding the GASB Statement No. 87 activity) related to governmental activities and \$62.1 million related to business-type activities, for a total of \$108 million. Debt outstanding as of June 30, 2022, with a comparison to prior year and the net change are as follows:

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DEBT DESCRIPTION	Governmental Activities		Business-Type Activities		Total	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
Compensated absences	\$ 2,464,586	\$ 2,671,162	\$ 593,034	\$ 396,342	\$ 3,057,620	\$ 3,067,504
Financed leases payable	438,850	301,151	73,026	52,774	511,876	353,925
Certificates of participation	564,375	286,436	-	-	564,375	286,436
Bonds payable	12,695,750	11,060,091	11,369,970	10,604,579	24,065,720	21,664,670
Premium on refunding bond	-	-	272,247	247,497	272,247	247,497
Loans payable	2,034,932	1,893,891	45,792,524	43,378,422	47,827,456	45,272,313
Landfill closure, post-closure cost	4,099,669	4,125,970	-	-	4,099,669	4,125,970
Net OPEB liability	6,656,471	6,181,475	2,002,916	1,837,131	8,659,387	8,018,606
Net pension liability	34,671,629	19,546,834	8,082,535	5,386,919	42,754,164	24,933,753
Total long-term debt	<u>\$ 63,626,262</u>	<u>\$ 45,876,236</u>	<u>\$ 68,186,252</u>	<u>\$ 62,094,438</u>	<u>\$ 131,812,514</u>	<u>\$ 107,970,674</u>

Total outstanding long-term debt for governmental activities decreased in fiscal year 2021-22 by \$17.8 million. This decrease can largely be attributed to a \$15.1 million decrease in net pension liability which is due to the California Public Employees Retirement System (CalPERS) exceeding its expected rate of return in FY 2020-21. Additionally, the continuation of routine debt payments also contributed to the overall decrease in long-term debt.

CASH MANAGEMENT

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

CAPITAL ASSETS

As of June 30, 2022, net capital assets (excluding right-to-use leased assets) of the governmental activities totaled \$214.8 million and the net capital assets of the business-type activities totaled \$141.8 million. Depreciation on capital assets is recognized in the Government-Wide Financial Statements. The City has elected to depreciate its infrastructure assets. In order to depreciate the infrastructure assets, an estimated useful life for each type of asset was determined using engineering standards as well as discussions with City staff regarding the City's maintenance program for each type of asset. This allowed the estimated useful life of each asset type to be tailored to include the unique attributes of the City of El Paso de Robles. The following table presents summary information on the City's capital assets as of June 30, 2021, and 2022:

CAPITAL ASSET DESCRIPTION	Governmental Activities		Business-Type Activities		Total	
	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22
Land	\$ 20,997,495	\$ 20,997,495	\$ 8,562,314	\$ 8,562,314	\$ 29,559,809	\$ 29,559,809
Construction in progress	17,610,517	23,384,332	8,528,498	6,154,448	26,139,015	29,538,780
Building & improvements	68,818,507	68,942,482	2,488,110	2,488,110	71,306,617	71,430,592
Equipment	15,559,345	15,682,731	6,960,756	7,303,684	22,520,101	22,986,415
Infrastructure	207,162,767	218,015,857	193,489,263	198,405,294	400,652,030	416,421,151
Accumulated depreciation	(124,664,143)	(132,176,179)	(74,711,211)	(81,121,198)	(199,375,354)	(213,297,377)
Net capital assets	<u>\$ 205,484,488</u>	<u>\$ 214,846,718</u>	<u>\$ 145,317,730</u>	<u>\$ 141,792,652</u>	<u>\$ 350,802,218</u>	<u>\$ 356,639,370</u>

The major capital asset additions for FY 2021-22 included:

- Various street infrastructure replacement and rehabilitation - \$6.8 million
- Design and construction of Fire Station No. 3 - \$2.5 million
- Airport airfield electrical upgrade - \$1 million

City of El Paso de Robles

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

- Tarr Well Rehabilitation - \$830,558
- Spring Street 24th to 36th water and sewer line improvements - \$2.7 million

Additional information on capital assets can be found in Note 3 – Capital Assets in the notes to the basic financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is prepared according to California law. The most significant budgeted fund is the General Fund. The City's budget is a spending plan, which commits resources to the accomplishment of City Council goals and objectives.

Once adopted, operating appropriations shall not be subsequently adjusted unless specifically authorized by resolution identifying the fund from which the appropriation is to be made, the amount of the appropriations and budgetary account number. The City Manager may authorize the transfer of appropriations from one expenditure line item to another within the same fund, however, under no circumstances can an increase in appropriations occur without City Council authorization. Quarterly reports are used to keep the City Council informed of key budget issues, forecasts, and required changes. The budget amendments reported in the financial reports fall into three categories:

- 1) The carryover of appropriations for contracts, equipment, and/or projects approved in the previous fiscal year(s), but not completed as of fiscal year-end.
- 2) Increases or decreases in estimated revenues to reflect actual receipts of major revenues.
- 3) Additional appropriations for unforeseen, but necessary expenses or expenditures.

The General Fund's original adopted budget has assumed an increase in fund balance of \$557,500, whereas the final and amended budget decreased in fund balance by \$6.5 million. This can mainly be attributed to:

- 1) Transfers Out: An increase of approximately \$7.5 million in additional appropriations were made during the year mainly due to the creation of the internal service funds as previously mentioned. With this change in accounting, the cash associated with the Information Technology Fund and Fleet Maintenance Fund, was transferred out of the General Fund and into the standalone internal service fund.
- 2) General Government: An increase of approximately \$1 million in additional appropriations was made during the year to account for FY 2020-21 project specific carry-overs, unanticipated repairs to Fire Station No. 2, unanticipated City weed abatement costs, lease commissions on City owned property, and budget corrections regarding supplemental requests for FY 2021-22 which include monies for library and recreation strategic planning, bilingual and other community outreach communications, a composting facility at the landfill, a pavement condition index study, and central irrigation systems at City facilities.

Despite the increase in budget from what was originally adopted, the City's General Fund change in fund balance had a \$5 million positive variance at the end of the fiscal year. Significant variances from actual to budget were due to tax revenues. The City received approximately \$5.3 million more than originally estimated in sales and TOT revenues. This is because tourism rebounded much more rapidly than anticipated and the City benefited from being within the drive markets of the Bay-area and Los Angeles-area.

City of El Paso de Robles

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The fiscal outlook for the City remains positive, with most major revenues projected to grow modestly over the next two years. Tourism activity remains robust within Paso Robles. In April 2022, Paso Robles experienced the highest hotel occupancy rate among all communities within San Luis Obispo, with average daily hotel room rates nearly 20 percent higher than April 2021. From October to December 2021, visitors spent an estimated \$15 million for lodging within the City. As a result of the sustained positive trends, staff projects an 8% increase to transient occupancy tax for FY 2022-23 and 6% growth for FY 2023-24. TOT accounts for approximately 20% of all general fund revenues.

The continued growth of tourism in the region is also spurring several new hospitality related developments. The Community Development Department reports 15 lodging projects in various planning and building stages. There are multiple other tourism and wine industry related commercial and industrial projects in various stages of development. The budget includes funding to study the potential annexation of property to support the expansion of hospitality and entertainment development adjacent to State Route 46 East.

Although the local outlook remains positive, the broader economic view is less clear. The nation continues to experience record high inflation, stock market volatility, supply chain issues, all-time high gasoline prices and growing borrowing costs. Economists have divergent opinions on when a recession may occur, however after many years of economic growth it can be assumed an economic slowdown is imminent. The City Council has prioritized earmarking funds for general reserves and pension stabilization, which provide some budgetary insulation should the local economy begin to slow over the next two years. The adopted budgets for FY 2022-23 and 2023-24 reflect a fiscal approach that balances the robust local economic conditions with the headwinds that are appearing at the national level.

The City Council goals were developed through robust input and discussion process. The City Council held a public goals and budget priorities setting workshop on February 26, 2022. This session marked the sixth public goals and priorities activity the City has undertaken since 2017. The City Council goals serve as the policy direction document for city government as well as the road map for developing and implementing the City's biennial budget. The Council Goals guide the allocation of resources through the budget and capital improvement program, which then aligns with department work plans and capital projects. The workplans, projects, and priorities outlined within the City Council goals document are intended to be implemented, achieved, or constructed within the two-year budget cycle. The final approval of the City Council goals occurred on April 19, 2022. The full report can be found at www.prcity.com/CouncilGoals

Other Items of Note:

1. **Transient Occupancy Tax Increase:** In November 2022, City voters approved a transient occupancy tax increase of 1%. This increase is not factored into revenue projections contained within the FY 2022-23 and 2023-24 budget because it was unknown at that time if the tax measure would be passed. Now that the tax measure has passed, an appropriations package will be brought to the City Council for consideration later in FY 2022-23.
2. **Cannabis:** The City Council has prioritized the creation of a cannabis governance framework to potentially authorize, regulate and tax specific types of cannabis operations within the City, including recreational retail sales. The process to develop the framework is underway. Should the City Council approve a framework and businesses begin operating within the next two years, the previously approved applicable cannabis business tax(es) will become effective. Once the framework and authorized uses are established, the City's consultant can provide more precise revenue estimates. Currently, there are no revenues within the budget that pertain to potential recreational retail cannabis operations. Should the status change and if revenue is realized, an appropriations package will be brought back to the City Council at the appropriate time.

City of El Paso de Robles

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

3. **Economic Development:** The City Council has made economic development and vitality a priority goal. Staff is currently working to update the City's Economic Development Strategy and is managing several projects, including the spaceport licensing project. Over the next two years, the budget includes nearly \$1.4 million to fund these projects. This budget includes funding for business outreach and development and funding for data tools and partnerships. Upon completion of the EDSP update in late 2022, staff will provide the City Council with recommendations to activate the plan, which may include supplemental budget requests. Additional funding for the spaceport licensing project will be subject to future City Council action and is not included in this budget. Once phase II of the spaceport feasibility study is complete in third quarter of 2022, staff will return to the City Council for additional direction. Any supplemental funding for the project will be considered at that time.
4. In March 2022, the City Council created an ad hoc committee to review a request from the El Camino Homeless Organization (ECHO) for a one-time grant of \$444,000 to cover operating costs at its homeless shelter located at 1134 Black Oak Dr. Over the course of multiple ad-hoc meetings, members reviewed information provided by ECHO, community and city staff. At the conclusion of the meetings, the ad-hoc presented their findings to the full council on April 19, 2022. At the conclusion of City Council discussion on the matter, the City Council voted to contribute \$222,000 per year for the next two years to support homeless services at the facility. As part of this action, the City Council directed staff to revise the existing agreement with ECHO to reflect the funding contribution and update reporting and data collection requirements. This contribution amount is included in the adopted budget.
5. **Grant Writing and Legislative Advocacy:** The City Council's FY 2022-23 and 2023-24 adopted goals include several major projects and initiatives that are either dependent on or would be enhanced by state and federal grant funding. Additionally, the goals include an action item to develop a preliminary legislative platform that outlines legislative priorities and interests to guide advocacy efforts on behalf of the City. To increase capacity for staff to pursue grant opportunities and to aggressively advocate for City priorities at the state and federal level, staff is proposing to leverage the expertise of a third-party firm for these services. Staff recommends the use of one firm to perform both functions on behalf of the City for a monthly retainer fee. The firm will help develop the City's legislative platform and implement that strategy at the state and federal levels. The firm will provide a comprehensive grant funding program, including developing a funding plan, identify grant opportunities and write/submit grant applications on behalf of the City. Utilizing the same firm for grant writing and legislative advocacy will maximize the City's impact at the state and federal levels. Staff is proposing to contract for these services for a period of 12 months and review the effectiveness at the end of the term. Funding of \$90,000 for a 12-month pilot program is included in this budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT TEAM

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



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STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

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

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

The Statement of Net Position summarizes the financial position of the City's governmental activities in a single column, and the financial position of all City business-type activities in a single column; these columns are followed by a total column that presents the financial position of the entire City.

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

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

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

City of El Paso de Robles

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 94,165,558	\$ 23,943,470	\$ 118,109,028
Accounts receivable	9,369,735	3,712,371	13,082,106
Interest receivable	568,340	65,661	634,001
Due from private-purpose trust fund	113,048	-	113,048
Prepaid items	663,985	255	664,240
Deposits	16,000	250	16,250
Inventory	-	340,675	340,675
Internal balances	662,025	(662,025)	-
Total current assets	<u>105,558,691</u>	<u>27,400,657</u>	<u>132,959,348</u>
Noncurrent assets:			
Leases receivable	6,581,062	12,562,934	19,143,996
Loans receivable	4,361,230	1,127,818	5,489,048
Nondepreciable capital assets	44,381,827	14,716,762	59,098,589
Net depreciable capital assets	170,464,891	127,075,888	297,540,779
Net right-to-use leased capital assets	1,200,908	-	1,200,908
Total noncurrent assets	<u>226,989,918</u>	<u>155,483,402</u>	<u>382,473,320</u>
Total assets	<u>332,548,609</u>	<u>182,884,059</u>	<u>515,432,668</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding bonds	326,145	-	326,145
Deferred other post-employment benefits (OPEB)	240,032	71,335	311,367
Deferred pensions	10,323,087	1,012,924	11,336,011
Total deferred outflows of resources	<u>10,889,264</u>	<u>1,084,259</u>	<u>11,973,523</u>
LIABILITIES			
Current liabilities:			
Accounts payable	4,052,580	877,103	4,929,683
Accrued payroll expenses	1,468,606	321,952	1,790,558
Interest payable	681,280	629,170	1,310,450
Customer deposits	-	182,407	182,407
Unearned revenue	7,283,960	45,357	7,329,317
Leases due within one year	211,500	-	211,500
Debt due within one year	3,531,169	3,059,089	6,590,258
Total current liabilities	<u>17,229,095</u>	<u>5,115,078</u>	<u>22,344,173</u>
Noncurrent liabilities:			
Compensated absences	1,403,662	396,381	1,800,043
Landfill closure, post-closure costs	4,125,970	-	4,125,970
Leases payable	1,016,221	-	1,016,221
Net OPEB liability	6,181,475	1,837,131	8,018,606
Net pension liability	19,546,834	5,386,919	24,933,753
Debt due after one year	11,277,900	51,224,182	62,502,082
Total noncurrent liabilities	<u>43,552,062</u>	<u>58,844,613</u>	<u>102,396,675</u>
Total liabilities	<u>60,781,157</u>	<u>63,959,691</u>	<u>124,740,848</u>

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

City of El Paso de Robles

STATEMENT OF NET POSITION (continued)

June 30, 2022

	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred leases	\$ 6,374,990	\$ 12,219,660	\$ 18,594,650
Deferred OPEB	929,365	276,206	1,205,571
Deferred pensions	11,642,759	2,023,220	13,665,979
Total deferred inflows of resources	<u>18,947,114</u>	<u>14,519,086</u>	<u>33,466,200</u>
NET POSITION			
Net investment in capital assets	200,336,981	87,509,379	287,846,360
Restricted for:			
Debt service	2,002,054	3,152,473	5,154,527
Disability access and compliance	84,038	-	84,038
Health and welfare	359,486	-	359,486
Highways and streets maintenance	2,388,910	-	2,388,910
Infrastructure and facilities expansion	21,246,186	-	21,246,186
Landfill maintenance	4,525,042	-	4,525,042
Public, education, government access	290,198	-	290,198
Unrestricted	32,476,707	14,827,689	47,304,396
Total net position	<u>\$ 263,709,602</u>	<u>\$ 105,489,541</u>	<u>\$ 369,199,143</u>

City of El Paso de Robles

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2022

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 4,255,252	\$ 1,300,883	\$ 173,281	\$ -
Public safety	18,873,101	2,804,134	623,055	207,758
Highways and streets	9,437,822	1,335,911	1,421,736	6,644,373
Sanitation	486,619	-	-	-
Health and welfare	21,118	-	152,754	-
Culture-recreation	8,944,983	3,250,250	13,656	149,385
Economic development and assistance	632,370	7,884	-	45,436
Interest, issuance and agent fees on long-term debt	728,305	-	-	-
Total governmental activities	43,379,570	8,699,062	2,384,482	7,046,952
Business-Type Activities:				
Water operations	13,916,471	17,616,104	320,210	233,790
Wastewater operations	10,051,515	12,269,500	105,170	197,250
Airport operations	1,384,856	912,473	-	1,153,658
Transit operations	33,136	-	1,016,122	-
Parking operations	481,163	408,640	-	-
Total business-type activities	25,867,141	31,206,717	1,441,502	1,584,698
Total primary government	\$ 69,246,711	\$ 39,905,779	\$ 3,825,984	\$ 8,631,650

General Revenues:

Taxes:

Property taxes

Sales and use 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 - beginning of fiscal year

Net position - end of fiscal year

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,781,088)	\$ -	\$ (2,781,088)
(15,238,154)	-	(15,238,154)
(35,802)	-	(35,802)
(486,619)	-	(486,619)
131,636	-	131,636
(5,531,692)	-	(5,531,692)
(579,050)	-	(579,050)
(728,305)	-	(728,305)
<u>(25,249,074)</u>		<u>(25,249,074)</u>
-	4,253,633	4,253,633
-	2,520,405	2,520,405
-	681,275	681,275
-	982,986	982,986
-	(72,523)	(72,523)
<u>-</u>	<u>8,365,776</u>	<u>8,365,776</u>
<u>(25,249,074)</u>	<u>8,365,776</u>	<u>(16,883,298)</u>
14,765,732	70,482	14,836,214
33,540,805	-	33,540,805
9,803,368	-	9,803,368
5,125,133	-	5,125,133
(1,241,190)	(415,414)	(1,656,604)
408,299	24,762	433,061
840,375	(840,375)	-
<u>63,242,522</u>	<u>(1,160,545)</u>	<u>62,081,977</u>
37,993,448	7,205,231	45,198,679
<u>225,716,154</u>	<u>98,284,310</u>	<u>324,000,464</u>
<u>\$ 263,709,602</u>	<u>\$ 105,489,541</u>	<u>\$ 369,199,143</u>



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GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

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

The governmental funds described below were determined to be major funds of the City this fiscal year. Individual nonmajor funds may be found in the Combining Statements Section.

General Fund

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

Measure J-20 Supplemental Sales Tax Fund

This fund accounts for and reports the financial resources generated by the voter-approved Measure J-20, a one-cent supplemental sales tax approved by voters in 2020.

American Rescue Plan Act Fund

This Fund accounts for receipts and expenditures of money appropriated by the American Rescue Plan Act, a COVID-19 federal stimulus relief package signed by President Biden in 2021.

Specific Plans Fund

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

Capital Projects Fund

This fund accounts for the City's Capital Improvement Program (CIP) which was established to account for large capital and infrastructure projects that typically take multiple fiscal years to complete.

City of El Paso de Robles

BALANCE SHEET

Governmental Funds

June 30, 2022

	General Fund	Measure J-20 Supplemental Sales Tax Fund	American Rescue Plan Act Fund	Specific Plans Fund
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Cash and investments	\$ 26,457,418	\$ 7,997,296	\$ 5,353,052	\$ 431,541
Accounts receivable	6,038,011	2,706,782	-	-
Leases receivable	6,581,062	-	-	-
Interest receivable	988,034	21,413	9,798	1,194
Due from private-purpose trust fund	-	-	-	-
Due from other funds	55,206	-	-	-
Loans receivable	516,193	-	-	-
Deposits	16,000	-	-	-
Prepaid items	118,142	-	-	-
Advances receivable	2,632,899	-	-	-
Total assets	<u>43,402,965</u>	<u>10,725,491</u>	<u>5,362,850</u>	<u>432,735</u>
Deferred outflows of resources:				
Deferred interest expense	-	-	-	814,249
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>814,249</u>
Total assets and deferred outflows of resources	<u>\$ 43,402,965</u>	<u>\$ 10,725,491</u>	<u>\$ 5,362,850</u>	<u>\$ 1,246,984</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts payable	\$ 1,962,072	\$ -	\$ -	\$ -
Accrued payroll expenses	1,331,288	87,106	-	-
Interest payable	-	-	-	814,249
Unearned revenue	1,921,110	-	5,362,850	-
Due to other funds	-	-	-	-
Advances payable	-	-	-	1,817,652
Total liabilities	<u>5,214,470</u>	<u>87,106</u>	<u>5,362,850</u>	<u>2,631,901</u>
Deferred inflows of resources:				
Deferred leases	6,374,990	-	-	-
Unavailable revenue	1,399,986	-	-	-
Total deferred inflows of resources	<u>7,774,976</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits):				
Nonspendable	2,751,041	-	-	-
Restricted	-	-	-	-
Assigned	632,738	10,638,385	-	-
Unassigned	27,029,740	-	-	(1,384,917)
Total fund balances (deficits)	<u>30,413,519</u>	<u>10,638,385</u>	<u>-</u>	<u>(1,384,917)</u>
Total liabilities, deferred inflows of resources,	<u>\$ 43,402,965</u>	<u>\$ 10,725,491</u>	<u>\$ 5,362,850</u>	<u>\$ 1,246,984</u>

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 17,074,272	\$ 30,744,285	\$ 88,057,864
26,853	538,783	9,310,429
-	-	6,581,062
-	419,970	1,440,409
-	113,048	113,048
-	-	55,206
-	3,845,037	4,361,230
-	-	16,000
-	-	118,142
-	-	2,632,899
<u>17,101,125</u>	<u>35,661,123</u>	<u>112,686,289</u>
-	69,547	883,796
-	<u>69,547</u>	<u>883,796</u>
<u>\$ 17,101,125</u>	<u>\$ 35,730,670</u>	<u>\$ 113,570,085</u>
\$ 1,540,173	\$ 400,877	\$ 3,903,122
-	12,940	1,431,334
-	69,547	883,796
-	-	7,283,960
-	55,206	55,206
-	153,222	1,970,874
<u>1,540,173</u>	<u>691,792</u>	<u>15,528,292</u>
-	-	6,374,990
-	4,296,186	5,696,172
-	<u>4,296,186</u>	<u>12,071,162</u>
-	-	2,751,041
-	30,895,914	30,895,914
15,560,952	-	26,832,075
-	(153,222)	25,491,601
<u>15,560,952</u>	<u>30,742,692</u>	<u>85,970,631</u>
<u>\$ 17,101,125</u>	<u>\$ 35,730,670</u>	<u>\$ 113,570,085</u>



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City of El Paso de Robles

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total fund balances - governmental funds \$ 85,970,631

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. In the Statement of Net Position, all assets, including capital and right-to-use leased assets, and accumulated depreciation and amortization are reported.

Capital assets at historical cost	\$	347,022,897	
Accumulated depreciation		(132,176,179)	
Right-to-use leased assets		1,540,419	
Accumulated amortization		<u>(339,511)</u>	
Net capital assets			216,047,626

Certain revenues in the governmental receivables are unavailable because they cannot be used to meet current financial obligations. In the Statement of Net Position, revenues are recognized when earned. 4,812,376

Interest expense on long-term debt is recognized in the period in which it matures and is paid in governmental funds. However, in the Statement of Net Position, it is recognized in the period that it is incurred. (681,280)

Long-term liabilities are applicable to future periods and, therefore, are not reported in governmental funds. In the Statement of Net Position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated absences		2,671,162	
Capital leases payable		301,151	
Leases payable		1,227,721	
Certificates of participation		286,436	
General obligation bonds		11,060,091	
Loans payable		1,893,891	
Accrued landfill closure costs		4,125,970	
Net OPEB liability		6,181,475	
Net pension liability		<u>19,546,834</u>	
Total long-term liabilities			(47,294,731)

The deferred loss on refunding of bonds is applicable to future periods and, therefore, is not reported in governmental funds. In the Statement of Net Position, the deferred loss on refunding of bonds is reported. 326,145

Deferred outflows and inflows of resources relating to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in governmental funds. In the Statement of Net Position, deferred outflows and inflows of resources related to pensions and other post-employment benefits are reported. The difference between deferred outflows of resources of \$10,563,119 and deferred inflows of \$12,572,124 is: (2,009,005)

Internal service funds are used to charge activities involved with rendering services to departments within the City. Assets and liabilities of the internal service funds not mentioned above are: 6,537,840

Total net position - governmental activities \$ 263,709,602

City of El Paso de Robles

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Governmental Funds

For the Fiscal Year Ended June 30, 2022

	General Fund	Measure J-20 Supplemental Sales Tax Fund	American Rescue Plan Act Fund	Specific Plans Fund
REVENUES				
Taxes	\$ 47,644,714	\$ 13,142,001	\$ -	\$ -
Licenses and permits	786,474	-	-	-
Fines and forfeitures	97,187	-	-	-
Use of money and property	(14,726)	(250,162)	(100,502)	(12,621)
Intergovernmental revenues	543,027	358,764	137,563	-
Charges for current services	2,505,153	-	-	20,124
Other revenues	346,193	-	-	627
Total revenues	<u>51,908,022</u>	<u>13,250,603</u>	<u>37,061</u>	<u>8,130</u>
EXPENDITURES				
Current:				
General government	11,491,687	-	-	-
Public safety	19,250,957	1,113,026	-	-
Highways and streets	2,563,716	153,189	-	-
Sanitation	437,239	-	-	-
Health and welfare	-	-	-	-
Culture-recreation	5,029,620	-	-	-
Economic development and assistance	591,765	-	-	-
Capital outlay	196,618	20,348	-	-
Debt service:				
Interest	80,383	-	-	-
Principal	141,041	-	-	-
Intergovernmental	-	-	-	-
Total expenditures	<u>39,783,026</u>	<u>1,286,563</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,124,996</u>	<u>11,964,040</u>	<u>37,061</u>	<u>8,130</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	907,159	-	-	-
Transfers out	(14,513,894)	(3,018,936)	(37,061)	-
Total other financing sources (uses)	<u>(13,606,735)</u>	<u>(3,018,936)</u>	<u>(37,061)</u>	<u>-</u>
Net change in fund balances (deficits)	(1,481,739)	8,945,104	-	8,130
Fund balances (deficits) - July 1	<u>31,895,258</u>	<u>1,693,281</u>	<u>-</u>	<u>(1,393,047)</u>
Fund balances (deficits) - June 30	<u>\$ 30,413,519</u>	<u>\$ 10,638,385</u>	<u>\$ -</u>	<u>\$ (1,384,917)</u>

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

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,448,323	\$ 63,235,038
-	-	786,474
-	-	97,187
-	(850,413)	(1,228,424)
329,623	1,879,471	3,248,448
-	5,421,835	7,947,112
-	-	346,820
<u>329,623</u>	<u>8,899,216</u>	<u>74,432,655</u>
8,409	2,250	11,502,346
-	28,532	20,392,515
-	532,715	3,249,620
-	-	437,239
-	17,359	17,359
154,352	2,193,283	7,377,255
9,810,166	1,012,368	11,039,500
-	834,728	915,111
-	1,703,798	1,844,839
-	1,902	1,902
<u>9,972,927</u>	<u>6,326,935</u>	<u>57,369,451</u>
<u>(9,643,304)</u>	<u>2,572,281</u>	<u>17,063,204</u>
13,678,874	465,526	15,051,559
-	(2,238,289)	(19,808,180)
<u>13,678,874</u>	<u>(1,772,763)</u>	<u>(4,756,621)</u>
4,035,570	799,518	12,306,583
11,525,382	29,943,174	73,664,048
<u>\$ 15,560,952</u>	<u>\$ 30,742,692</u>	<u>\$ 85,970,631</u>

City of El Paso de Robles

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2022

Total net change in fund balances - governmental funds \$ 12,306,583

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

In governmental funds, capital outlays are reported as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation or amortization expense. This is the amount by which capital outlay and capital contributions exceed depreciation/amortization expense and loss on disposal of capital assets during the current fiscal period.

Capital outlay	\$	11,039,500	
Depreciation		(8,150,525)	
Amortization		(339,511)	
Capital contributions		6,182,984	
Loss on disposal of capital asset		(6,463)	
Total			8,725,985

In governmental funds, certain receivables are unavailable because they cannot be used to meet current financial obligations. In the Statement of Net Position, revenues are recognized when earned. (22,890)

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the Statement of Activities, it is recognized in the period that it is incurred. Unmatured interest owed at the end of the period, less matured interest paid during the period but owing from the prior period was: 44,140

In governmental funds, proceeds and repayments of long-term debt are reported as other financing sources and uses, respectively. In the Statement of Activities, proceeds and repayments of long-term debt are reported as increases and decreases in liabilities, respectively. This is the amount of repayments of debt made in the period. 2,054,639

In governmental funds, the impacts of premiums, discounts, and losses on refunding of debt are reported at the issuance of debt. In the Statement of Activities, those amounts are amortized over the life of the debt. This amount represents the amortization of a loss on refunding. (65,231)

In governmental funds, compensated absences are measured by the amount of financial resources used (essentially the amount paid). In the Statement of Activities, these items are measured by the amounts earned during the fiscal year. This fiscal year, compensated absences earned exceeded the amounts used by: (111,969)

Landfill closure and post-closure costs reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds. (26,301)

In governmental funds, other post-employment benefit costs are recognized when employer contributions are made. In the Statement of Activities, other post-employment benefit costs are recognized when incurred. This amount is the net change in net OPEB liability and deferred inflows of resources. (149,837)

In governmental funds, pension costs are recognized when employer contributions are made. In the Statement of Activities, pension costs are recognized when incurred. This amount is the net change in net pension liability, deferred outflows of resources and deferred inflows of resources. 9,120,108

In governmental funds, lease expenses are recognized when payments are made. In the Statement of Activities, payments are reported as decreases in leases payable. This is the amount of repayments of debt made in the period. 312,698

City of El Paso de Robles

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES (continued)
For the Fiscal Year Ended June 30, 2022

Internal service funds are used to charge the cost of activities involved in rendering services to departments within the City. This amount is the net revenue of the internal service funds is reported with governmental activities.

\$ 5,805,523

Change in net position - governmental activities

\$ 37,993,448



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PROPRIETARY FUNDS FINANCIAL STATEMENTS

The City maintains two different types of Proprietary Funds: Enterprise Funds and Internal Service Funds. Enterprise Funds are used when the City charges customers for the services it provides, whether to outside customers or to other units of the City. An internal service fund is used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government. Both Enterprise and Internal Service Funds are generally reported as proprietary funds. Proprietary fund statements, like the government-wide statements, provide short-term and long-term financial information about the activities the City operates like businesses, such as utility services which are operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The concept of major funds established by GASB Statement No. 34 extends to proprietary funds. The City has identified the funds below as major proprietary funds in the current fiscal year. GASB Statement No. 34 does not provide for the disclosure of budget versus actual comparisons regarding proprietary funds.

For the Proprietary Fund Financial Statements, the internal service funds are combined in a single column. Individual internal service funds may be found in the Individual Fund Financial Statements and Schedules.

Water Fund

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

Wastewater Fund

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

Airport Fund

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

Transit Fund

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

Parking Fund

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

City of El Paso de Robles

STATEMENT OF NET POSITION

Proprietary Funds

June 30, 2022

	Enterprise Funds			
	Water	Wastewater	Airport	Transit
ASSETS				
Current assets:				
Cash and investments	\$ 11,337,199	\$ 5,631,874	\$ 2,966,418	\$ 3,611,626
Accounts receivable	1,798,543	1,284,127	578,528	-
Interest receivable	28,598	14,264	8,626	9,813
Prepaid items	255	-	-	-
Deposits	-	-	-	-
Inventory	340,675	-	-	-
Total current assets	<u>13,505,270</u>	<u>6,930,265</u>	<u>3,553,572</u>	<u>3,621,439</u>
Noncurrent assets:				
Leases receivable	-	-	12,562,934	-
Loans receivable	376,041	751,777	-	-
Capital assets:				
Nondepreciable assets	140,693	5,480,222	9,095,847	-
Depreciable assets, net	41,945,196	76,112,427	6,166,418	781,157
Total noncurrent assets	<u>42,461,930</u>	<u>82,344,426</u>	<u>27,825,199</u>	<u>781,157</u>
Total assets	<u>55,967,200</u>	<u>89,274,691</u>	<u>31,378,771</u>	<u>4,402,596</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred other post-employment benefits (OPEB)	27,617	35,153	2,522	-
Deferred pensions	402,842	431,567	96,098	-
Total deferred outflows of resources	<u>430,459</u>	<u>466,720</u>	<u>98,620</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	468,398	243,218	85,680	-
Accrued payroll expenses	106,676	156,512	35,426	-
Advances payable	-	-	-	-
Interest payable	48,055	575,051	6,064	-
Customer deposits	182,407	-	-	-
Unearned revenue	-	-	45,357	-
Debt due within one year	237,681	2,766,032	34,639	-
Total current liabilities	<u>1,043,217</u>	<u>3,740,813</u>	<u>207,166</u>	<u>-</u>
Noncurrent liabilities:				
Compensated absences	101,921	204,332	38,744	-
Net OPEB liability	711,250	905,301	64,951	-
Net pension liability	2,142,390	2,295,154	511,070	-
Debt due after one year	6,506,898	44,352,736	332,511	-
Total noncurrent liabilities	<u>9,462,459</u>	<u>47,757,523</u>	<u>947,276</u>	<u>-</u>
Total liabilities	<u>10,505,676</u>	<u>51,498,336</u>	<u>1,154,442</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred leases	-	-	12,219,660	-
Deferred OPEB	106,934	136,109	9,765	-
Deferred pensions	804,639	862,014	191,948	-
Total deferred inflows of resources	<u>911,573</u>	<u>998,123</u>	<u>12,421,373</u>	<u>-</u>

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

Enterprise Funds		Total Internal Service Funds
Parking	Total	
\$ -	\$ 23,547,117	\$ 6,504,047
51,173	3,712,371	59,306
125	61,426	15,963
-	255	545,843
250	250	-
-	340,675	-
<u>51,548</u>	<u>27,662,094</u>	<u>7,125,159</u>
-	12,562,934	-
-	1,127,818	-
-	14,716,762	-
192,796	125,197,994	6,355,428
<u>192,796</u>	<u>153,605,508</u>	<u>6,355,428</u>
<u>244,344</u>	<u>181,267,602</u>	<u>13,480,587</u>
3,020	68,312	10,431
24,224	954,731	194,737
<u>27,244</u>	<u>1,023,043</u>	<u>205,168</u>
30,181	827,477	199,084
7,560	306,174	53,050
662,025	662,025	-
-	629,170	5,433
-	182,407	-
-	45,357	-
-	3,038,352	162,098
<u>699,766</u>	<u>5,690,962</u>	<u>419,665</u>
11,140	356,137	134,851
77,780	1,759,282	268,623
128,826	5,077,440	1,035,650
-	51,192,145	191,829
<u>217,746</u>	<u>58,385,004</u>	<u>1,630,953</u>
<u>917,512</u>	<u>64,075,966</u>	<u>2,050,618</u>
-	12,219,660	-
11,694	264,502	40,387
48,385	1,906,986	388,970
<u>60,079</u>	<u>14,391,148</u>	<u>429,357</u>

Continued

City of El Paso de Robles

STATEMENT OF NET POSITION (continued)

Proprietary Funds

June 30, 2022

	Enterprise Funds			
	Water	Wastewater	Airport	Transit
NET POSITION				
Net investment in capital assets	\$ 35,341,310	\$ 34,473,881	\$ 14,895,115	\$ 781,157
Restricted for debt service	-	3,152,473	-	-
Unrestricted	9,639,100	(381,402)	3,006,461	3,621,439
Total net position	<u>\$ 44,980,410</u>	<u>\$ 37,244,952</u>	<u>\$ 17,901,576</u>	<u>\$ 4,402,596</u>

Enterprise Funds		Total Internal
Parking	Total	Service Funds
\$ 192,796	\$ 85,684,259	\$ 6,001,501
-	3,152,473	-
(898,799)	14,986,799	5,204,279
<u>\$ (706,003)</u>	<u>\$ 103,823,531</u>	<u>\$ 11,205,780</u>

Concluded

City of El Paso de Robles

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Proprietary Funds

For the Fiscal Year Ended June 30, 2022

	Enterprise Funds			
	Water	Wastewater	Airport	Transit
OPERATING REVENUES				
Charges for current services	\$ 17,616,104	\$ 12,269,500	\$ 116,001	\$ -
Rents and leases	-	-	796,472	-
Operating grants and contributions	320,210	105,170	-	1,016,122
Other revenues	23,455	-	1,307	-
Total operating revenues	<u>17,959,769</u>	<u>12,374,670</u>	<u>913,780</u>	<u>1,016,122</u>
OPERATING EXPENSES				
Salaries and benefits	1,710,658	2,158,684	437,254	-
Maintenance and operations	10,423,267	2,975,315	310,091	-
Depreciation and amortization	2,131,843	3,924,175	576,992	33,136
Total operating expenses	<u>14,265,768</u>	<u>9,058,174</u>	<u>1,324,337</u>	<u>33,136</u>
Operating income (loss)	<u>3,694,001</u>	<u>3,316,496</u>	<u>(410,557)</u>	<u>982,986</u>
NONOPERATING REVENUES (EXPENSES)				
Taxes	-	-	70,482	-
Investment income (loss)	(308,193)	(142,091)	188,091	(106,748)
Gain/(loss) on disposal of capital asset	-	-	-	-
Loss on termination of lease	-	-	(7,264)	-
Interest expense	<u>(198,876)</u>	<u>(905,623)</u>	<u>(16,170)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(507,069)</u>	<u>(1,047,714)</u>	<u>235,139</u>	<u>(106,748)</u>
Income (loss) before capital grants and contributions and transfers	3,186,932	2,268,782	(175,418)	876,238
Capital grants and contributions	233,790	197,250	1,153,658	-
Transfers in	-	-	-	-
Transfers out	<u>(1,061,056)</u>	<u>(916,031)</u>	<u>(129,458)</u>	<u>-</u>
Change in net position	2,359,666	1,550,001	848,782	876,238
Net position - July 1	<u>42,620,744</u>	<u>35,694,951</u>	<u>17,052,794</u>	<u>3,526,358</u>
Net position - June 30	<u>\$ 44,980,410</u>	<u>\$ 37,244,952</u>	<u>\$ 17,901,576</u>	<u>\$ 4,402,596</u>

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

Enterprise Funds		Total Internal Service Funds
Parking	Total	
\$ 408,640	\$ 30,410,245	\$ 6,770,833
-	796,472	-
-	1,441,502	-
-	24,762	61,479
<u>408,640</u>	<u>32,672,981</u>	<u>6,832,312</u>
190,748	4,497,344	2,774,332
211,617	13,920,290	3,453,315
50,431	6,716,577	-
<u>452,796</u>	<u>25,134,211</u>	<u>6,227,647</u>
<u>(44,156)</u>	<u>7,538,770</u>	<u>604,665</u>
-	70,482	-
(1,621)	(370,562)	(166,445)
-	-	140,436
-	(7,264)	-
<u>(9,571)</u>	<u>(1,130,240)</u>	<u>(10,407)</u>
<u>(11,192)</u>	<u>(1,437,584)</u>	<u>(36,416)</u>
(55,348)	6,101,186	568,249
-	1,584,698	3,734,247
-	-	6,903,284
<u>(40,118)</u>	<u>(2,146,663)</u>	<u>-</u>
(95,466)	5,539,221	11,205,780
<u>(610,537)</u>	<u>98,284,310</u>	<u>-</u>
<u>\$ (706,003)</u>	<u>\$ 103,823,531</u>	<u>\$ 11,205,780</u>

City of El Paso de Robles

STATEMENT OF CASH FLOWS

Proprietary Funds

For the Fiscal Year Ended June 30, 2022

	Enterprise Funds			
	Water	Wastewater	Airport	Transit
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and other agencies	\$ 18,199,274	\$ 12,104,278	\$ 661,893	\$ 1,016,122
Payments to employees	(2,013,931)	(3,173,215)	(300,265)	-
Payments to suppliers	(10,491,532)	(3,014,083)	(237,415)	-
Net cash provided by operating activities	<u>5,693,811</u>	<u>5,916,980</u>	<u>124,213</u>	<u>1,016,122</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out to other funds	(429,680)	(374,723)	(35,972)	-
Tax revenue received	-	-	70,482	-
Net cash provided (used) by noncapital financing activities	<u>(429,680)</u>	<u>(374,723)</u>	<u>34,510</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Grant revenues received	-	-	588,738	-
Transfers in from other funds	-	-	-	-
Purchase of capital assets	(649,829)	(789,300)	(1,070,975)	-
Debt payments made	(465,391)	(2,680,808)	(33,295)	-
Interest payments made	(202,195)	(939,238)	(16,170)	-
Net proceeds from interfund advances	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(1,317,415)</u>	<u>(4,409,346)</u>	<u>(531,702)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Loss on termination of lease	-	-	(7,264)	-
Net investment income received	(313,910)	(141,277)	189,528	(107,958)
Net cash provided (used) by investing activities	<u>(313,910)</u>	<u>(141,277)</u>	<u>182,264</u>	<u>(107,958)</u>
Net increase (decrease) in cash and cash equivalents	3,632,806	991,634	(190,715)	908,164
Cash and cash equivalents - beginning of fiscal year	<u>7,704,393</u>	<u>4,640,240</u>	<u>3,157,133</u>	<u>2,703,462</u>
Cash and cash equivalents - end of fiscal year	<u>\$ 11,337,199</u>	<u>\$ 5,631,874</u>	<u>\$ 2,966,418</u>	<u>\$ 3,611,626</u>

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

Enterprise Funds		Total Internal
Parking	Total	Service Funds
\$ 357,467	\$ 32,339,034	\$ 6,773,006
(152,864)	(5,640,275)	(1,057,969)
(194,468)	(13,937,498)	(3,215,834)
<u>10,135</u>	<u>12,761,261</u>	<u>2,499,203</u>
-	(840,375)	-
-	70,482	-
-	(769,893)	-
-	588,738	-
-	-	5,012,755
-	(2,510,104)	(795,313)
-	(3,179,494)	(157,951)
(26,409)	(1,184,012)	(12,675)
17,715	17,715	-
-	-	140,436
<u>(8,694)</u>	<u>(6,267,157)</u>	<u>4,187,252</u>
-	(7,264)	-
(1,746)	(375,363)	(182,408)
<u>(1,746)</u>	<u>(382,627)</u>	<u>(182,408)</u>
(305)	5,341,584	6,504,047
<u>305</u>	<u>18,205,533</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 23,547,117</u>	<u>\$ 6,504,047</u>

City of El Paso de Robles

STATEMENT OF CASH FLOWS (continued)

Proprietary Funds

For the Fiscal Year Ended June 30, 2022

	Enterprise Funds			
	Water	Wastewater	Airport	Transit
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 3,694,001	\$ 3,316,496	\$ (410,557)	\$ 982,986
Adjustments to reconcile operating activities:				
Depreciation and amortization expense	2,131,843	3,924,175	576,992	33,136
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
Accounts receivable	275,942	(245,202)	46,030	-
Prepaid items	(255)	-	-	-
Deposits	23,102	-	-	-
Inventory	(36,576)	-	-	-
Loans receivable	(12,814)	(25,190)	-	-
Leases receivable	-	-	967,969	-
Deferred outflows of resources for pensions	10,546	126,371	(19,749)	-
Deferred outflows of resources for OPEB	171,613	230,203	15,551	-
Accounts payable	(54,536)	(38,768)	72,676	-
Accrued payroll expenses	31,103	43,307	22,785	-
Customer deposits	(23,623)	-	-	-
Unearned revenue	-	-	45,357	-
Compensated absences	(167,224)	(77,368)	7,301	-
Net OPEB liability	(100,135)	(175,390)	(8,654)	-
Net pension liability	(970,312)	(1,905,969)	(63,818)	-
Deferred inflows of resources for leases	-	-	(1,311,243)	-
Deferred inflows of resources for pensions	795,446	849,607	190,250	-
Deferred inflows of resources for OPEB	(74,310)	(105,292)	(6,677)	-
Net cash provided by operating activities	<u>\$ 5,693,811</u>	<u>\$ 5,916,980</u>	<u>\$ 124,213</u>	<u>\$ 1,016,122</u>
Non-cash activity:				
Contributed capital asset	\$ 233,790	\$ 197,250	\$ -	\$ -
Amortization on premium on refunding bonds	-	24,750	-	-
Transfer capital lease payable to internal service funds	31,298	26,079	15,649	-
Transfer capital assets to internal service funds	(662,674)	(567,388)	(109,135)	-
Transfer prepaid items to internal service funds	-	-	-	-

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

Enterprise Funds		Total Internal
Parking	Total	Service Funds
\$ (44,156)	\$ 7,538,770	\$ 604,665
50,431	6,716,577	-
(51,173)	25,597	(59,306)
-	(255)	38,397
(250)	22,852	-
-	(36,576)	-
-	(38,004)	-
-	967,969	-
1,517	118,685	(194,737)
6,123	423,490	(10,431)
17,399	(3,229)	199,084
3,112	100,307	53,050
-	(23,623)	-
-	45,357	-
395	(236,896)	134,851
40,545	(243,634)	268,623
(64,996)	(3,005,095)	1,035,650
-	(1,311,243)	-
47,812	1,883,115	388,970
3,376	(182,903)	40,387
<u>\$ 10,135</u>	<u>\$ 12,761,261</u>	<u>\$ 2,499,203</u>

\$ -	\$ 431,040	\$ -
-	24,750	-
-	73,026	(518,874)
(40,119)	(1,379,316)	5,560,111
-	-	584,240



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FIDUCIARY FUNDS

Fiduciary Funds Financial Statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. These funds are used to account for assets held by the City for individuals, private organizations, other governmental units, and/or other funds, and therefore, they cannot be used to support the government's own programs.

For the Fiduciary Fund Financial Statements, the custodial funds are combined in a single column. Individual custodial funds may be found in the Individual Fund Financial Statements and Schedules.

Private-Purpose Trust Fund

This fund is to account for the financial activities of the Successor Agency (the former and dissolved Redevelopment Agency) of the City.

Pension Trust Fund

This fund was established to prefund the City's outstanding pension obligation and can only be used to offset CalPERS pension costs.

City of El Paso de Robles

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2022

	Private-Purpose Trust Fund	Pension Trust Fund	Total Custodial Funds
ASSETS			
Cash and cash equivalents	\$ 4,126,948	\$ -	\$ 121,690
Investments held in mutual funds	-	8,125,630	-
Interest receivable	506,889	-	299
Loans receivable	3,020,000	-	-
Total assets	<u>7,653,837</u>	<u>8,125,630</u>	<u>121,989</u>
LIABILITIES			
Unearned revenue	829,475	-	-
Interest payable	309,289	-	-
Bonds payable	10,273,747	-	-
Due to the City	113,048	-	-
Due to other agencies	-	-	121,989
Total liabilities	<u>11,525,559</u>	<u>-</u>	<u>121,989</u>
NET POSITION			
Restricted in trust for:			
Successor Agency to the former Redevelopment Agency	(3,871,722)	-	-
Pension benefits	-	8,125,630	-
Total net position	<u>\$ (3,871,722)</u>	<u>\$ 8,125,630</u>	<u>\$ -</u>

City of El Paso de Robles

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Fiscal Year Ended June 30, 2022

	Private-Purpose Trust Fund	Pension Trust Fund	Total Custodial Funds
ADDITIONS			
Property taxes	\$ 1,221,443	\$ -	\$ -
Use of money and property	(11,656)	(1,235,351)	(3,052)
Grant revenue	-	-	141,590
Custodial fund contributions	-	-	100,236
Contributions from the City of Paso Robles	-	421,000	-
Total additions	<u>1,209,787</u>	<u>(814,351)</u>	<u>238,774</u>
DELETIONS			
Administration	11,728	-	80,666
Amortization	3,500	-	-
Interest and fiscal agent fees	627,834	30,875	-
Beneficiary payments	-	-	158,108
Total deletions	<u>643,062</u>	<u>30,875</u>	<u>238,774</u>
Change in net position	<u>566,725</u>	<u>(845,226)</u>	<u>-</u>
Net position - July 1	(6,721,426)	8,970,856	-
Prior period adjustments	2,282,979	-	-
Net position, restated - July 1	<u>(4,438,447)</u>	<u>8,970,856</u>	<u>-</u>
Net position - June 30	<u>\$ (3,871,722)</u>	<u>\$ 8,125,630</u>	<u>\$ -</u>

City of El Paso de Robles

Notes to the Basic Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of El Paso de Robles (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies for the City are described below:

A. Reporting Entity

The accompanying annual comprehensive financial report includes the financial activities of the City and its component unit, El Paso de Robles Public Financing Authority (Authority). The financial activities of the foregoing entity have been aggregated and merged (termed “blended”) with those of the City in the accompanying financial statements, as it meets the criteria for inclusion as set forth in the GASB Statement No. 14, as amended by GASB Statements No. 39, No. 61, and No. 80.

The City was incorporated in 1889 and operates under the State of California City Council-Manager form of government. The governing body consists of a five-member City Council: the Mayor, elected at large by voters of the City; and four councilmembers elected by-district elections. The City also elects one City Treasurer at large; the City Clerk is an appointed position. The City is a “full-service” municipality providing: Public safety (police and fire), library, recreation, planning, zoning, streets and road maintenance, public improvements, water, sewer, airport operations, and general administrative services.

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

B. Basis of Presentation

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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance or net position, 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 GASB.

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

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

City of El Paso de Robles

Notes to the Basic Financial Statements

June 30, 2022

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, depreciation, and amortization on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

C. Major Funds

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

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

Measure J-20 Supplemental Sales Tax Fund – Accounts for and reports the financial resources generated by the voter-approved Measure J-20, a one-cent supplemental sales tax approved by voters in 2020.

American Rescue Plan Act Fund – Accounts for receipts and expenditures of money appropriated by the American Rescue Plan Act, a COVID-19 federal stimulus relief package signed by President Biden in 2021.

Capital Projects Fund – Accounts for and reports the financial resources that are restricted, committed or assigned to expenditures for major capital outlays including the acquisition or construction of capital equipment, facilities, and infrastructure.

Specific Plans Fund – Accounts for development impact fees assessed and collected for certain permits constructed within the Borkey, Union/46, Chandler Ranch, and Olsen Beechwood specific plans. Funds are to be used for public facilities and infrastructure in those specific areas.

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

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

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

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

Transit Fund – Accounts for the operation and maintenance activities for the City's transit system, including both demand response and fixed route services as well as funding contributions to the regional transit system.

Parking Fund – Accounts for the operation and maintenance activities for the City's Downtown Parking program.

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

Information Technology Fund – Accounts for the maintenance and replacement of business equipment used by City departments.

Fleet and Equipment Fund – Accounts for the operations, maintenance, and replacement of the City's fleet of vehicles and related equipment.

City of El Paso de Robles

Notes to the Basic Financial Statements

June 30, 2022

Risk Management Fund – Accounts for liability, property, and workers’ compensation insurance.

The City also reports the following fiduciary funds:

Private Purpose Trust Fund – The Successor Agency to the Former Redevelopment Agency is a private-purpose trust fund to account for the financial activities of the dissolved Redevelopment Agency (RDA). Private-purpose trust funds are used to report all trust arrangements (other than pension and investment trust funds) “under which principal and income benefit individuals, private organizations, or other governments.”

Pension Trust Fund – The Section 115 Pension Trust was established to prefund the City’s outstanding pension obligation and can only be used to offset California Public Employees’ Retirement System pension costs.

Custodial Funds – 1) Accounts for funds to provide scholarships to graduated local high school students who undertake courses in the medical field, scholarships are awarded by the Paso Robles Joint Unified School District, 2) Accounts for funds collected for the Business Improvement Area to be used by the Downtown Mainstreet Association to provide various improvements in the downtown core, and 3) Accounts for funds received and expended by the Groundwater Sustainability Agency.

D. Basis of Accounting and Measurement Focus

The Government-Wide, Proprietary, and Fiduciary Funds Financial Statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. These statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. This includes capital assets, infrastructure assets, and long-term liabilities. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty (60) days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for the principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds and proceeds of long-term debt and acquisitions under financed leases are reported as other financing sources.

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

City of El Paso de Robles

Notes to the Basic Financial Statements

June 30, 2022

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

E. Budgeting and Budgetary Accounting

The City has four primary priorities in budget development: long-term well-being and economic strength of the community; long-term fiscal stability of the City; nature and scope of the services the City provides; and overall well-being of the organization and its employees, given that the City is a service-based organization that relies heavily on its human capital to provide services to the community. The City must find the path that best promotes all four working together.

The operating budget is prepared in the context of a ten-year financial plan with operating expenditures and revenues being balanced over the term of the ten-year financial plan. The City typically adopts a two-year budget, except in special situations (as in the case of the COVID-19 pandemic) which may call for a one-year budget. The intent is that the ten-year financial plan be updated every two years, during the mid-cycle of the biennial budget. The process for updating the two-year budget is generally described as follows:

Administrative Services prepares base budget schedules consisting of maintenance and operations, personnel services, operating capital, revenue estimating forms and forms for submitting budgetary requests for new and/or expanded services, as well as requests for operating capital not already provided for on various pre-authorized replacement schedules. These schedules are distributed to all executive managers for affirmation and/or completion. Upon affirmation and return of new request forms, Administrative Services compiles and publishes the draft budget. Executive managers meet to review the draft budget and prepare specific recommendations to balance the budget should resources not cover budgetary requests. The draft budget and executive manager recommendations are then reviewed by the City Council and then formally adopted in June. The budget preparation, review, and approval process take place in the context of and with the objective of addressing the goals established by the City Council during a goal setting workshop held just prior to the process noted above.

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

F. Cash and Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market valuation data provided by Zions Bancorporation 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 approximates fair value.

City of El Paso de Robles

Notes to the Basic Financial Statements

June 30, 2022

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.

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

G. Inventories and Prepaid Items

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

H. Leases Receivable

Leases receivable are recognized at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, leases below the capitalization threshold of \$5,000, and leases that transfer ownership of the underlying asset. A lessor does not derecognize the assets underlying the lease. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The present value of the future lease payments to be received are discounted based on the interest rate the City charges the lessee or Consumer Price Index (CPI) rate. The City uses the interest rate identified in the contract as the discount rate. If no interest rate is specified, the City uses its implicit rate as the discount rate. The lease term includes the noncancelable period of the lease and extensions the City is reasonably certain to exercise. The City monitors changes in circumstances that are expected to significantly affect the amount of a lease receivable that may require a remeasurement of its lease.

I. Capital Assets

In accordance with GASB Statement No. 34, the City is required to report the inclusion of capital assets including infrastructure capital assets in the local governments' basic financial statements. Capital assets are defined as property, plant, equipment, and infrastructure assets (roads, sidewalks, bridges, drainage systems, lighting systems, etc.). The City's policy is to capitalize all assets with costs exceeding certain minimum thresholds, \$5,000 for machinery and equipment and \$25,000 for buildings, improvements, and infrastructure, all with useful lives exceeding two years. Capital assets are reported in the applicable governmental or business-type activities columns in the Government-Wide Financial Statements. All capital assets including infrastructure are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed.

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2002, and has completed an internal update as of June 30, 2021. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. When actual cost information was not available, current replacement cost was estimated and trended back to the date of acquisition by using either the Bureau of Labor Statistics; Consumer Price Index for All Urban Consumers, Los Angeles-Riverside-Orange County, not seasonally adjusted for all items; or the Construction Cost Index compiled by Engineering News Record (ENR), revised in June 2002. The Consumer Price Index was used for

City of El Paso de Robles

Notes to the Basic Financial Statements

June 30, 2022

traffic signals and streetlights. The Construction Cost Index was used for all other infrastructure assets. The book value was then computed by deducting the accumulated depreciation from the original cost.

Depreciation Expense: The purpose of depreciation is to spread the cost of capital assets equitably among all users over the useful life of these assets. The City utilizes the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. See Note 3 for further detail.

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

J. *Right-to-Use Leased Assets*

In accordance with GASB Statement No. 87, the City is required to report the inclusion of right-to-use leased assets including in the local governments' basic financial statements. Right-to-use leased assets are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method.

K. *Compensated Absences*

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

L. *Receivables and Payables*

Activity between funds that is representative of lending/borrowing arrangements outstanding at fiscal year-end are referred to as "due to/due from other funds." In some cases, "due to/due from other funds" represents the short-term transfer of cash resources at fiscal year-end to eliminate negative cash balances that are temporary in nature. Cash resources have been loaned from one fund to another to provide resources to prepare a "specific plan," a planning/development tool, until fees generated from the specific plan area repay the loan.

Proprietary fund receivables are shown net of any allowance for uncollectible accounts. Utility customers are billed monthly, and the value of services provided have been included in the accompanying financial statements.

M. *Deferred Outflows and Inflows of Resources*

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

City of El Paso de Robles

Notes to the Basic Financial Statements

June 30, 2022

In addition to assets, the City will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net assets that applies to future periods. The Statement of Net Position has three items which qualify for reporting in this category: loss on refunding bonds, pensions, and other post-employment benefits (OPEB). The Governmental Funds Balance Sheet has one item which qualifies for reporting in this category, deferred interest expense.

In addition to liabilities, the City will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net assets or fund balance by the City that applies to future periods. The Statement of Net Position has three items which qualify for reporting in this category: leases, pensions, and other post-employment benefits (OPEB). The Governmental Funds Balance Sheet has two items which qualifies for reporting in this category: leases and unavailable revenue.

Refer to Note 7 for further details on the deferred inflows and outflows of resources the City has recognized.

N. Fund Balances and Net Position

Fund balance is the difference between the assets added to deferred outflows of resources and liabilities added to deferred inflows of resources reported in governmental funds. In compliance with GASB Statement No. 54, the City has established the following fund balance classifications:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

Restricted – The restricted fund balance classification includes amounts with constraints placed on the use of resources (other than nonspendable items) that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (legislation, resolution, ordinance, etc.) it employed to previously commit those amounts. Committed fund balance should also incorporate contractual obligations to the extent that existing resources in the fund have specifically committed for use in satisfying those contractual requirements.

Assigned – The assigned fund balance classification includes amounts that are constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed. Such intent is to be established by (a) the City Council itself or (b) the City Manager to whom the City Council has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – The unassigned fund balance classification includes amounts that do not fall into one of the above four categories. The General Fund is the only fund that should report this category of fund balance other than other governmental funds that report a negative fund balance if there is an over-spending for specific purposes for which amounts have been restricted, committed, or assigned.

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified in the following categories:

City of El Paso de Robles

Notes to the Basic Financial Statements

June 30, 2022

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

Restricted – The restricted net position is the portion of net position that has external constraints placed on it by external creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislations.

Unrestricted – The unrestricted net position classification is the amount remaining that does not fall into one of the above two categories.

When an expense is incurred for purposes for which both restricted and unrestricted fund balances are available, the City’s policy is to spend restricted fund balance first followed by committed, then assigned, and if applicable, unassigned.

To address unanticipated emergency and contingency needs, and to secure the continued financial well-being of the City, the City Council has established fiscal policies where unrestricted General Fund reserves shall be maintained at no less than 30% of the actual 10-year revenue trend. For the Water and Wastewater Funds, reserves shall be maintained at 25% of operating expenditures plus \$1.0 million.

O. Property Taxes

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

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

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

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

P. 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 California Public Employees’ Retirement

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System (CalPERS) Miscellaneous and Safety 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 of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Other Post-Employment Benefits

For purposes of measuring the net other post-employment benefits (OPEB) liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan, the assets of which are held by the International City Management Associations Retirement Corporation (ICMA-RC), and additions to/deductions from the OPEB plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Use of Estimates

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

S. New Governmental Accounting Standards Board Pronouncements

Governmental Accounting Standards Board Statement No. 87

For the fiscal year ended June 30, 2022, the City implemented GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Implementation of GASB Statement No. 87 and the impact on the City's financial statements are explained in Note 4, Leases Receivable, and Note 10, Right-to-Use Leased Assets and Leases Payable.

Governmental Accounting Standards Board Statement No. 91

For the fiscal year ended June 30, 2022, the City implemented GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

Governmental Accounting Standards Board Statement No. 92

For the fiscal year ended June 30, 2022, the City implemented GASB Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and

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application of certain GASB Statements. This statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of GASB Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports;
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan;
- The applicability of GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*, as amended, and GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits;
- The applicability of certain requirements of GASB Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements;
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition;
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers;
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and
- Terminology used to refer to derivative instruments.

Governmental Accounting Standards Board Statement No. 97

For the fiscal year ended June 30, 2022, the City implemented GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

T. *Future Governmental Accounting Standards Board Pronouncements*

The City is currently analyzing its accounting practices to identify the potential impact on the financial statements for the GASB statements shown below:

GASB Statement No.	Title	Effective Date
94	<i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>	Fiscal years beginning after June 15, 2022
96	<i>Subscription-Based Information Technology Arrangements</i>	Fiscal years beginning after June 15, 2022
99	<i>Omnibus 2022 – Relates to GASB Statement No.'s 34, 53, 63, 87, 94, 96 Accounting Changes and Error</i>	Fiscal years beginning after June 15, 2021 and June 15, 2023
100	<i>Corrections- an Amendment of GASB Statement No. 62</i>	Fiscal years beginning after June 15, 2023
101	<i>Compensated Absences</i>	Fiscal years beginning after December 15, 2023

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NOTE 2 – CASH AND INVESTMENTS

The composition of cash and investments as of June 30, 2022, is as follows:

Cash in bank and on hand	\$ 8,419,128
Cash and investments held with fiscal agent	2,194,385
Cash and investments held by pension trust	8,125,630
Investments	<u>111,744,153</u>
Total	<u>\$ 130,483,296</u>

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's agreements:

Cash and investments, statement of net position	\$ 118,109,028
Cash and investments, statement of fiduciary net position	<u>12,374,268</u>
Total	<u>\$ 130,483,296</u>

A. Investment Policy

Cash balances from all funds are combined and invested pursuant to the City Council's adopted Investment Policy and State Government Code Section 53647. Authorized investments include U.S. Treasury Obligations, U.S. Agency Notes, U.S. Agency Mortgaged Backed Securities, Banker's Acceptances, Commercial Paper, Corporate Notes, Certificates of Deposit, Municipal Bonds issued by the State of California, Municipal Bonds issued by California Local Agency, Municipal Bonds issued by Other 49 States, Negotiable Certificates of Deposit, Money Market Funds, Local Government Investment Pools, Asset-Backed Securities, Supranationals, LAIF, and the California Asset Management Program. The earnings from these investments are allocated monthly to each fund based upon the closing balance of each fund at month end. Funds held by outside fiscal agents under the provisions of bond indentures that are maintained separately, and interest income earned on said funds, are credited directly to the bond fund or reported as if the interest were credited directly to said funds.

At no time during the fiscal year did the City borrow funds through the use of reverse purchase agreements.

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

The table below identifies the investment types that are specifically authorized by the City's Investment Policy and identifies certain provisions of the City's Investment Policy that address interest rate risk and concentration of credit risk per GASB Statement No. 40. It does not address investments of debt proceeds held by bond trustees that are governed by the provisions of the debt agreement between the City and the trustee nor does it address investments held by the Section 115 Trust as those provisions are governed by the post-employment benefits trust agreement. Any investment type not listed is either prohibited by California Government Code, prohibited by the City's Investment Policy, or not specifically addressed by the City's Investment Policy.

Investment Types Authorized by Law & Policy	Maximum Maturity	Maximum Percent of Portfolio	Maximum in One Issuer
U.S. Treasury Obligations	7 years	None	None
U.S. Agency Notes	7 years	None	None
U.S. Agency Mortgaged Backed Securities	5 years	None	None
Banker's Acceptances	180 days	40%	5%

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Investment Types Authorized by Law & Policy	Maximum Maturity	Maximum Percent of Portfolio	Maximum in One Issuer
Commercial Paper	270 days	25%	5%
Corporate Notes	5 years	30%	5%
Certificates of Deposit (CD's)	5 years	30%	5%
Municipal Bonds Issued by State of California	5 years	25%	5%
Municipal Bonds Issued by California Local Agency	5 years	25%	5%
Municipal Bonds Issued by Other 49 States	5 years	25%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Money Market Funds	5 years	20%	5%
Local Government Investment Pools	5 years	None	5%
Asset-Backed Securities	5 years	20%	5%
Supranationals	5 years	30%	5%
Local Agency Investment Fund (LAIF)	None	None	\$65 million
California Asset Management Program (CAMP)	None	None	\$65 million

Note: Only 15% of the aggregate total of 60% may be invested between 5 and 7 years.

B. Collateral and Categorization Requirements

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

C. Disclosures Relating to Interest Risk

Per GASB Statement No. 40, interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, there is a greater sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide cash flow and liquidity needed for operations.

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

Investments	Total	Remaining Maturity (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Agency Notes	\$ 17,522,326	\$ 2,826,461	\$ 4,511,211	\$ 10,184,654	\$ -
Municipal Bonds	112,843	-	112,843	-	-
U.S. Treasuries	29,976,950	547,616	8,832,439	20,596,895	-
U.S. Obligations	1,940,959	-	1,940,959	-	-

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Investments	Total	Remaining Maturity (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Corporate Notes	\$ 11,313,810	\$ 3,229,552	\$ 2,412,914	\$ 5,671,344	\$ -
Supranationals	822,811	-	-	822,811	-
Certificates of Deposit	438,678	438,678	-	-	-
LAIF	48,503,946	48,503,946	-	-	-
CAMP	100,833	100,833	-	-	-
Money Market Funds	1,010,997	1,010,997	-	-	-
Held in Pension Trust:					
Money Market Funds	587,404	587,404	-	-	-
Mutual Funds	7,538,226	7,538,226	-	-	-
Held by Bond Trustee:					
Money Market Funds	2,194,385	2,194,385	-	-	-
Total Investments	<u>\$ 122,064,168</u>	<u>\$ 66,978,098</u>	<u>\$ 17,810,366</u>	<u>\$ 37,275,704</u>	<u>\$ -</u>

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

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

E. Disclosures Relating to Credit Risk

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

Investments	Total	Minimum Legal Rating	Exempt from Disclosure	Rating as of Fiscal Year-End			
				AAA	AA	A	Not Rated
U.S. Agency Notes	\$ 17,522,326	N/A	\$ -	\$ -	\$ 17,522,326	\$ -	\$ -
Municipal Bonds	112,843	A	-	-	-	-	112,843
U.S. Treasuries	29,976,950	N/A	-	-	29,976,950	-	-
U.S. Obligations	1,940,959	N/A	-	-	1,940,959	-	-
Corporate Notes	11,313,810	A	-	1,400,686	2,972,087	6,941,037	-
Supranationals	822,811	AA	-	822,811	-	-	-
Certificates of Deposit	438,678	A	-	-	-	-	438,678
LAIF	48,503,946	N/A	-	-	-	-	48,503,946
CAMP	100,833	N/A	-	-	-	-	100,833
Money Market Funds	1,010,997	N/A	-	-	-	-	1,010,997
Held in Pension Trust:							
Money Market Funds	587,404	N/A	587,404	-	-	-	-
Mutual Funds	7,538,226	N/A	7,538,226	-	-	-	-
Held by Bond Trustee:							
Money Market Funds	2,194,385	N/A	-	-	-	-	2,194,385
Total Investments	<u>\$122,064,168</u>		<u>\$ 8,125,630</u>	<u>\$ 2,223,497</u>	<u>\$ 52,412,322</u>	<u>\$ 6,941,037</u>	<u>\$ 52,361,682</u>

F. Concentrations of Credit Risk

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

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Issuer	Amount
Federal Home Loan Bank	\$ 2,519,684
Federal Home Loan Mortgage Corporation	8,292,698
Federal National Mortgage Association	8,650,904
Total	<u>\$ 19,463,286</u>

G. Custodial Credit Risk

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

H. Marking Investments to Fair Value

GASB Statement No. 31 requires that the City's investments be carried at fair value instead of cost. The City must adjust the book value of its investments to reflect their fair value at each fiscal year-end, and it must include the effects of these adjustments in income for that fiscal year.

GASB Statement No. 31 applies to all the City's investments, even if they are held to maturity and redeemed at full face value. Since typically the City holds all investments until maturity or until fair value equals or exceeds cost, the fair value adjustments required by GASB Statement No. 31 result in accounting gains or losses (called "recognized" or "unrealized" gains or losses) which do not reflect actual sales of the investments (called "realized" gains or losses). Thus, recognized gains or losses on an investment purchased at par will now reflect changes in value at each succeeding fiscal year-end, but these recognized gains or losses will net to zero if the investment is held to maturity. By following GASB Statement No. 31, the City is reporting the amount of available resources that would actually have been available if it had been required to liquidate all its investments at fiscal year-end. The fair value is provided by Zions Bancorporation, the City's safekeeping custodial institution.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is 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. GASB Statement No. 72 also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and has three tiers.

- Level 1: Investments reflect prices quoted in active markets.
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in the markets that are not considered active.
- Level 3: Investments reflect prices based upon unobservable sources.

The City had the following recurring fair value measurements as of June 30, 2022:

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Investments by Fair Value	Total	Quoted Prices in Active Markets		
		for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Agency Notes	\$ 17,522,326	\$ -	\$ 17,522,326	\$ -
Municipal Bonds	112,843	-	112,843	-
U.S. Treasuries	29,976,950	-	29,976,950	-
U.S. Obligations	1,940,959	-	1,940,959	-
Corporate Notes	11,313,810	-	11,313,810	-
Supranationals	822,811	-	822,811	-
Mutual Funds	7,538,226	-	7,538,226	-
Total investments measured at fair value	69,227,925	\$ -	\$ 69,227,925	\$ -
Investments by Fair Value				
Investments measured at amortized cost				
Certificates of Deposit	438,678			
LAIF	48,503,946			
CAMP	100,833			
Money Market Funds	3,792,786			
Total Investments	<u>\$ 122,064,168</u>			

i. Investment in State Investment Pool

The City is a voluntary participant in LAIF which is regulated by the California Government Code under the oversight of the California State Treasury. Each governmental agency may invest up to \$75,000,000 for each account in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-hours without loss of interest or principal. The full faith and credit of the State of California secure investments in LAIF.

NOTE 3 – CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the City's governmental activities for the fiscal year ended June 30, 2022, is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Nondepreciable capital assets				
Land	\$ 20,997,495	\$ -	\$ -	\$ 20,997,495
Construction in progress	17,610,517	10,407,067	4,633,252	23,384,332
Total nondepreciable capital assets	<u>38,608,012</u>	<u>10,407,067</u>	<u>4,633,252</u>	<u>44,381,827</u>
Depreciable capital assets				
Building and improvements	68,818,507	123,975	-	68,942,482
Equipment	15,559,345	768,338	644,952	15,682,731
Infrastructure	207,162,767	10,853,090	-	218,015,857
Total depreciable capital assets	<u>291,540,619</u>	<u>11,745,403</u>	<u>644,952</u>	<u>302,641,070</u>
Accumulated depreciation				
Building and improvements	24,822,031	1,690,628	-	26,512,659
Equipment	8,189,071	1,028,845	638,489	8,579,427
Infrastructure	91,653,041	5,431,052	-	97,084,093
Total accumulated depreciation	<u>124,664,143</u>	<u>8,150,525</u>	<u>638,489</u>	<u>132,176,179</u>
Net depreciable capital assets	<u>166,876,476</u>	<u>3,594,878</u>	<u>6,463</u>	<u>170,464,891</u>
Net capital assets	<u>\$ 205,484,488</u>	<u>\$ 14,001,945</u>	<u>\$ 4,639,715</u>	<u>\$ 214,846,718</u>

City of El Paso de Robles

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B. Business-Type Activities

Capital asset activity for the City's business-type activities for the fiscal year ended June 30, 2022, is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Nondepreciable capital assets				
Land	\$ 8,562,314	\$ -	\$ -	\$ 8,562,314
Construction in progress	8,528,498	1,717,525	4,091,575	6,154,448
Total nondepreciable capital assets	<u>17,090,812</u>	<u>1,717,525</u>	<u>4,091,575</u>	<u>14,716,762</u>
Depreciable capital assets				
Buildings and improvements	2,488,110	-	-	2,488,110
Equipment	6,960,756	674,268	331,340	7,303,684
Infrastructure	193,489,263	4,916,031	-	198,405,294
Total depreciable capital assets	<u>202,938,129</u>	<u>5,590,299</u>	<u>331,340</u>	<u>208,197,088</u>
Accumulated depreciation				
Buildings and improvements	827,458	56,297	-	883,755
Equipment	4,005,329	502,093	331,340	4,176,082
Infrastructure	69,878,424	6,182,937	-	76,061,361
Total accumulated depreciation	<u>74,711,211</u>	<u>6,741,327</u>	<u>331,340</u>	<u>81,121,198</u>
Net depreciable capital assets	<u>128,226,918</u>	<u>(1,151,028)</u>	<u>-</u>	<u>127,075,888</u>
Net capital assets	<u>\$ 145,317,730</u>	<u>\$ 566,495</u>	<u>\$ 4,091,575</u>	<u>\$ 141,792,650</u>

C. Depreciation Expense

Depreciation expense was charged to functions and programs based on their usage of related assets. The amounts allocated to each function or program is presented below:

Function/Program	Governmental Activities	Business-Type Activities	Total
General government	\$ 720,164	\$ -	\$ 720,164
Public safety	803,191	-	803,191
Highways and streets	5,616,981	-	5,616,981
Sanitation	2,403	-	2,403
Culture-recreation	1,007,786	-	1,007,786
Water	-	2,131,843	2,131,843
Wastewater	-	3,948,925	3,948,926
Airport	-	576,992	576,992
Transit	-	33,136	33,136
Parking	-	50,431	50,431
Total	<u>\$ 8,150,525</u>	<u>\$ 6,741,327</u>	<u>\$ 14,891,852</u>

NOTE 4 – LEASES RECEIVABLE

On December 9, 1999, the City entered into a 55-year lease with Depot Associates for the use of property and improvements located on Pine Street, between 7th and 8th Streets (also known as the "Historic Paso Robles Train Station Depot"). An initial lease receivable was recorded on July 1, 2021, in the amount of \$544,819, and as of June 30, 2022, the value of the lease receivable is \$538,834. The lessee is required to make monthly fixed payments of \$1,567 and carries an interest rate of 2.5830%. The value of the deferred inflow of resources as of June 30, 2022, was \$534,572; the City recognized lease revenue of \$10,247 during the fiscal year.

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Notes to the Basic Financial Statements

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On September 22, 2017, the City entered into a 60-month lease with New Cingular Wireless PCS, LLC (now Octagon Towers, LLC), for the use of certain property at 9000 East Highway 46 (also known as the "Landfill") to install a cellular tower. The initial lease receivable was recorded on July 1, 2021, in the amount of \$1,184,137, and as of June 30, 2022, the value of the lease receivable is \$1,142,888. The lessee is required to make monthly fixed payments of \$4,400 and carries an interest rate of 1.0590%. The value of the deferred inflow of resources as of June 30, 2022, was \$1,125,419; the City recognized lease revenue of \$58,718 during the fiscal year. The lessee has four extension options, each for 60 months, with a lease escalation of 15% per extension.

On July 1, 2019, the City entered into a 46-month sublease agreement with Kaldera Collective LLC (City as Lessor), for the use of building and improvements located at 1345 Park Street (also known as the "Business Success Center" or "The Sandbox"). The City entered into this arrangement in order to encourage economic development by providing co-working space, training, seminars, individualized consulting and mentoring, pitch contests, and other resources that will lead to business attraction, expansion, incubation, acceleration, and development. An initial lease receivable was recorded on July 1, 2021, in the amount of \$1,086,784, and as of June 30, 2022, the value of the lease receivable is \$1,027,229. The lessee is required to make monthly fixed payments of \$7,847 and carries an interest rate of 0.3870%. The value of the deferred inflow of resources as of June 30, 2022, was \$979,887; the City recognized lease revenue of \$106,897 during the fiscal year.

On March 1, 2020, the City entered into an 8-year lease with California Department of Air Resources, for the use of building and improvements located at 235 Santa Fe Avenue. An initial lease receivable was recorded on July 1, 2021, in the amount of \$9,059, and as of June 30, 2022, the value of the lease receivable is \$7,983. The lessee is required to make monthly fixed payments of \$100 and carries an interest rate of 1.4510%. The value of the deferred inflow of resources as of June 30, 2022, was \$7,927; the City recognized lease revenue of \$1,132 during the fiscal year.

On November 3, 2020, the City purchased the leasehold agreement entered into by Greater California Financial, Inc. for the use of building located at 4301 Second Wind Way. The original lease was for 10 years, expiring on May 31, 2027. The City recorded an initial lease receivable on July 1, 2021, in the amount of \$1,675,450, and as of June 30, 2022, the value of the lease receivable is \$1,522,766. The lessee is required to make monthly fixed payments of \$14,164 and carries an interest rate of 1.2170%. The value of the deferred inflow of resources as of June 30, 2022, was \$1,487,549; the City recognized lease revenue of \$187,901 during the fiscal year. The lessee has one extension option for 36 months.

On August 20, 2021, the City entered into a 14-month lease with the County of San Luis Obispo for the use of 800 Pine Street to conduct COVID testing. An initial lease receivable was recorded on July 1, 2021, in the amount of \$55,803 and as of June 30, 2022, the value of the lease receivable is \$15,518. The lessee is required to make monthly fixed payments of \$3,364; the lease has an interest rate of 0.3160%. The value of the deferred inflow of resources as of June 30, 2022, was \$15,537; the City recognized lease revenue of \$40,266 during the fiscal year. The lessee has six extension options, each for one month.

On August 24, 2021, the City entered into a 59-month lease with G3 Enterprises, Inc. for the use of 4309 Second Wind Way. An initial lease receivable was recorded on July 1, 2021, in the amount of \$2,723,386 and as of June 30, 2022, the value of the lease receivable is \$2,325,844. The lessee is required to make a monthly fixed payments of \$45,612 on average over the term of the lease; the lease has an interest rate of 0.9010%. The value of the deferred inflow of resources as of June 30, 2022, was \$2,224,098; the City recognized lease revenue of \$499,287 during the fiscal year.

The City leases its facilities to private and corporate companies and aircraft users for office space, airport hangar and land leases at and around the City's municipal airport. The lease terms vary from are two to fifty years, including the noncancelable period of the lease and extensions the City is reasonably certain to exercise and vary with each contract. Agreements typically allow for Consumer Price Index (CPI) annual increases to the lease payments. Where applicable, the actual CPI as of the measurement date was applied throughout the term of the lease. During the fiscal year, the City recognized \$384,498 in lease revenue and \$277,054 in interest income related to these agreements. On June 30, 2022, the City recorded \$12.6 million in lease receivables for these arrangements. Also, the City has a deferred inflows of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2022, the balance of deferred inflows of resources was \$12.2 million.

City of El Paso de Robles

Notes to the Basic Financial Statements

June 30, 2022

A summary of lease receivable for year ended June 30, 2022, is as follows:

Fund	Balance July 1, 2021	Additions ¹	Deletions	Balance June 30, 2022
General Fund	\$ -	\$ 7,279,438	\$ 698,376	\$ 6,581,062
Airport Fund	-	13,530,903	967,969	12,562,934
Total leases receivable	\$ -	\$ 20,810,341	\$ 1,666,345	\$ 19,143,996

Note to table above:

1- There was no restatement of net position as it was impractical.

Regulated Leases Excluded by GASB 87

A significant portion of the City's revenue comes from regulated leases of which the City is the lessor. Regulated leases as defined by the Department of Transportation and the Federal Aviation Administration and outlined in GASB 87 paragraphs 42 and 43 are specially excluded.

The City leases buildings, land, hangars to various businesses and individuals with month-to-month arrangements or under long-term leases with terms from 1 to 55 years for aeronautical-related purposes. Rental revenues from regulated leases excluded by GASB 87, including month-to-month leases, were \$411,974 for the year ended June 30, 2022.

Future minimum rental receipts on regulated leases excluded by GASB 87 are as follows:

Fiscal Year Ending June 30	Amount
2023	\$ 362,160
2024	195,993
2025	190,580
2026	198,066
2027	205,846
2028-2032	1,056,463
2033-2037	934,640
2038-2042	368,273
2043-2047	198,341
2048	3,734
Total	\$ 3,714,096

NOTE 5 – LOANS RECEIVABLE

The Community Development Block Grant (CDBG) Fund and Cal Home Loan Program Fund include various loans to individuals that qualify under the programs' guidelines that include items such as refurbishing a home for a quadriplegic person, or blighted homes within the RDA project area that the owner is unable to address due to personal financial issues. The total amount outstanding for CDBG loans as of June 30, 2022, was \$737,690 and Cal Home loan was \$303,900.

On January 31, 2013, the City entered into an agreement with Oak Park 1, LP to construct 39 new low-income residential units as part of Phase I of the Oak Park Housing Project. The total amount outstanding, including accrued interest, on June 30, 2022, was \$1,081,314.

On February 7, 2014, the City entered into an agreement with Oak Park 2, LP to construct 41 new low-income residential units as part of Phase II of the Oak Park Housing Project. The total amount outstanding, including accrued interest, on June 30, 2022, was \$875,018.

On November 15, 2017, the City entered into an agreement with Oak Park 3, LP to construct 33 new low-income residential units as part of Phase III of the Oak Park Housing Project. The total amount outstanding, including accrued interest, on June 30, 2022, was \$919,913.

City of El Paso de Robles

Notes to the Basic Financial Statements

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On November 16, 2018, the City entered into an agreement with Oak Park 4, LP to construct 57 new low-income residential units as part of Phase IV of the Oak Park Housing Project. The total amount outstanding, including accrued interest, on June 30, 2022, was \$1,571,213.

Fund	Balance	Additions	Deletions	Balance
	July 1, 2021			June 30, 2022
General Fund	\$ 499,275	\$ 16,917	\$ -	\$ 516,193
CDBG Fund	737,690	-	-	737,690
Cal Home Loan Fund	303,900	-	-	303,900
Transportation Facilities Fund	1,298,490	45,012	-	1,343,502
Public Safety Facilities Fund	187,844	5,965	43,581	150,228
General Government Facilities Fund	550,076	19,289	-	569,365
Parks and Recreation Facilities Fund	537,810	18,859	-	556,669
Library Facilities Fund	177,460	6,223	-	183,683
Water Fund	363,227	12,814	-	376,041
Wastewater Fund	726,587	25,190	-	751,777
Total loans receivable	<u>\$ 5,382,359</u>	<u>\$ 150,269</u>	<u>\$ 43,581</u>	<u>\$ 5,489,048</u>

NOTE 6 – INTERFUND TRANSACTIONS

A. Advances Receivable and Payable

On November 2, 1993, the City entered into an agreement where General Fund resources were loaned to the Chandler Ranch and Olsen Beechwood Specific Plan Fund. Total amount outstanding, including accrued interest, on June 30, 2022, for Chandler Ranch was \$1,636,850 and Olsen Beechwood was \$995,051.

On August 3, 2004, the City entered into an agreement where the General Fund resources were loaned to the Airport Road Project Study Report (PSR) Fund in the amount of \$280,000 for possible improvements to the intersection of Airport Road and Highway 46 East. Total amount outstanding, including accrued interest, on June 30, 2022, was \$222,769.

On October 1, 2019, the City Council approved Resolution 19-106 where General Fund resources were loaned to the Parking Fund in an amount not-to-exceed \$1.0 million to cover the initial start-up costs and infrastructure of the parking program (i.e., pay stations, parking signage, and vehicle license recognitions equipment and software). Total amount outstanding, including accrued interest, on June 30, 2022, was \$662,025.

B. Due from Private-Purpose Trust Fund

On June 10, 2010, the City and the RDA, subsequently the Successor Agency to the former Redevelopment Agency of Paso Robles, entered into an agreement with South River Road Associates, LP to construct Hidden Creek Village, an 81-unit low-income apartment complex, in the amount of \$1,000,000. Total amount outstanding on June 30, 2022, including accrued interest, was \$113,048.

C. Due from Other Funds/Due to Other Funds

The Community Development Block Grant (CDBG) program supports community development activities to build stronger and more resilient communities. Activities may address needs such as infrastructure, economic development projects, public facilities installation, community centers, housing rehabilitation, public services, etc. In Fiscal Year (FY) 2021-22, the City expended approximately \$300,000 in upgrades to curb ramps and sidewalks to comply with the Americans with Disabilities Act (ADA); however, the City has yet to request reimbursement from grant administrators. As a result, a “Due To” the General Fund and “Due From” the CDBG Fund was established in the amount of \$55,206. Repayment of this cash shortfall will be repaid in FY 2022-23, when the grant revenue is received.

City of El Paso de Robles

Notes to the Basic Financial Statements

June 30, 2022

D. Transfers Between Funds

With City Council approval, resources may be transferred from one City fund to another. Typically, these transfers are broken down into three categories: miscellaneous transfers, capital transfers and cost allocation transfers. The major purpose of miscellaneous transfers is to charge one fund for services provided by another fund; however, for FY 2021-22, the City created Internal Service Funds. As a result, prior year assigned fund balances were transferred to these newly created funds. Capital transfers are utilized to keep capital projects in a central fund. Similar with miscellaneous transfers, capital transfers include enterprise-related capital assets transferred to the newly created internal service funds. And lastly, cost allocation transfers are utilized to charge enterprise funds for central services provided by the General Fund. Transfers are identified below:

	Miscellaneous Transfers		Capital Transfers		Cost Allocation Transfers	
	Transfer In	Transfer Out	Transfer In	Transfer Out	Transfer In	Transfer Out
Major Governmental Funds:						
General Fund	\$ -	\$ 6,062,522	\$ -	\$ 8,451,372	\$ 907,159	\$ -
Measure J-20 SST Fund	-	-	-	3,018,936	-	-
ARPA Fund	-	-	-	37,061	-	-
Capital Projects Fund	-	-	13,678,874	-	-	-
Nonmajor Governmental Funds:						
RMRA Fund	-	-	-	500,000	-	-
L&L District Fund	-	-	-	-	-	66,784
Landfill Closure Fund	180,000	-	-	-	-	-
TIF Fund	-	-	-	935,742	-	-
Public Safety Facilities Fund	-	-	-	720,000	-	-
General Gov't Facilities Fund	-	-	-	15,763	-	-
1993 Public Facilities Fund	285,526	-	-	-	-	-
Enterprise Funds:						
Water Fund	-	-	-	631,376	-	429,680
Wastewater Fund	-	-	-	541,308	-	374,723
Airport Fund	-	-	-	93,486	-	35,972
Parking Fund	-	-	-	40,118	-	-
Internal Service Funds:						
Information Technology Fund	1,163,724	-	327,620	-	-	-
Fleet and Equipment Fund	3,849,032	-	978,668	-	-	-
Risk Management Fund	584,240	-	-	-	-	-
Total	\$ 6,062,522	\$ 6,062,522	\$ 14,985,162	\$ 14,985,162	\$ 907,159	\$ 907,159

NOTE 7 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

On June 30, 2022, deferred outflows and inflows of resources, reported in the governmental fund financial statements, consisted of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources		
		Deferred Interest Expense	Unavailable Revenues	Leases
Major Governmental Funds:				
General Fund	\$ -	\$ 1,399,986	\$ 6,374,990	\$ 7,774,976
Specific Plan Fund	814,249	-	-	-
Nonmajor Governmental Funds:				
Community Development Block Grant Fund	-	884,687	-	884,687
Cal Home Loan Program Fund	-	495,006	-	495,006
Transportation Facilities Fund	-	1,397,351	-	1,397,351
Public Safety Facilities Fund	-	155,742	-	155,742

City of El Paso de Robles

Notes to the Basic Financial Statements

June 30, 2022

	Deferred	Deferred Inflows of Resources		
	Outflows of			
	Resources	Unavailable	Leases	Total
	Deferred	Revenues		
	Interest			
	Expense			
General Government Facilities Fund	\$ -	\$ 592,805	\$ -	\$ 592,805
Parks and Recreation Facilities Fund	-	580,422	-	580,422
Library Facilities Fund	-	190,173	-	190,173
Airport Road PSR Fund	69,547	-	-	-
Total	\$ 883,796	\$ 5,696,172	\$ 6,374,990	\$12,071,162

On June 30, 2022, deferred outflows and inflows of resources, reported on the Statement of Net Position, consisted of the following:

	Governmental	Business-Type
	Activities	Activities
Deferred Outflows of Resources:		
Deferred loss of refunding bonds	\$ 326,145	\$ -
Deferred OPEB	240,032	71,335
Deferred pensions	10,323,087	1,012,924
Total deferred outflows of resources	\$ 10,889,264	\$ 1,084,259
Deferred Inflows of Resources:		
Deferred leases	\$ 6,374,990	\$ 12,219,660
Deferred OPEB	929,365	276,206
Deferred pensions	11,642,759	2,023,220
Total deferred inflows of resources	\$ 18,947,114	\$ 14,519,086

NOTE 8 – LONG-TERM DEBT

A. Compensated Absences

City employees accumulate earned, but unused vacation and other leave 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 reported for these amounts in the fund statements. However, in the Statement of Activities the expenditure is allocated to each function based on usage. The non-current portion of these vested benefits (payable in accordance with various collective bargaining agreements) on June 30, 2022, totals \$2,671,162 for governmental activities and \$396,381 for business-type activities.

B. Financed Leases Payable

In 2013, the City entered into a \$499,020 lease purchase agreement with Oshkosh Capital for the purchase of a new Fire Engine, with an annual payment of \$58,710 for 10 years. The first payment began on November 5, 2013 and the last payment is due on November 5, 2022. This truck replaces a fire truck purchased in 2000, which had far surpassed its usable life and was costing approximately \$30,000 per year in repair and maintenance costs. Total amount outstanding on June 30, 2022, was \$56,961.

On September 12, 2014, the City entered into a lease purchase agreement for the acquisition of multiple pieces of equipment, including a mower, utility trailer, aerator, vehicles, etc., for a total of \$864,464. Principal and interest payments are due semi-annually beginning March 12, 2015 with the last payment due September 12, 2024. Total amount outstanding on June 30, 2022, was \$125,657.

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In 2015, the City entered into a \$527,000 lease purchase agreement for the purchase of a new Fire Engine, with an annual payment of \$59,842 for 10 years, with the first payment beginning on August 15, 2015 and the last payment due August 15, 2024. Total amount outstanding on June 30, 2022, was \$171,307.

The future minimum payment obligations for each capital lease payable is as follows:

Fiscal Year Ending June 30	Fire Engine #1	Equipment	Fire Engine #2	Total
2023	\$ 58,709	\$ 52,072	\$ 59,841	\$ 170,622
2024	-	52,071	59,841	111,912
2025	-	26,035	59,841	85,876
Total	58,709	130,178	179,523	368,410
Less: amount representing interest Present value of net minimum payment	1,748	4,523	8,216	14,487
	\$ 56,961	\$ 125,655	\$ 171,307	\$ 353,923

C. General Obligation Bonds Payable

On February 1, 2019, the City issued \$13,095,000 of General Obligation (GO) Bonds with an interest rate of 5% to refund prior GO Bonds with interest rates ranging from 3.5% to 5.0% and par value of \$17,320,000. The prior GO Bonds matured annually on August 1 between 2008 and 2028 and were called on March 1, 2019. The current GO Refunding Bonds were issued at a premium of \$1,888,198 and, after paying issuance costs of \$144,874 and the underwriter's discount of \$42,559, the net proceeds were \$14,795,765. The net proceeds from the issuance of the GO Bonds were deposited into an irrevocable trust with an escrow agent. The current refunding met the requirements of an in-substance defeasance and the GO Bonds were moved from the City's Government-Wide financial statements. As a result of the current refunding, the City reduced its total debt service requirements by \$5,301,431 which results in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$4,890,150.

On September 28, 2001, the City issued \$6,999,603 in GO Bonds, Series B Capital Appreciation and Term Bonds (2001) for the purpose of providing construction funds for a variety of citywide projects. The outstanding bonds bear a net interest cost of 5.09% and are due in annual installments ranging from \$297,970 to \$615,806 through January 1, 2028. These bonds are payable from ad valorem taxes levied against all taxable real property in the City (with the exception of certain classes of personal property).

The annual requirements to amortize general obligation bonds payable are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 1,480,391	\$ 773,484	\$ 2,253,875
2024	1,536,109	715,391	2,251,500
2025	1,597,320	653,430	2,250,750
2026	1,660,312	591,188	2,251,500
2027	1,727,352	521,273	2,248,625
2028	1,799,809	447,066	2,246,875
Total	\$ 9,801,293	\$ 3,701,832	\$ 13,503,125

D. Wastewater Revenue Refunding Bonds Payable

On April 24, 2012, the City issued \$6,355,000 of Wastewater Revenue Refunding Bonds with interest rates ranging from 2.0% to 5.0% to refund prior Wastewater Revenue Bonds with interest rates ranging from 3.5% to 5.0% and a par value of \$6,895,000. The purpose of the bonds was the retrofitting of the City's 50 year-old wastewater treatment plant. The prior Wastewater Revenue Bonds matured annually on June 1 between 2012 and 2032. The prior

City of El Paso de Robles

Notes to the Basic Financial Statements

June 30, 2022

Wastewater Revenue Bonds were called on April 30, 2012. The current Wastewater Revenue Refunding Bonds were issued at a premium of \$494,996 and, after paying issuance costs of \$123,631 and the underwriter's discount of \$68,538, the net proceeds were \$6,657,827. The net proceeds from the issuance of the Wastewater Revenue Bonds were deposited into an irrevocable trust with an escrow agent who called the bonds on April 30, 2012. The current refunding met the requirements of an in-substance defeasance and the Wastewater Revenue Bonds were removed from the City's Government-Wide financial statements. As a result of the current refunding, the City reduced its total debt service requirements by \$1,172,865 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$837,029.

The annual requirements to amortize revenue refunding bonds payable are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 320,000	\$ 152,575	\$ 472,575
2024	335,000	136,575	471,575
2025	355,000	119,825	474,825
2026	370,000	102,075	472,075
2027	380,000	90,050	470,050
2028-2032	2,100,000	238,300	2,338,300
Total	<u>\$ 3,860,000</u>	<u>\$ 839,400</u>	<u>\$ 4,699,400</u>

E. Refunding Lease Payable

In 2016, the City entered into a refunding lease agreement with Chase Bank to refund prior 2004 Certificates of Participation. The refunding lease agreement was issued at par and, after paying issuance costs of \$75,000, the net proceeds were \$1,838,099. The total agreement is \$1,913,099, with the first payment beginning on December 1, 2016, and the last payment due on December 1, 2022. Total amount outstanding on June 30, 2022, was \$286,436.

The annual requirements to amortize certificates of participation bonds payable are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 286,436	\$ 2,564	\$ 289,000
Total	<u>\$ 286,436</u>	<u>\$ 2,564</u>	<u>\$ 289,000</u>

F. Water Revenue Bond Payable

On March 1, 2019, the City issued \$8,118,000 Water Revenue Bonds with an interest rate of 2.85% for the purpose of providing funds for the replacement of the 21st Street Reservoir, an approximately four-million-gallon water storage tank. The water revenue bonds were issued at par and, after paying issuance costs of \$111,173, the net proceeds were \$8,006,827. Principal and interest payments are due March 1 and September 1, each year, beginning on September 1, 2019. The annual requirements to amortize the water revenue bonds payable are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 478,749	\$ 188,834	\$ 667,583
2024	492,491	175,092	667,583
2025	506,627	160,956	667,583
2026	521,169	146,414	667,583
2027	536,128	131,455	667,583
2028-2032	2,920,492	417,422	3,337,914
2033-2034	1,288,923	46,243	1,335,166
Total	<u>\$ 6,744,579</u>	<u>\$ 1,266,416</u>	<u>\$ 8,010,995</u>

City of El Paso de Robles

Notes to the Basic Financial Statements

June 30, 2022

G. Loans Payable

On March 12, 2013, the City entered into an installment sale agreement with the State Water Resource Control Board for the construction of the Wastewater Treatment Plant. Annual installments, including accrued interest, began on September 1, 2016, one year after completion of construction. The current balance on June 30, 2022, is \$33,534,362.

On December 11, 2013, the City entered into a loan agreement with the State of California, Department of Transportation (DOT) for the Airport Fuel Facility project, with an annual payment of \$49,465 for 17 years, with the first payment beginning in January 30, 2015 and the last payment due January 30, 2031. The current balance on June 30, 2022, is \$367,150.

On March 7, 2017, the City entered into an installment sale agreement with the State Water Resources Control Board for the construction of Tertiary Treatment Facilities at the Wastewater Treatment Plant in the amount of \$14.4 million. Annual installments, including accrued interest, began on December 19, 2019, one year after completion of construction. This project, by way of producing recycled water, was eligible for a loan forgiveness grant in the amount of \$4.0 million. The current balance on June 30, 2022, is \$9,476,910.

On June 9, 2017, the City entered into a loan agreement with Siemens Industry, Inc., Building Technologies Division for the replacement and upgrade of lighting, heating, ventilation, and air conditioning units on a number of City facilities including City Hall, Library, Public Safety Center, Centennial Park, and Senior and Veterans Center. Annual payments, including interest, are \$205,469 per year for the next 15 years, with the first payment beginning on September 9, 2018, and the last payment due June 9, 2033. The debt payments will be offset, in part, by energy savings generated by the upgrade equipment. The current balance on June 30, 2022, is \$1,893,891.

The future minimum payment obligations for loans payable are shown below:

Fiscal Year Ending June 30	Wastewater Treatment Plant	Airport Fuel Facility	Tertiary Treatment Facilities	HVAC & Lighting	Total
2023	\$ 2,711,858	\$ 49,465	\$ 440,615	\$ 205,469	\$ 3,407,407
2024	2,711,858	49,465	440,615	205,469	3,407,407
2025	2,711,858	49,465	440,615	205,469	3,407,407
2026	2,711,857	49,465	440,615	205,469	3,407,406
2027	2,711,857	49,465	440,615	205,469	3,407,406
2028-2032	13,559,289	197,859	2,203,075	1,027,343	16,987,566
2033-2037	10,847,432	-	2,203,075	205,469	13,255,976
2038-2042	-	-	2,203,075	-	2,203,075
2043-2047	-	-	2,203,075	-	2,203,075
2048-2049	-	-	821,230	-	821,230
Total	37,966,009	445,184	11,896,605	2,260,157	52,567,955
Less: amount representing interest	4,431,647	78,034	2,419,695	366,266	7,295,642
Present value of net minimum payment	\$33,534,362	\$ 367,150	\$ 9,476,910	\$ 1,893,891	\$45,272,313

H. Landfill Closure, Post-Closure, and Corrective Action

State Financial Assurance Mechanism regulations require landfill operators to set aside funds, or provide alternative funding mechanisms, to fund the closure, post-closure, and corrective action maintenance of landfills. Closure, post-closure and corrective action care costs include, but are not limited to, such items as final cover, groundwater monitoring, well installations and landfill gas monitoring systems. The funding must be completed prior to the final date of closure. These regulations apply to solid waste landfills that have been or will be operated on or after January 1, 1988.

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The City currently has one landfill that is subject to State and Federal regulations. Total permitted capacity for this landfill is 4,701,338 tons. As of June 30, 2022, the remaining permitted capacity was at 3,106,644 tons with the actual capacity filled during the fiscal year at 1,594,743 tons. The estimated year of closure is currently set at 2062.

The annually inflated landfill closure, post-closure and corrective action care cost estimates of \$5,327,490, \$6,664,646 and \$171,690, respectively, for a total of \$12,163,826, are based upon the most recently submitted Closure, Post-Closure and Corrective Action Maintenance Plan documents filed with the State permitting agencies. If, at some future date, these closure cost estimates are adjusted (due to change in inflation, technology, regulations, etc.), the City is required to make corresponding changes in the amount of funds deposited for closure.

Each year a portion of the landfill's estimated closure and post-closure cost is recognized as an expense and liability based upon the amount of capacity used during the fiscal year. As of June 30, 2022, the cumulative liability recorded by the City based upon landfill capacity usage is \$4,125,970. The remaining \$8,037,856 of estimated closure, post-closure and corrective action costs will be recorded and funded as landfill capacity is used.

I. Net Other Post-Employment Benefits Liability

In accordance with GASB Statement No. 75, the City is required to measure and report liabilities associated with OPEB. The City's estimated net OPEB liability on June 30, 2022 was \$8,018,606. See Note 12 for further detail.

J. Net Pension Liability

In accordance with GASB Statement No. 68, the City is required to measure and report liabilities associated with its pension liability. Pension expense is charged to functions and programs based on their proportionate share of total payroll cost. For governmental funds, these expenses are typically incurred by the General and Landscape and Lighting District Funds. The City's estimated net pension liability on June 30, 2022, was \$24,933,753. See Note 11 for further detail.

K. Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2022, is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Governmental Activities					
Compensated absences	\$ 2,464,586	\$ 2,064,683	\$ 1,858,107	\$ 2,671,162	\$ 1,267,500
Financed leases payable	438,850	-	137,699	301,151	141,361
General obligation bonds payable	11,227,152	-	1,425,859	9,801,293	1,480,391
Premium on GO bonds	1,468,598	-	209,800	1,258,798	209,800
Certificates of participation	564,375	-	277,939	286,436	286,436
Landfill closure, post-closure costs	4,099,669	26,301	-	4,125,970	-
Loans payable	2,034,932	-	141,041	1,893,891	145,681
Net OPEB liability	6,656,471	2,238,463	2,713,459	6,181,475	-
Net pension liability	34,671,629	13,216,713	28,341,508	19,546,834	-
Total	\$ 63,626,262	\$ 17,546,160	\$ 35,105,278	\$ 46,067,010	\$ 3,531,169
Business-Type Activities					
Compensated absences	\$ 593,034	\$ 351,655	\$ 548,308	\$ 396,381	\$ -
Financed leases payable	73,026	-	20,254	52,772	20,737
Wastewater bonds payable	4,160,000	-	300,000	3,860,000	320,000
Premium on wastewater bonds	272,247	-	24,750	247,497	24,750
Water bonds payable	7,209,970	-	465,391	6,744,579	237,681
Loans payable	45,792,524	-	2,414,102	43,378,422	2,455,921
Net OPEB liability	2,002,916	665,270	831,055	1,837,131	-
Net pension liability	8,082,535	2,457,658	5,153,274	5,386,919	-
Total	\$ 68,186,252	\$ 3,474,583	\$ 9,757,134	\$ 61,903,701	\$ 3,059,089

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L. Legal Debt Margin

California Government Code Section 43605 establishes a legal debt limit of 15% of gross assessed valuation for municipalities. However, this provision was enacted when assessed valuation was established based on 25% of market value. Effective in fiscal year 1981-82, taxable property is assessed at 100% of market value. Although the debt limit provision has not been amended by the State since this change, the percentage has been proportionately modified to 3.75% for the purposes of this calculation for consistency with the original intent of the State's limit.

For fiscal year 2021-22, the total assessed valuation was \$5,700,408,224, for a total debt limit of \$213,765,308. The total amount of debt subject to this limit was \$12,282,771, resulting in a legal debt margin of \$201,482,537.

NOTE 9 – NACIMIENTO WATER PROJECT

The City has entered into a contract with the San Luis Obispo County Financing Authority (SLO Authority). The SLO Authority was created on August 15, 2000, to issue bonds for the purpose of financing part or all of the costs of the purchase, construction, expansion, improvement, or rehabilitation of any real or other tangible property. On September 26, 2007, the SLO Authority issued \$196,410,000 of revenues bonds for the Nacimiento Water Project. On May 7, 2018, the SLO Authority refunded said bonds.

The City is considered a participating agency of the SLO Authority and the City's share of the Nacimiento Water Project is based upon the City's share of the quantity of water to be distributed by the SLO Authority from Nacimiento Lake. The City is obligated to pay for the debt service of the SLO Authority based on its water share. The City is further obligated to make contract payments until September 2040. The future minimum contract payments for the debt service are shown below:

Fiscal Year Ending June 30	Net Annual Debt Service
2023	\$ 4,171,457
2024	4,167,373
2025	4,163,664
2026	4,164,954
2027	4,166,842
2028-2032	20,833,424
2033-2037	20,824,548
2038-2041	16,502,418
Total	<u>\$ 78,994,680</u>

NOTE 10 – LEASES PAYABLE AND RELATED RIGHT-TO-USE LEASED ASSETS

On August 1, 2017, the City entered into a 60-month lease agreement (City as lessee) for the use of building and improvements located at 821 Pine St, Unit A (also known as the "City Hall Annex"). An initial lease liability was recorded on July 1, 2021, in the amount of \$127,327 and as of June 30, 2022, the value of the lease liability is \$9,834. The City is required to make monthly fixed payments of \$9,837 and has an interest rate of 0.3870%. The interest rate was determined by using the City's incremental borrowing rate which uses municipal bond yields at the time the City entered into this agreement. The building's estimated useful life exceeds the lease contract term, so the lease term was used to determine amortization expense. The value of the right-to-use leased asset as of June 30, 2022, was \$127,327, with accumulated amortization of \$117,533, resulting in a net value of \$9,794.

On April 26, 2019, the City entered into a 48-month lease agreement (City as lessee) for the use of building and improvements located at 1345 Park Street (also known as the "Business Success Center" or "The Sandbox"). An initial lease liability was recorded on July 1, 2021, in the amount of \$1,045,840 and as of June 30, 2022, the value of the lease liability is \$968,741. Beginning on September 1, 2022, the City is required to make monthly fixed payments of \$7,847 and has an interest rate of 1.6040%. The interest rate was determined by using the City's incremental borrowing rate which uses municipal bond yields at

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the time the City entered into this agreement. The buildings estimated useful life exceeds the lease contract term, so the lease term was used to determine amortization expense. The value of the right-to-use leased asset as of June 30, 2022, was of \$881,707, with accumulated amortization of \$86,725, resulting in a net value of \$794,982.

On April 25, 2021, the City entered into a 24-month lease agreement (City as lessee) for the use of building and improvements located at 625 Riverside Avenue (also known as the "Corporation Yard"). An initial lease liability was recorded on July 1, 2021, in the amount of \$367,252 and as of June 30, 2022, the value of the lease liability is \$249,146. The City is required to make monthly fixed payments of \$9,000 and has an interest rate of 0.3160%. The interest rate was determined by using the City's incremental borrowing rate which uses municipal bond yields at the time the City entered into this agreement. The buildings estimated useful life exceeds the lease contract term, so the lease term was used to determine amortization expense. The value of the right-to-use leased asset as of June 30, 2022, was \$367,252, with accumulated amortization of \$119,109, resulting in a net value of \$248,143. City has one option to extend for an additional 12-months.

Right-to-use leased asset activity for the year ended June 30, 2022, is as follows:

	Balance July 1, 2021	Additions ¹	Deletions	Balance June 30, 2022
Amortized right-to-use leased assets				
Buildings and improvements	\$ -	\$ 1,540,419	\$ -	\$ 1,540,419
Total amortized right-to-use leased assets	-	1,540,419	-	1,540,419
Accumulated amortization				
Buildings and improvements	-	339,511	-	339,511
Total accumulated amortization	-	339,511	-	339,511
Net right-to-use leased assets	\$ -	\$ 1,200,908	\$ -	\$ 1,200,908

Note to table above:

1- There was no restatement of net position as it was impractical.

Amortization expense was charged to functions and programs based on their usage of related assets. The amounts allocated to each function or program are presented below:

Function/Program	Total Governmental Activities
General government	\$ 117,533
Culture-recreation	119,109
Economic development and assistance	102,869
Total	\$ 339,511

The future minimum lease payments are shown below:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 211,500	\$ 15,557	\$ 227,057
2024	207,193	13,819	221,012
2025	102,808	12,143	114,951
2026	98,433	10,611	109,044
2027	104,308	8,989	113,297
2028-2032	503,479	17,794	521,273
Total	\$ 1,227,721	\$ 78,913	\$ 1,306,634

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NOTE 11 – DEFINED BENEFIT PENSION PLANS

A. General Information about the Pension Plans

Plan Description: The City participates in two separate types of employer plans where all qualified permanent and probationary employees are eligible to participate, depending on the employee classification: 1) Miscellaneous Employee Pension Plan, an agent multiple-employer defined benefit plan or 2) Safety Employee Pension Plan, a cost-sharing employer defined pension plan. Both plans are 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 Miscellaneous and Safety Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website (<https://www.calpers.ca.gov>). CalPERS does not, however, provide separate reports for the City's Safety and Miscellaneous Plans.

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 nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. The Miscellaneous and Safety Plans’ provisions and benefits in effect on June 30, 2022, are summarized below:

	Miscellaneous Employee Plan		
	Tier I	Tier II ¹	Tier III (PEPRA)
Hire date	Prior to May 27, 2012	On or after May 27, 2012	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payment	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-55	50-63	52-67
Monthly benefits, as a % of eligible compensation	2.00% to 2.70%	1.43% to 2.42%	1.00% to 2.50%
Final average compensation period	One year	Three year	Three year
Required employee contribution rate	8.000%	7.000%	7.000%
Required employer normal cost rate	9.430%	9.430%	9.430%
Required employer payment of UAL ²	-----\$1,982,430-----		

	Police Safety Employee Plan		
	Tier I	Tier II ¹	Tier III (PEPRA)
Hire date	Prior to May 27, 2012	On or after May 27, 2012	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 payment	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50-55	50-57
Monthly benefits, as a % of eligible compensation	3.00%	2.40% to 3.00%	2.00% to 2.70%
Final average compensation period	One year	Three year	Three year
Required employee contribution rate	9.000%	9.000%	13.000%
Required employer normal cost rate	23.710%	20.640%	13.130%
Required employer payment of UAL	\$1,138,735	\$16,415	\$13,406

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	Fire Safety Employee Plan		
	Tier I	Tier II ₁	Tier III (PEPRA)
Hire date	Prior to May 27, 2012	On or after May 27, 2012	On or after January 1, 2013
Benefit formula	3.0% @ 55	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payment	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50-55	50-57
Monthly benefits, as a % of eligible compensation	3.00%	2.40% to 3.00%	2.00% to 2.70%
Final average compensation period	One year	Three year	Three year
Required employee contribution rate	9.000%	9.000%	13.000%
Required employer normal cost rate	21.790%	20.640%	13.130%
Required employer payment of UAL	\$357,498	\$1,435	\$708

Note to table above:

1- Second tier will only apply to employees transferring from another CalPERS agency or one with reciprocity on or after May 27, 2012.

2- The Miscellaneous Plan's required employer payment of the Unfunded Actuarial/Accrued Liability (UAL) was calculated for the entire plan and is not allocated by Tier.

Employees Covered: On June 30, 2022, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	Miscellaneous Plan
Inactive employees or beneficiaries currently receiving benefits	132
Inactive employees entitled to but not yet receiving benefits	95
Active employees	167
Total	394

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

B. Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

Net Pension Liability: The City's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the plan's fiduciary net position. On June 30, 2022, the City reported a net pension liability of \$17,550,223 for the Miscellaneous Plan.

The City's net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability. On June 30, 2022, the City reported a net pension liability of \$7,383,530 for the Safety Plan. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The proportionate share of the net pension liability for the Safety Plan as of June 30, 2020 and 2021 was as follows:

	Safety Plan
Proportion – June 30, 2020	0.1484%
Proportion – June 30, 2021	0.0896%
Increase (decrease) in proportion	-0.0558%

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The net pension liability of both the Miscellaneous and Safety Plans are measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Pension Expense: For the fiscal year ended June 30, 2022, the City recognized pension expense in the amount of \$655,963 for the Miscellaneous Plan and \$(4,565,147) for the Safety Plan. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Actuarial Assumptions: The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous and Safety Plans
Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation	2.500%
Salary increases	Varies by entry age and service
Payroll growth	2.75%
Investment rate of return	7.00% net pension plan investment and administrative expense; includes inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

Changes of Assumptions: None in 2019-2021. In 2018, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions in December 2017. There were no changes in the discount rate. In the 2017, the discount rate was reduced from 7.65% to 7.15%. In 2016, there were no changes. In the 2015, amounts reported reflect an adjustment of the discount rate from 7.50% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In the 2014, amounts reported were based on the 7.50% discount rate.

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent and reflects the long-term expected rate of return for the plans net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including the pension plan), the amortization and smoothing periods adopted by CalPERS in 2013 were used. For the plans, the crossover test was performed that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate, and the use of municipal bond rate calculation is not deemed necessary.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated 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 expectation, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the

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present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and 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 ¹	New Strategic Allocation	Real Return Years 1-10 ²	Real Return Years 11+ ^{3,4}
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	- %	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	-%	-0.92%
Total	100.0%		

1 – In the CalPERS' Annual Comprehensive Financial Report (ACFR), Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

2 – An expected inflation of 2.00% used for this period.

3 – An expected inflation of 2.92% used for this period.

4 – Figures are based on previous ALM of 2017.

Changes in Net Pension Liability: The changes in net pension liability for the Miscellaneous Plan are shown below:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at July 1, 2020	\$ 85,079,287	\$ 58,759,522	\$ 26,319,765
Changes in the fiscal year:			
Service cost	1,606,255	-	1,606,255
Interest on total pension liability	6,004,538	-	6,004,538
Differences between expected and actual experience	337,397	-	337,397
Contributions – employer	-	2,519,880	(2,519,880)
Contributions – employee	-	1,005,499	(1,005,499)
Net investment income	-	13,251,050	(13,251,050)
Benefit payments, including refunds of employee contributions	(4,480,541)	(4,480,541)	-
Administrative expenses	-	(58,697)	58,697
Net change in fiscal year	3,467,649	12,237,191	(8,769,542)
Balance at June 30, 2021	\$ 88,546,936	\$ 70,996,713	\$ 17,550,223

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15 percent) or 1- percentage point higher (8.15 percent) than the current rate:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Net pension liability			
Miscellaneous Plan	\$ 28,620,129	\$ 17,550,223	\$ 8,338,465
Safety Plan	17,248,207	7,383,530	(719,083)
Total	\$ 45,868,336	\$ 24,933,753	\$ 7,619,382

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Pension Plans' Fiduciary Net Position: Detailed information about the Miscellaneous and Safety Plans' fiduciary net position is available in the separately issued CalPERS financial reports.

Deferred Outflows and Inflows of Resources Related to Pensions: On June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to Miscellaneous and Safety Plans pension from the following sources:

	Miscellaneous Plan		Safety Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,716,313	\$ -	\$ 2,268,023	\$ -
Differences between expected and actual experiences	583,724	-	1,676,461	-
Net difference between projected and actual earnings on pension plan investments	-	(6,591,515)	-	(5,840,337)
Differences in proportions	-	-	4,091,490	-
Differences in actual contributions and proportionate share of contributions	-	-	-	(1,234,127)
Total	\$ 3,300,037	\$ (6,591,515)	\$ 8,035,974	\$ (7,074,464)

The reported deferred outflows of resources related to pensions in the amount of \$2,716,313 and \$2,268,023 resulting from City contributions subsequent to the measurement date will be recognized as a reduction in net pension liability in the 2022-23 fiscal year. The additional amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as shown below:

Fiscal Year Ending June 30	Miscellaneous Plan	Safety Plan
2023	\$ (1,228,047)	\$ 412,291
2024	(1,441,101)	140,925
2025	(1,520,417)	(252,550)
2026	(1,818,226)	(1,607,179)
Total	\$ (6,007,791)	\$ (1,306,513)

C. Payable to the Pension Plans

The City had no amount outstanding for contributions to the pension plans for the fiscal year ended June 30, 2022.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

A. General Information about Other Post-Employment Benefits

Plan Description: The City provides other post-employment benefits (OPEB), a single employer contribution plan, 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). Providing healthcare benefits under the City's group health plan may provide benefits at a substantially lower cost than if the retirees purchased their own individual benefits. For the fiscal year ending June 30, 2022, the City contracted with Total Compensation Systems, Inc. to prepare the GASB Statement No. 75 Actuarial Valuation Report. This report was prepared in compliance with the requirements set forth in GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*. The report can be viewed on the City's website.

Benefits Provided: The City is required to contribute the PEMHCA minimum to CalPERS on behalf of annuitants eligible for, and participating in, CalPERS health insurance. The City joined the CalPERS health program in 2015, contracting for the "unequal" minimum contribution amount to annuitants. The unequal minimum contribution increases annually

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by the number of years an agency contracts multiplied by 5% of the current monthly contribution for active employees, for 20 years, at which point it becomes 100% and equal. A history of the full minimum required contribution and the City’s partial minimum required contribution is presented below:

Calendar Year	Full Minimum Required Contribution	City’s Minimum Required Contribution
2015	\$122	\$1.00
2016	\$125	\$6.25
2017	\$128	\$12.80
2018	\$133	\$19.95
2019	\$136	\$27.20
2020	\$139	\$34.75
2021	\$143	\$42.90
2022	\$149	\$52.15
2023+	Adjusted annually to reflect medical portion of Consumer Price Index (CPI)	Adjusted annually to reflect medical portion of CPI & years of participation

In addition to the City’s contributions under PEMHCA stated above, the City has agreed to provide the following retiree medical reimbursement:

- Retirees in the Management, Police, Fire and Service Employees International Union (SEIU) labor groups that were hired before January 1, 2012, and who have a minimum of 10 years of service with the City, are eligible for medical reimbursements up to \$500 per month (including PEMHCA minimum) with no age limitation.
- Retirees in the Management, Police, Fire and SEIU labor groups that were hired on or after January 1, 2012, and who have a minimum of 20 years of service with the City, are eligible for medical reimbursements up to \$500 per month (including the PEMHCA minimum) until the Medicare eligible age of 65.

Employees Covered: On June 30, 2022, the following current and former employees were covered by the benefit terms under the plan membership:

Inactive employees or beneficiaries currently receiving benefits	114
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>210</u>
Total	<u>324</u>

Contributions: The City’s OPEB plan is established by agreements with the applicable employee labor groups and may be amended by agreements between the City and the labor groups. The City is not required to fund based on the actuarially determined contribution; however, the City has established an employer investment program with Mission Square investments to prefund OPEB obligations. For the fiscal year ended June 30, 2022, the City’s cash contributions were \$349,500 in payments to this trust.

B. OPEB Liability, OPEB Expense, and Deferred Inflows and Outflows of Resources Related to OPEB

Net Other Post-Employment Benefit Liability: The City’s net OPEB liability is measured as the total OPEB liability, less the plan’s fiduciary net position. On June 30, 2022, the City reported a net OPEB liability of \$8,018,606.

OPEB Expense: For the fiscal year ended June 30, 2022, the City recognized other post-employment benefit expense in the amount of \$912,215. Other post-employment benefit expense represents the change in net OPEB liability during

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the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits.

Actuarial Assumptions: The City's net OPEB liability is based on the following actuarial methods and assumptions:

Valuation date	June 30, 2022
Measurement date	June 30, 2022
Measurement period	July 1, 2021 to June 30, 2022
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Funding practice	The City does not currently have a pre-funding policy but has been making annual contributions of \$349,500 to the trust. The projection of cash flows used to determine the discount rate assumed future pre-funding contributions of \$349,500 are made to the trust.
Asset return	6.20% per annum
Discount rate	4.13% per annum
Inflation	2.50% per annum
Payroll increases	2.75% per annum, plus merit scale increases
Pre-retirement turnover	According to the termination rates under the most recent CalPERS pension plan valuations.
Mortality	2017 CalPERS Mortality for Safety, Miscellaneous and Schools Employees
Retirement age	According to the retirement rates under the most recent CalPERS pension plan valuation.
Participation rates	100% of eligible active employees are assumed to elect medical coverage at retirement. Future retirees are assumed to elect similar coverage as current retirees. Actual plan coverage is used for current retirees.
Spouse coverage	80% of future retirees are assumed to elect coverage for their spouse. Male spouses are assumed to be three years older than female spouses. Actual spouse coverage and spouse ages are used for current retirees.
Dependent coverage	Not explicitly valued.
Claim cost development	The valuation claim costs are based on the premiums paid for medical insurance coverage. The City participates in CalPERS, a community rated plan. An implicit rate subsidy can exist when the non-Medicare rates for retirees are the same as for active employees. Since non-Medicare eligible retirees are typically much older than active employees, their actual medical costs are typically higher than for active employees. The current valuation contains an estimate of the implicit rate subsidy.
Medical trends	Assumed 4.00% per year. Long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. As a result, it is reasonable to project historical trend vs. inflation differences several decades into the future.
Medicare participation	100%
Minimum contributions	The minimum required contribution increases each year based on medical portion of CPI. The assumed increase is 4% per year.
Maximum contributions	The City's maximum contribution is assumed to remain constant in all future years.
Actuarial value of assets	Eligible plan assets will be valued on a market value basis.

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Discount Rate: The long-term expected rate of return of OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
All Equities	80.0%	7.545%
All Fixed Income	20.0%	4.250%
Total	100.0%	

Long-term expected rate of return is 6.2%.

The discount rate used to measure the total OPEB liability was 4.13%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at a rate of \$349,500 per year, reduced by future employees' normal costs. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB Liability: The changes in the net OPEB liability for the City are as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance on July 1, 2021	\$ 18,453,647	\$ 9,794,260	\$ 8,659,387
Changes in the fiscal year:			
Service cost	909,104	-	909,104
Interest on total OPEB liability	495,284	-	495,284
Differences between expected and actual experience	324,697	-	324,697
Changes of assumptions	(3,077,668)	-	(3,077,668)
Employer contributions	-	466,846	(466,846)
Net investment income (loss)	-	(1,174,648)	1,174,648
Benefit payments	(732,681)	(732,681)	-
Net change in fiscal year	(2,081,264)	(1,440,483)	(640,781)
Balance on June 30, 2022	\$ 16,372,383	\$ 8,353,777	\$ 8,018,606

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower and one percentage point higher than the current rate, for the measurement period ending on June 30, 2022:

	Discount Rate -1% (3.13%)	Current Discount Rate (4.13%)	Discount Rate +1% (5.13%)
Net OPEB liability	\$ 9,940,152	\$ 8,018,606	\$ 6,400,566

Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trend Rates: The following represents the net OPEB liability of the City if it were calculated using healthcare cost trend rates that are one percentage point lower and one percentage point higher than the current rate, for measurement period ending on June 30, 2022:

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	1% Decrease (3.0%)	Current Healthcare Cost Trend Rates (4.00%)	1% Increase (5.0%)
Net OPEB liability	\$ 7,365,670	\$ 8,018,606	\$ 8,828,201

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is shown below:

Assets	<u>June 30, 2022</u>
Investments:	
Balanced funds	\$ 8,353,777
Stable value	-
Total assets	<u>8,353,777</u>
Net position restricted for OPEB	<u>\$ 8,353,777</u>
Additions	
Employer contributions	\$ 466,846
Net investment income (loss)	<u>(1,174,648)</u>
Total additions	<u>(707,802)</u>
Deletions	
Benefit payments	<u>732,681</u>
Total deletions	<u>732,681</u>
Change in net position	(1,440,483)
Net position restricted for OPEB	
Beginning of fiscal year	<u>9,794,260</u>
End of fiscal year	<u>\$ 8,353,777</u>

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gains and losses related to changes in net OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period for all sources is five (5) years.

Deferred Outflows and Inflows of Resources Related to OPEB: On June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ (1,169,176)
Difference between expected and actuarial experience in measurement of the total OPEB liability	-	(36,395)
Difference between projected and actual earnings on OPEB plan investments	311,367	-
Total	<u>\$ 311,367</u>	<u>\$ (1,205,571)</u>

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June 30, 2022

Amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30	Deferred Inflows and Outflows of Resources
2023	\$ 156,739
2024	44,150
2025	(285,829)
2026	112,132
2027	(238,733)
Thereafter	(682,663)
Total	<u>\$ (894,204)</u>

NOTE 13 – OTHER EMPLOYEE BENEFITS

A. *Deferred Compensation Plan*

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

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

In accordance with adopted wage and benefit agreements and memorandums of understanding, the City makes contributions to City-sponsored deferred compensation plan for all employees. For employees in the unrepresented confidential, professional and management group (MGMT), the City contributes \$4,200 annually with no matching required from the employee. Executive managers, a sub-group of MGMT employees, are eligible to receive up to an additional \$2,500 in contributions with a one-to-one matching requirement. For employees in the Service Employees International Union (SEIU), the City will match employee contributions to a maximum of \$25 per pay period, or \$650 per year. For the fiscal year ended June 30, 2022, the total City contribution on behalf of eligible employees was \$231,933.

B. *Section 125 Benefit Plan*

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

- 1) Unreimbursed Medical Spending Account
- 2) Dependent Day Care Spending Account

Under no circumstances may an employee direct more than \$5,000 annually into the Dependent Day Care Spending Account and more than \$2,850 into the Unreimbursed Medical Spending Account. All regular full-time employees employed on a regular and continuous basis, including certain contractual employees, are eligible to participate in this plan. Temporary and casual employees are not eligible. The plan year adopted by the City begins on January 1 and ends on December 31. To obtain reimbursement of expenses incurred within a plan year within the spending accounts, employees must submit claims within 90 days of the end of the plan year or within 30 days from separation of service from the City. Funds unclaimed after 90 days of the close of the plan year are then remitted to the City.

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Notes to the Basic Financial Statements

June 30, 2022

NOTE 14 – FUND BALANCES AND DEFICITS

Fund balance is the difference between the assets added to deferred outflows of resources and liabilities added to deferred inflows of resources reported in governmental funds. In compliance with GASB Statement No. 54, the composition of the City’s fund balance is shown below:

	General Fund	Measure J-20 Supplemental Sales Tax Fund	American Rescue Plan Act Fund	Specific Plans Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Advances receivable	\$ 2,632,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,632,899
Prepaid items	118,142	-	-	-	-	-	118,142
Restricted for:							
Aquatic facility expansion	-	-	-	-	-	438,765	438,765
Bike and pedestrian expansion	-	-	-	-	-	435,115	435,115
Debt service	-	-	-	-	-	2,002,054	2,002,054
Disability access and compliance	-	-	-	-	-	84,038	84,038
Health and welfare	-	-	-	-	-	359,486	359,486
Landfill maintenance	-	-	-	-	-	4,525,042	4,525,042
Landscape and lighting maintenance	-	-	-	-	-	429,764	429,764
Library facility expansion	-	-	-	-	-	1,814,845	1,814,845
Park development	-	-	-	-	-	3,767,949	3,767,949
Public, education, government access	-	-	-	-	-	290,198	290,198
Public facility expansion	-	-	-	-	-	7,831,717	7,831,717
Public safety facility expansion	-	-	-	-	-	985,236	985,236
Road maintenance	-	-	-	-	-	1,959,146	1,959,146
Storm drain development	-	-	-	-	-	117,623	117,623
Transportation facilities	-	-	-	-	-	5,854,936	5,854,936
Assigned for:							
Art in public places	660	-	-	-	-	-	660
Building repair and replacement	492,638	-	-	-	-	-	492,638
Capital projects	-	-	-	-	2,575,797	-	2,575,797
Economic development	139,440	-	-	-	-	-	139,440
Equipment replacement	-	63,000	-	-	-	-	63,000
Public safety facility expansion	-	5,339,877	-	-	-	-	5,339,877
Street and road capital projects	-	5,235,508	-	-	12,985,155	-	18,220,663
Unassigned	27,029,740	-	-	(1,384,917)	-	(153,222)	25,491,601
Total fund balances (deficits)	\$ 30,413,519	\$ 10,638,385	\$ -	\$ (1,384,917)	\$ 15,560,952	\$ 30,742,692	\$ 85,970,631

As of June 30, 2022, the Specific Plans and Airport Road PSR funds had a fund deficit in the amount of \$1,384,917 and \$153,222, respectively. In both instances, the funds will begin to have positive fund balance once development occurs.

NOTE 15 – FUNDS WITH EXPENDITURES EXCEEDING APPROPRIATIONS

As of June 30, 2022, the following funds and department expenditures exceeded appropriations during the fiscal year:

Major Governmental Funds:	
Measure D GO Bond Fund	\$ 2,952
Total	<u>\$ 2,952</u>

NOTE 16 – SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY

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

City of El Paso de Robles

Notes to the Basic Financial Statements

June 30, 2022

upon dissolution of a Redevelopment Agency, either the City or another unit of local government will agree to serve as the "Successor Agency" to hold the assets until they are distributed to other units of state and local government.

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

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

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

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

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

A. Notes Receivable

On May 4, 2004, the RDA, subsequently the Successor Agency to the former Redevelopment Agency of Paso Robles, entered into an agreement with Canyon Creek Limited Partnership, to construct a multi-family residential housing project consisting of 68 residential units, 49% of which (33 units) shall be rented to qualified low-income persons and families, in the amount of \$300,000. Total outstanding balance as of June 30, 2022, including accrued interest, was \$462,752.

In 2007, a long-term, zero-interest, forgivable loan for \$1.7 million was given to the Chet Dotter Senior Housing. This was for a 40-unit senior housing project within the project area. The balance on June 30, 2022, remains at \$1.7 million.

On June 10, 2010, the RDA, subsequently the Successor Agency to the former Redevelopment Agency of Paso Robles, entered into an agreement with South River Road Associates, LP to construct Hidden Creek Village, an 81-unit low-income apartment complex, in the amount of \$1,000,000.

B. Tax Allocation Bonds Payable

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

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

City of El Paso de Robles

Notes to the Basic Financial Statements

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On August 4, 2009, the Redevelopment Agency of the City issued \$9,330,000 of 2009 Series A Tax Allocation Bonds, and \$2,785,000 of 2009 Series B with interest rates ranging from 4.75% to 6.50% to refund prior 1996 Tax Allocation Bonds with interest rates ranging from 5.25% to 5.625% and a par value of \$2,320,000. The 1996 Tax Allocation Bonds mature annually on July 1 between 2010 and 2021. The 1996 Tax Allocation Bonds were called on September 4, 2009. The 2009 Tax Allocation Bonds were issued at a discount of \$(105,005) and, after paying issuance costs of \$134,771 and the underwriter's discount of \$94,935, the net proceeds were \$8,995,289. A portion of the net proceeds from the issuance of the 2009 Tax Allocation Bonds was used to purchase U.S. Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 1996 Tax Allocation Bonds were called on September 4, 2009. The current refunding met the requirements of an in-substance defeasance. As a result of the refunding, the Redevelopment Agency restructured its total debt service which resulted in a savings on interest costs. As of June 30, 2022, the bond discount was \$61,253.

The future minimum payment obligations for the Tax Allocation Bonds payable are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 495,000	\$ 605,323	\$ 1,100,323
2024	815,000	570,049	1,385,049
2025	840,000	524,025	1,364,025
2026	865,000	477,775	1,342,775
2027	895,000	428,319	1,323,319
2028-2032	2,580,000	1,580,478	4,160,478
2033-2037	2,695,000	816,869	3,511,869
2038-2039	1,150,000	75,075	1,225,075
Total	<u>\$ 10,335,000</u>	<u>\$ 5,077,913</u>	<u>\$ 15,412,913</u>

NOTE 17 – LIABILITY, WORKERS' COMPENSATION, AND PURCHASED INSURANCE

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is composed of 124 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The Insurance Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board of Directors operates through a nine-member Executive Committee.

B. Primary Self-Insurance Programs of the Insurance Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program - Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred

costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses also have a \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Insurance Authority's website: <https://cjpia.org/coverage/risk-sharing-pools/>.

Workers' Compensation - Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$75,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For fiscal year 2021-22 the Insurance Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and employer's liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance – The City participates in the pollution legal liability insurance program which is available through the Insurance Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$250,000 deductible. The Insurance Authority has an aggregate limit of \$20 million.

Property Insurance – The City participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Insurance Authority. City property currently has all-risk property insurance protection in the amount of \$188,302,191. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance – The City purchases crime insurance coverage in the amount of \$5,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Insurance Authority.

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

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in fiscal year 2021-22.

City of El Paso de Robles

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E. Self-Insurance

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

The last actuarial study to determine the undiscounted outstanding liabilities was completed for the fiscal year ended June 30, 2022. The liability was estimated based on the actuarial study and considered claims asserted and paid, and the time limitation for filing claims. There are no amounts estimated for claims incurred but not reporting because the time limit for filing claims has elapsed. The estimated asset (liability) on June 30, 2022, and the change in those balances are shown below:

Cash, investments, and current assets	\$ 590,416
Estimated claims liability	(44,573)
Unpaid claims asset	<u>\$ 545,843</u>
Unpaid claims asset at July 1, 2021	\$ 584,240
Revenues	2,259
Claim payments and related expenditures	(2,831)
Change in fair value	(7,649)
Change in estimated claims liability	(27,176)
Unpaid claims asset at June 30, 2022	<u>\$ 545,843</u>

NOTE 18 – LITIGATION AND CONTINGENCIES

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

NOTE 19 – SUBSEQUENT EVENTS

A subsequent event is an event that occurs after a reporting period, but before the financial statements for that period have been issued or are available to be issued. There were no subsequent events for the fiscal year ending June 30, 2022.

NOTE 20 – PRIOR PERIOD ADJUSTMENTS

There was one prior period adjustment made during the year due to an unreported loan receivable. This had a positive impact on the Private-Purpose Trust Fund in the Statement of Changes in Fiduciary Net Position in the amount of \$2,282,979.

City of El Paso de Robles

REQUIRED SUPPLEMENTARY INFORMATION

Note to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2022

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

Through the budget, the City Council sets the direction of the City, allocates its resources and established its priorities. The annual budget assures the efficient and effective use of the City's economic resources, and ensures that the City's highest priority objectives are accomplished.

The City develops and adopts a two-year budget, including a capital improvement plan, in which the City Council has the responsibility for adoption of the City's budget which serves as the City's legally adopted expenditure document. Annual operating and capital improvement expenditures are adopted by resolution which constitutes the authorized expenditures for the fiscal year. The second year of the two-year budget is updated and adopted for that year. Budgets are prepared on the modified accrual basis of accounting, consistent with the generally accepted accounting principles (GAAP).

The City Council generally reauthorizes appropriations for continuing projects and activities. The City Council has the legal authority to amend the budget of any fund, at any time during the fiscal year. The budgetary legal level of control (the level on which expenditures may not legally exceed appropriations) is generally at the fund level. Budgeted expenditures may be reallocated within a fund by the City Manager, and within a department by the department director, but any inter-fund transfers or reallocation, must be approved by resolution of the City Council.

City of El Paso de Robles

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - General Fund

For the Fiscal Year Ended June 30, 2022

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes	\$ 40,332,300	\$ 42,353,078	\$ 47,644,714	\$ 5,291,636
Licenses and permits	495,000	495,000	786,474	291,474
Fines and forfeitures	97,000	97,000	97,187	187
Use of money and property	1,853,500	1,923,000	(14,726)	(1,937,726)
Intergovernmental revenues	625,000	647,596	543,027	(104,569)
Charges for current services	1,863,000	1,863,000	2,505,153	642,153
Other revenues	156,000	357,600	346,193	(11,407)
Total revenues	<u>45,421,800</u>	<u>47,736,274</u>	<u>51,908,022</u>	<u>4,171,748</u>
EXPENDITURES				
Current:				
General government	10,359,850	11,319,367	11,491,687	172,320
Public safety	19,015,800	19,333,445	19,250,957	(82,488)
Highways and streets	2,877,200	2,837,419	2,563,716	(273,703)
Sanitation	295,500	413,479	437,239	23,760
Culture-recreation	5,087,850	5,227,170	5,029,620	(197,550)
Economic development and assistance	603,800	703,800	591,765	(112,035)
Capital outlay	234,200	525,996	196,618	(329,378)
Debt service:				
Interest	73,500	73,500	80,383	6,883
Principal	132,000	132,000	141,041	9,041
Total expenditures	<u>38,679,700</u>	<u>40,566,176</u>	<u>39,783,026</u>	<u>(783,150)</u>
Excess of revenues over expenditures	<u>6,742,100</u>	<u>7,170,098</u>	<u>12,124,996</u>	<u>4,954,898</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,143,200	1,143,200	907,159	(236,041)
Transfers out	(7,327,800)	(14,800,351)	(14,513,894)	286,457
Total other financing sources (uses)	<u>(6,184,600)</u>	<u>(13,657,151)</u>	<u>(13,606,735)</u>	<u>50,416</u>
Net change in fund balance	<u>\$ 557,500</u>	<u>\$ (6,487,053)</u>	<u>(1,481,739)</u>	<u>\$ 5,005,314</u>
Fund balance - July 1			<u>31,895,258</u>	
Fund balance - June 30			<u>\$ 30,413,519</u>	

See accompanying note to the required supplementary information.

City of El Paso de Robles

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - Measure J-20 Supplemental Sales Tax Fund
For the Fiscal Year Ended June 30, 2022

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes	\$ 10,488,000	\$ 10,488,000	\$ 13,142,001	\$ 2,654,001
Use of money and property	-	-	(250,162)	(250,162)
Intergovernmental revenues	351,100	351,100	358,764	7,664
Total revenues	<u>10,839,100</u>	<u>10,839,100</u>	<u>13,250,603</u>	<u>2,411,503</u>
EXPENDITURES				
Current:				
Public safety	2,647,200	2,656,126	1,113,026	(1,543,100)
Highways and streets	519,600	519,600	153,189	(366,411)
Capital outlay	250,200	250,200	20,348	(229,852)
Total expenditures	<u>3,417,000</u>	<u>3,425,926</u>	<u>1,286,563</u>	<u>(2,139,363)</u>
Excess of revenues over expenditures	<u>7,422,100</u>	<u>7,413,174</u>	<u>11,964,040</u>	<u>4,550,866</u>
OTHER FINANCING USES				
Transfers out	(9,446,000)	(9,721,000)	(3,018,936)	6,702,064
Total other financing uses	<u>(9,446,000)</u>	<u>(9,721,000)</u>	<u>(3,018,936)</u>	<u>6,702,064</u>
Net change in fund balance	<u>\$ (2,023,900)</u>	<u>\$ (2,307,826)</u>	8,945,104	<u>\$ 11,252,930</u>
Fund balance - July 1			<u>1,693,281</u>	
Fund balance - June 30			<u>\$ 10,638,385</u>	

See accompanying note to the required supplementary information.

City of El Paso de Robles

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule - American Rescue Plan Act Fund

For the Fiscal Year Ended June 30, 2022

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Use of money and property	\$ -	\$ -	\$ (100,502)	\$ (100,502)
Intergovernmental revenues	-	833,500	137,563	(695,937)
Total revenues	-	833,500	37,061	(796,439)
OTHER FINANCING USES				
Transfers out	-	(833,500)	(37,061)	796,439
Total other financing uses	-	(833,500)	(37,061)	796,439
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance - July 1			-	
Fund balance - June 30			\$ -	

See accompanying note to the required supplementary information.

City of El Paso de Robles

REQUIRED SUPPLEMENTARY INFORMATION
 Budgetary Comparison Schedule - Specific Plans Fund
 For the Fiscal Year Ended June 30, 2022

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Use of money and property	\$ 8,000	\$ 8,000	\$ (12,621)	\$ (20,621)
Charges for current services	15,000	15,000	20,124	5,124
Other revenues	500	500	627	127
Total revenues	<u>23,500</u>	<u>23,500</u>	<u>8,130</u>	<u>(15,370)</u>
OTHER FINANCING USES				
Transfers out	-	(253,014)	-	253,014
Total other financing uses	<u>-</u>	<u>(253,014)</u>	<u>-</u>	<u>253,014</u>
Net change in fund balance	<u>\$ 23,500</u>	<u>\$ (229,514)</u>	8,130	<u>\$ 237,644</u>
Fund deficit - July 1			<u>(1,393,047)</u>	
Fund deficit - June 30			<u>\$ (1,384,917)</u>	



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City of El Paso de Robles

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net Other Post-Employment Benefit (OPEB) Liability and Related Ratios Last Ten Fiscal Years¹

The following table provides the changes in the City's OPEB plan net OPEB liability and related ratios:

	2017-18	2018-19	2019-20	2020-21
Total OPEB Liability				
Service cost	\$ 579,776	\$ 594,575	\$ 653,372	\$ 884,773
Interest on total OPEB liability	537,631	566,498	566,388	526,097
Changes of assumptions	(99,964)	512,103	1,995,683	818,395
Differences between expected and actual experience	-	-	(574,832)	(116,693)
Benefit payments, including refunds of member contributions	(458,739)	(570,200)	(674,080)	(616,900)
Net change in total OPEB liability	558,704	1,102,976	1,966,531	1,495,672
Total OPEB liability - beginning of fiscal year	13,329,764	13,888,468	14,991,444	16,957,975
Total OPEB liability - end of fiscal year [A]	<u>\$ 13,888,468</u>	<u>\$ 14,991,444</u>	<u>\$ 16,957,975</u>	<u>\$ 18,453,647</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 130,500	\$ 455,146	\$ 447,814	\$ 447,814
Contributions - employee	-			
Net investment income (loss)	653,066	381,914	216,352	2,436,434
Benefit payments	(458,739)	(570,200)	(674,080)	(616,900)
Net change in plan fiduciary net position	324,827	266,860	(9,914)	2,267,348
Total plan fiduciary net position - beginning of fiscal year	6,945,139	7,269,966	7,536,826	7,526,912
Total plan fiduciary net position - end of fiscal year [B]	<u>\$ 7,269,966</u>	<u>\$ 7,536,826</u>	<u>\$ 7,526,912</u>	<u>\$ 9,794,260</u>
Net OPEB liability - ([A]-[B])	<u>\$ 6,618,502</u>	<u>\$ 7,454,618</u>	<u>\$ 9,431,063</u>	<u>\$ 8,659,387</u>
Plan fiduciary net position as a percentage of the total OPEB liability	52.35%	50.27%	44.39%	53.07%
Covered payroll	\$ 15,438,342	\$ 16,553,818	\$ 19,263,105	\$ 19,948,309
Net OPEB liability as a percentage of covered payroll	42.87%	45.03%	48.96%	43.41%

Notes to Schedule

1 - Fiscal year 2017-18 was the 1st year of implementation, therefore only five fiscal years are shown.

2021-22

\$	909,104
	495,284
	(3,077,668)
	324,697
	<u>(732,681)</u>
	(2,081,264)
	18,453,647
\$	<u><u>16,372,383</u></u>

\$	466,846
	(1,174,648)
	<u>(732,681)</u>
	(1,440,483)
	9,794,260
\$	<u><u>8,353,777</u></u>

\$	<u><u>8,018,606</u></u>
----	-------------------------

51.02%

\$	22,080,455
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36.32%

City of El Paso de Robles

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net Pension Liability and Related Ratios Last Ten Fiscal Years¹

The following table provides the changes in the miscellaneous plan's net pension liability and related ratios - agent multiple-employer defined benefit pension plan:

	2014-15	2015-16	2016-17	2017-18
Total Pension Liability				
Service cost	\$ 1,364,965	\$ 1,261,727	\$ 1,343,291	\$ 1,559,000
Interest on total pension liability	4,495,074	4,692,922	4,968,592	5,100,788
Changes of assumptions	-	(1,109,451)	-	4,094,234
Differences between expected and actual experience	-	(622,439)	630,371	(882,446)
Benefit payments, including refunds of employee contributions	(2,490,534)	(2,840,331)	(3,204,224)	(3,277,298)
Net change in total pension liability	3,369,505	1,382,428	3,738,030	6,594,278
Total pension liability - beginning of fiscal year	60,497,088	63,866,593	65,249,021	68,987,051
Total pension liability - end of fiscal year [A]	\$ 63,866,593	\$ 65,249,021	\$ 68,987,051	\$ 75,581,329
Plan Fiduciary Net Position				
Plan to plan resource movement	\$ -	\$ -	\$ -	\$ -
Contributions - employer	1,519,929	1,868,439	2,000,742	3,823,624
Contributions - employee	707,207	628,654	643,082	658,337
Net investment income	6,488,346	1,010,263	225,131	4,883,679
Benefit payments	(2,490,534)	(2,840,331)	(3,204,224)	(3,277,298)
Administrative expense	-	(49,448)	(26,776)	(64,333)
Other miscellaneous income/(expense) ²	-	-	-	-
Net change in plan fiduciary net position	6,224,948	617,577	(362,045)	6,024,009
Total plan fiduciary net position - beginning of fiscal year	37,093,083	43,318,031	43,935,608	43,573,563
Total plan fiduciary net position - end of fiscal year [B]	\$ 43,318,031	\$ 43,935,608	\$ 43,573,563	\$ 49,597,572
Net pension liability - end of fiscal year ([A]-[B])	\$ 20,548,562	\$ 21,313,413	\$ 25,413,488	\$ 25,983,757
Plan fiduciary net position as a percentage of the total pension liability	67.83%	67.34%	63.16%	65.62%
Covered payroll	\$ 7,695,579	\$ 7,659,829	\$ 8,396,093	\$ 8,780,225
Net pension liability as a percentage of covered payroll	267.02%	278.25%	302.68%	295.93%

Summary of Changes of Benefits or Assumptions

Benefit Changes: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred after the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: None in 2019-2022. In 2018, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Assumptions in December 2017. There were no changes in the discount rate. 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.

Notes to Schedule

1 - Fiscal year 2014-15 was the 1st year of implementation, therefore only eight fiscal years are shown.

2 - During fiscal year 2017-18, as a result of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*, CalPERS reported its proportionate share of activity related to post-employment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB Statement No. 75. Additionally, CalPERS employees participate in various State of California agent pension plans and, during fiscal year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

2018-19	2019-20	2020-21	2021-22
\$ 1,534,064	\$ 1,581,663	\$ 1,609,566	\$ 1,606,255
5,222,297	5,548,346	5,765,245	6,004,538
(369,228)	-	-	-
(1,118,930)	1,547,644	(40,299)	337,397
(3,642,194)	(3,893,155)	(4,247,061)	(4,480,541)
<u>1,626,009</u>	<u>4,784,498</u>	<u>3,087,451</u>	<u>3,467,649</u>
75,581,329	77,207,338	81,991,836	85,079,287
<u>\$ 77,207,338</u>	<u>\$ 81,991,836</u>	<u>\$ 85,079,287</u>	<u>\$ 88,546,936</u>
\$ (123)	\$ -	\$ -	\$ -
2,124,416	3,489,963	2,483,632	2,519,880
770,706	883,924	972,201	1,005,499
4,222,464	3,485,150	2,853,716	13,251,050
(3,642,194)	(3,893,155)	(4,247,061)	(4,480,541)
(224,056)	(37,714)	(80,042)	(58,697)
-	123	-	-
<u>3,251,213</u>	<u>3,928,291</u>	<u>1,982,446</u>	<u>12,237,191</u>
49,597,572	52,848,785	56,777,076	58,759,522
<u>\$ 52,848,785</u>	<u>\$ 56,777,076</u>	<u>\$ 58,759,522</u>	<u>\$ 70,996,713</u>
<u>\$ 24,358,553</u>	<u>\$ 25,214,760</u>	<u>\$ 26,319,765</u>	<u>\$ 17,550,223</u>
68.45%	69.25%	69.06%	80.18%
\$ 9,316,302	\$ 9,678,132	\$ 9,851,522	\$ 10,014,148
261.46%	260.53%	267.16%	175.25%

City of El Paso de Robles

REQUIRED SUPPLEMENTARY INFORMATION

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

Last Ten Fiscal Years¹

The following table provides the contributions to the miscellaneous plan - agent multiple-employer defined benefit pension plan

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Actuarially determined contribution	\$ 1,765,370	\$ 1,931,256	\$ 2,527,005	\$ 2,370,405
Contribution in relation to the actuarially determined contribution	<u>(1,868,439)</u>	<u>(1,998,114)</u>	<u>(4,150,823)</u>	<u>(2,370,405)</u>
Contribution deficiency (excess)	<u>\$ (103,069)</u>	<u>\$ (66,858)</u>	<u>\$ (1,623,818)</u>	<u>\$ -</u>
Covered payroll	\$ 7,659,829	\$ 8,396,093	\$ 8,780,225	\$ 9,316,302
Contributions as a percentage of covered payroll	24.39%	23.80%	47.27%	25.44%

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were derived from the June 30, 2018 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2018 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.500%
Salary Increases	Varies by entry age and service
Payroll Growth	2.750%
Investment Rate of Return	7.00% Net of Pension Plan Investments and Administrative Expenses; includes
Retirement Age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

Notes to Schedule

1 - Fiscal year 2014-15 was the 1st year of implementation, therefore, only eight fiscal years are shown.

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
\$ 2,299,277	\$ 2,483,632	\$ 2,519,880	\$ 2,716,313
<u>(3,531,703)</u>	<u>(2,483,632)</u>	<u>(2,519,880)</u>	<u>(2,716,313)</u>
<u>\$ (1,232,426)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,678,132	\$ 9,851,522	\$ 10,014,148	\$ 11,020,579
36.49%	25.21%	25.16%	24.65%

City of El Paso de Robles

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Plan's Proportionate Share of Net Pension Liability

Last Ten Fiscal Years¹

The following table provides the City's proportionate share of net pension liability of the safety plan - cost-sharing defined benefit pension plan

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Proportion of the net pension liability	0.17637%	0.17196%	0.16700%	0.15545%
Proportionate share of the net pension liability	\$ 10,974,469	\$ 11,802,834	\$ 14,446,625	\$ 15,416,576
Covered payroll	\$ 5,103,941	\$ 4,965,806	\$ 4,996,867	\$ 5,232,842
Proportionate share of the net pension liability as a percentage of covered payroll	215.02%	237.68%	289.11%	294.61%
Plan's total pension liability (in billions)	\$ 30.83	\$ 31.77	\$ 33.36	\$ 37.16
Plan's fiduciary net position (in billions)	\$ 24.61	\$ 24.91	\$ 24.71	\$ 27.24
Plan fiduciary net position as a percentage of the total pension liability	79.82%	78.41%	74.07%	73.30%

Summary of Changes of Benefits or Assumptions

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2020 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes of Assumptions: None.

Notes to Schedule

1 - Fiscal year 2014-15 was the 1st year of implementation, therefore, only eight fiscal years are shown.

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
	0.15490%	0.15260%	0.14840%	0.08960%
\$	14,949,927	\$ 16,081,854	\$ 16,434,399	\$ 7,383,530
\$	5,250,491	\$ 5,842,756	\$ 5,835,684	\$ 7,370,100
	284.73%	275.24%	281.62%	100.18%
\$	38.00	\$ 40.90	\$ 43.18	\$ 45.65
\$	28.35	\$ 30.36	\$ 32.11	\$ 37.41
	74.61%	74.23%	74.36%	81.95%

City of El Paso de Robles

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Pension Contributions - Cost-Sharing Defined Benefit Pension Plan

Last Ten Fiscal Years¹

The following table provides the contributions to the safety plan - cost-sharing defined benefit pension plan

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Contractually required contribution (actuarially determined)	\$ 1,540,704	\$ 1,664,994	\$ 1,742,385	\$ 1,783,390
Contribution in relation to the actuarially determined contributions	<u>(1,700,202)</u>	<u>(1,629,321)</u>	<u>(2,618,567)</u>	<u>(1,783,390)</u>
Contribution deficiency (excess)	<u>\$ (159,498)</u>	<u>\$ 35,673</u>	<u>\$ (876,182)</u>	<u>\$ -</u>
Covered payroll	\$ 4,965,806	\$ 4,996,867	\$ 5,232,842	\$ 5,250,491
Contributions as a percentage of covered payroll	34.24%	32.61%	50.04%	33.97%

The June 30, 2020 valuation was rolled forward to determine the June 30, 2021 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Mortality table ²	Derived using CalPERS membership data for all funds
Post retirement benefit increase	The lesser of contract cost-of-living (COLA) or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

Notes to Schedule

1 - Fiscal year 2014-15 was the 1st year of implementation, therefore, only eight fiscal years are shown.

2 - The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
\$ 1,723,623	\$ 1,986,673	\$ 2,174,025	\$ 2,268,023
<u>(2,491,197)</u>	<u>(1,986,673)</u>	<u>(2,174,025)</u>	<u>(2,268,023)</u>
<u>\$ (767,574)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,842,756	\$ 5,835,684	\$ 7,370,100	\$ 8,270,629
42.64%	34.04%	29.50%	27.42%

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

Road Maintenance and Rehabilitation Account Fund - to account for the receipt and expenditure of the Senate Bill (SB) 1 funds and is an additional gas tax to be used toward local roads, bridges and other street-related repair and maintenance.

Voluntary Certified Access Specialist Program Fund – The Certified Access Specialist program (CASp) was created by Senate Bill 262 and is designed to meet the public's need for experienced, trained, and tested individuals who can inspect buildings and sites for compliance with applicable state and federal construction-related accessibility standards.

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

Cal Home Loan Program Fund – to account for the funds disbursed to low- and moderate-income households for first-time home buying and/or home improvements.

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

Public, Educational and Governmental Fund – to account for the public, educational and governmental (PEG) funds received and expended for the purpose of video production and programming of City government.

Landfill Closure, Post-Closure and Corrective Action Fund - State Financial Assurance Mechanism regulations require landfill operators to set aside funds, or provide alternative funding mechanisms, to fund the closure, post-closure, and corrective action maintenance of landfills. The funding must be completed prior to the final date of closure.

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

Capital project funds are restricted, committed, or assigned funds to account for capital outlay including the acquisition or construction of capital facilities and other capital assets. Nonmajor capital projects funds used by the City are listed below:

Transportation Facilities Fund - This development impact fee fund is used to assist in the funding of construction and improvements of the City's transportation system, including bike and pedestrian path and storm drains, sufficient to accommodate future traffic demand generated by new development.

Public Safety Facilities Fund - This development impact fee fund is used to assist in funding the construction and improvements of new law enforcement and fire service facilities and equipment used to protect life and property.

General Government Facilities Fund – This development impact fee fund is used to assist in the construction and development of facilities used by the City to provide basic governmental services such as public meetings and City Hall.

Parks and Recreation Facilities Fund - This development impact fee fund is used to assist in the construction and development of public facilities which improve neighborhood and community parklands as well as an aquatics center needed to serve new development.

Library Facilities Fund - This development impact fee fund is used to assist in funding the construction and improvements of the library facility sufficient to accommodate future demand generated by new development.

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

DEBT SERVICE FUND

Debt service funds are restricted funds that are to be used towards accumulating resources in anticipation of debt service payments, to fulfill either legal or contractual obligations. Nonmajor debt service funds used by the City are listed below:

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

1993 Public Facilities Fund – This fund accounts for long-term debt service transactions relating to the construction of Centennial Park. Certificates of Participation were first issued in 1988 and were refunded in this issue which included an additional, new amount issued to construct a new municipal library and City Hall.

City of El Paso de Robles

COMBINING BALANCE SHEET
 Nonmajor Governmental Funds
 June 30, 2022

	Special Revenue Funds			
	Citizens Option Public Safety	Street Fund	Transportation Development Act - Non-Transit	Road Maintenance and Rehabilitation Account
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Cash and investments	\$ 934,199	\$ 1,099,311	\$ 321,444	\$ 771,355
Accounts receivable	16,100	61,120	-	57,251
Interest receivable	2,893	3,155	887	1,947
Due from private-purpose trust fund	-	-	-	-
Loans receivable	-	-	-	-
Total assets	<u>953,192</u>	<u>1,163,586</u>	<u>322,331</u>	<u>830,553</u>
Deferred outflows of resources:				
Deferred interest expense	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 953,192</u>	<u>\$ 1,163,586</u>	<u>\$ 322,331</u>	<u>\$ 830,553</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts payable	\$ 32,674	\$ 34,993	\$ -	\$ -
Accrued payroll expenses	-	-	-	-
Interest payable	-	-	-	-
Due to other funds	-	-	-	-
Advances payable	-	-	-	-
Total liabilities	<u>32,674</u>	<u>34,993</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits):				
Restricted	920,518	1,128,593	322,331	830,553
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>920,518</u>	<u>1,128,593</u>	<u>322,331</u>	<u>830,553</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 953,192</u>	<u>\$ 1,163,586</u>	<u>\$ 322,331</u>	<u>\$ 830,553</u>

Special Revenue Funds

Voluntary Certified Access Specialist Program	Community Development Block Grant	Cal Home Loan Program	Landscape and Lighting District	Public, Educational and Governmental	Landfill Closure, Post-Closure and Corrective Action
\$ 84,897	\$ -	\$ 232,949	\$ 600,905	\$ 273,470	\$ 4,512,569
-	331,904	-	17,971	15,981	-
226	147,060	191,755	1,724	747	12,473
-	-	-	-	-	-
-	737,690	303,900	-	-	-
<u>85,123</u>	<u>1,216,654</u>	<u>728,604</u>	<u>620,600</u>	<u>290,198</u>	<u>4,525,042</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 85,123</u>	<u>\$ 1,216,654</u>	<u>\$ 728,604</u>	<u>\$ 620,600</u>	<u>\$ 290,198</u>	<u>\$ 4,525,042</u>
\$ 1,085	\$ 150,873	\$ -	\$ 177,896	\$ -	\$ -
-	-	-	12,940	-	-
-	-	-	-	-	-
-	55,206	-	-	-	-
-	-	-	-	-	-
<u>1,085</u>	<u>206,079</u>	<u>-</u>	<u>190,836</u>	<u>-</u>	<u>-</u>
-	884,687	495,006	-	-	-
-	884,687	495,006	-	-	-
84,038	125,888	233,598	429,764	290,198	4,525,042
-	-	-	-	-	-
<u>84,038</u>	<u>125,888</u>	<u>233,598</u>	<u>429,764</u>	<u>290,198</u>	<u>4,525,042</u>
<u>\$ 85,123</u>	<u>\$ 1,216,654</u>	<u>\$ 728,604</u>	<u>\$ 620,600</u>	<u>\$ 290,198</u>	<u>\$ 4,525,042</u>

City of El Paso de Robles

COMBINING BALANCE SHEET (continued)

Nonmajor Governmental Funds

June 30, 2022

	Capital Projects Funds			
	Transportation Facilities	Public Safety Facilities	General Government Facilities	Parks and Recreation Facilities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Cash and investments	\$ 6,068,383	\$ 67,953	\$ 7,811,464	\$ 4,196,421
Accounts receivable	-	-	-	-
Interest receivable	16,959	121	20,253	10,292
Due from private-purpose trust fund	53,850	5,514	23,440	23,754
Loans receivable	1,343,502	150,228	569,365	556,669
Total assets	<u>7,482,694</u>	<u>223,816</u>	<u>8,424,522</u>	<u>4,787,136</u>
Deferred outflows of resources:				
Deferred interest expense	-	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 7,482,694</u>	<u>\$ 223,816</u>	<u>\$ 8,424,522</u>	<u>\$ 4,787,136</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts payable	\$ -	\$ 3,356	\$ -	\$ -
Accrued payroll expenses	-	-	-	-
Interest payable	-	-	-	-
Due to other funds	-	-	-	-
Advances payable	-	-	-	-
Total liabilities	<u>-</u>	<u>3,356</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenue	<u>1,397,351</u>	<u>155,742</u>	<u>592,805</u>	<u>580,422</u>
Total deferred inflows of resources	<u>1,397,351</u>	<u>155,742</u>	<u>592,805</u>	<u>580,422</u>
Fund balances (deficits):				
Restricted	<u>6,085,343</u>	<u>64,718</u>	<u>7,831,717</u>	<u>4,206,714</u>
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>6,085,343</u>	<u>64,718</u>	<u>7,831,717</u>	<u>4,206,714</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 7,482,694</u>	<u>\$ 223,816</u>	<u>\$ 8,424,522</u>	<u>\$ 4,787,136</u>

Capital Projects Funds		Debt Service Funds		Total Nonmajor Governmental Funds
Library Facilities	Airport Road PSR	Measure D G.O. Bond	1993 Public Facilities	
\$ 1,810,279	\$ -	\$ 1,958,686	\$ -	\$ 30,744,285
-	-	38,456	-	538,783
4,566	-	4,912	-	419,970
6,490	-	-	-	113,048
183,683	-	-	-	3,845,037
<u>2,005,018</u>	<u>-</u>	<u>2,002,054</u>	<u>-</u>	<u>35,661,123</u>
-	69,547	-	-	69,547
-	<u>69,547</u>	-	-	<u>69,547</u>
<u>\$ 2,005,018</u>	<u>\$ 69,547</u>	<u>\$ 2,002,054</u>	<u>\$ -</u>	<u>\$ 35,730,670</u>
\$ -	\$ -	\$ -	\$ -	\$ 400,877
-	-	-	-	12,940
-	69,547	-	-	69,547
-	-	-	-	55,206
-	153,222	-	-	153,222
<u>-</u>	<u>222,769</u>	<u>-</u>	<u>-</u>	<u>691,792</u>
190,173	-	-	-	4,296,186
<u>190,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,296,186</u>
1,814,845	-	2,002,054	-	30,895,914
-	(153,222)	-	-	(153,222)
<u>1,814,845</u>	<u>(153,222)</u>	<u>2,002,054</u>	<u>-</u>	<u>30,742,692</u>
<u>\$ 2,005,018</u>	<u>\$ 69,547</u>	<u>\$ 2,002,054</u>	<u>\$ -</u>	<u>\$ 35,730,670</u>

City of El Paso de Robles

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

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2022

	Special Revenue Funds			
	Citizens Option Public Safety	Street Fund	Transportation Development Act - Non-Transit	Road Maintenance and Rehabilitation Account
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Use of money and property	(29,855)	(32,567)	(9,396)	(20,496)
Intergovernmental revenues	161,285	765,115	31,542	625,079
Charges for current services	-	-	-	-
Total revenues	<u>131,430</u>	<u>732,548</u>	<u>22,146</u>	<u>604,583</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	28,532	-	-	-
Highways and streets	-	532,715	-	-
Health and welfare	-	-	-	-
Culture-recreation	-	-	-	-
Capital outlay	239,189	14,504	-	-
Debt service:				
Interest	-	-	-	-
Principal	-	-	-	-
Intergovernmental	-	-	-	-
Total expenditures	<u>267,721</u>	<u>547,219</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(136,291)</u>	<u>185,329</u>	<u>22,146</u>	<u>604,583</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(500,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Net change in fund balances (deficits)	(136,291)	185,329	22,146	104,583
Fund balances (deficits) - July 1	<u>1,056,809</u>	<u>943,264</u>	<u>300,185</u>	<u>725,970</u>
Fund balances (deficits) - June 30	<u>\$ 920,518</u>	<u>\$ 1,128,593</u>	<u>\$ 322,331</u>	<u>\$ 830,553</u>

Special Revenue Funds

Voluntary Certified Access Specialist Program	Community Development Block Grant	Cal Home Loan Program	Landscape and Lighting District	Public, Educational and Governmental	Landfill Closure, Post-Closure and Corrective Action
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(2,438)	1,049	(6,767)	(20,987)	(8,003)	(130,861)
-	296,340	-	110	-	-
15,761	-	-	1,885,015	62,998	-
<u>13,323</u>	<u>297,389</u>	<u>(6,767)</u>	<u>1,864,138</u>	<u>54,995</u>	<u>(130,861)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	17,359	-	-	-	-
-	-	-	2,193,283	-	-
-	278,981	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>296,340</u>	<u>-</u>	<u>2,193,283</u>	<u>-</u>	<u>-</u>
13,323	1,049	(6,767)	(329,145)	54,995	(130,861)
-	-	-	-	-	180,000
-	-	-	(66,784)	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,784)</u>	<u>-</u>	<u>180,000</u>
13,323	1,049	(6,767)	(395,929)	54,995	49,139
<u>70,715</u>	<u>124,839</u>	<u>240,365</u>	<u>825,693</u>	<u>235,203</u>	<u>4,475,903</u>
<u>\$ 84,038</u>	<u>\$ 125,888</u>	<u>\$ 233,598</u>	<u>\$ 429,764</u>	<u>\$ 290,198</u>	<u>\$ 4,525,042</u>

City of El Paso de Robles

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

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2022

	Capital Projects Funds			
	Transportation Facilities	Public Safety Facilities	General Government Facilities	Parks and Recreation Facilities
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Use of money and property	(173,595)	13,915	(206,432)	(108,242)
Intergovernmental revenues	-	-	-	-
Charges for current services	1,042,490	451,989	901,663	794,075
Total revenues	<u>868,895</u>	<u>465,904</u>	<u>695,231</u>	<u>685,833</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture-recreation	-	-	-	-
Capital outlay	-	479,694	-	-
Debt service:				
Interest	-	-	-	-
Principal	-	-	-	-
Intergovernmental	-	-	-	-
Total expenditures	<u>-</u>	<u>479,694</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>868,895</u>	<u>(13,790)</u>	<u>695,231</u>	<u>685,833</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(935,742)	(720,000)	-	(15,763)
Total other financing sources (uses)	<u>(935,742)</u>	<u>(720,000)</u>	<u>-</u>	<u>(15,763)</u>
Net change in fund balances (deficits)	(66,847)	(733,790)	695,231	670,070
Fund balances (deficits) - July 1	<u>6,152,190</u>	<u>798,508</u>	<u>7,136,486</u>	<u>3,536,644</u>
Fund balances (deficits) - June 30	<u>\$ 6,085,343</u>	<u>\$ 64,718</u>	<u>\$ 7,831,717</u>	<u>\$ 4,206,714</u>

Capital Projects Funds		Debt Service Funds		Total Nonmajor Governmental Funds
Library Facilities	Airport Road PSR	Measure D G.O. Bond	1993 Public Facilities	
\$ -	\$ -	\$ 2,448,323	\$ -	\$ 2,448,323
(48,050)	-	(67,688)	-	(850,413)
-	-	-	-	1,879,471
267,844	-	-	-	5,421,835
<u>219,794</u>	<u>-</u>	<u>2,380,635</u>	<u>-</u>	<u>8,899,216</u>
-	-	2,250	-	2,250
-	-	-	-	28,532
-	-	-	-	532,715
-	-	-	-	17,359
-	-	-	-	2,193,283
-	-	-	-	1,012,368
-	-	827,141	7,587	834,728
-	-	1,425,859	277,939	1,703,798
-	-	1,902	-	1,902
<u>-</u>	<u>-</u>	<u>2,257,152</u>	<u>285,526</u>	<u>6,326,935</u>
<u>219,794</u>	<u>-</u>	<u>123,483</u>	<u>(285,526)</u>	<u>2,572,281</u>
-	-	-	285,526	465,526
-	-	-	-	(2,238,289)
<u>-</u>	<u>-</u>	<u>-</u>	<u>285,526</u>	<u>(1,772,763)</u>
219,794	-	123,483	-	799,518
1,595,051	(153,222)	1,878,571	-	29,943,174
<u>\$ 1,814,845</u>	<u>\$ (153,222)</u>	<u>\$ 2,002,054</u>	<u>\$ -</u>	<u>\$ 30,742,692</u>

City of El Paso de Robles

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

Capital Projects Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental revenues	\$ 9,077,917	\$ 329,623	\$ (8,748,294)
Total revenues	<u>9,077,917</u>	<u>329,623</u>	<u>(8,748,294)</u>
EXPENDITURES			
Current:			
General government	100,000	8,409	(91,591)
Highways and streets	470,000	-	(470,000)
Culture-recreation	530,500	154,352	(376,148)
Capital outlay	52,445,414	9,810,166	(42,635,248)
Total expenditures	<u>53,545,914</u>	<u>9,972,927</u>	<u>(43,572,987)</u>
Deficiency of revenues under expenditures	<u>(44,467,997)</u>	<u>(9,643,304)</u>	<u>34,824,693</u>
OTHER FINANCING SOURCES			
Transfers in	32,988,226	13,678,874	(19,309,352)
Total other financing sources	<u>32,988,226</u>	<u>13,678,874</u>	<u>(19,309,352)</u>
Net change in fund balance	<u>\$ (11,479,771)</u>	4,035,570	<u>\$ 15,515,341</u>
Fund balance - July 1		<u>11,525,382</u>	
Fund balance - June 30		<u>\$ 15,560,952</u>	

City of El Paso de Robles

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

Citizens Option Public Safety Special Revenue Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Use of money and property	\$ 20,000	\$ (29,855)	\$ (49,855)
Intergovernmental revenues	<u>130,000</u>	<u>161,285</u>	<u>31,285</u>
Total revenues	<u>150,000</u>	<u>131,430</u>	<u>(18,570)</u>
EXPENDITURES			
Current:			
Public safety	44,452	28,532	(15,920)
Capital outlay	<u>664,180</u>	<u>239,189</u>	<u>(424,991)</u>
Total expenditures	<u>708,632</u>	<u>267,721</u>	<u>(440,911)</u>
Net change in fund balance	<u>\$ (558,632)</u>	<u>(136,291)</u>	<u>\$ 422,341</u>
Fund balance - July 1		<u>1,056,809</u>	
Fund balance - June 30		<u>\$ 920,518</u>	

City of El Paso de Robles

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

Street Fund Special Revenue Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Use of money and property	\$ 20,000	\$ (32,567)	\$ (52,567)
Intergovernmental revenues	<u>820,000</u>	<u>765,115</u>	<u>(54,885)</u>
Total revenues	<u>840,000</u>	<u>732,548</u>	<u>(107,452)</u>
EXPENDITURES			
Current:			
Highways and streets	1,119,272	532,715	(586,557)
Capital outlay	-	<u>14,504</u>	<u>14,504</u>
Total expenditures	<u>1,119,272</u>	<u>547,219</u>	<u>(572,053)</u>
Net change in fund balance	<u>\$ (279,272)</u>	185,329	<u>\$ 464,601</u>
Fund balance - July 1		<u>943,264</u>	
Fund balance - June 30		<u>\$ 1,128,593</u>	

City of El Paso de Robles

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

Transportation Development Act - Non-Transit Special Revenue Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Use of money and property	\$ 5,000	\$ (9,396)	\$ (14,396)
Intergovernmental revenues	<u>25,000</u>	<u>31,542</u>	<u>6,542</u>
Total revenues	<u>30,000</u>	<u>22,146</u>	<u>(7,854)</u>
Net change in fund balance	<u>\$ 30,000</u>	22,146	<u>\$ (7,854)</u>
Fund balance - July 1		<u>300,185</u>	
Fund balance - June 30		<u>\$ 322,331</u>	

City of El Paso de Robles

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

Road Maintenance and Rehabilitation Account Special Revenue Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Use of money and property	\$ 20,000	\$ (20,496)	\$ (40,496)
Intergovernmental revenues	610,000	625,079	15,079
Total revenues	<u>630,000</u>	<u>604,583</u>	<u>(25,417)</u>
OTHER FINANCING USES			
Transfers out	(500,000)	(500,000)	-
Total other financing uses	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ 130,000</u>	104,583	<u>\$ (25,417)</u>
Fund balance - July 1		<u>725,970</u>	
Fund balance - June 30		<u>\$ 830,553</u>	

City of El Paso de Robles

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

Voluntary Certified Access Specialist Program Special Revenue Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Use of money and property	\$ 2,000	\$ (2,438)	\$ (4,438)
Charges for current services	<u>10,000</u>	<u>15,761</u>	<u>5,761</u>
Total revenues	<u>12,000</u>	<u>13,323</u>	<u>1,323</u>
Net change in fund balance	<u>\$ 12,000</u>	13,323	<u>\$ 1,323</u>
Fund balance - July 1		<u>70,715</u>	
Fund balance - June 30		<u>\$ 84,038</u>	

City of El Paso de Robles

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

Community Development Block Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Use of money and property	\$ -	\$ 1,049	\$ 1,049
Intergovernmental revenues	<u>596,390</u>	<u>296,340</u>	<u>(300,050)</u>
Total revenues	<u>596,390</u>	<u>297,389</u>	<u>(299,001)</u>
EXPENDITURES			
Current:			
Health and welfare	53,764	17,359	(36,405)
Capital outlay	<u>541,409</u>	<u>278,981</u>	<u>(262,428)</u>
Total expenditures	<u>595,173</u>	<u>296,340</u>	<u>(298,833)</u>
Net change in fund balance	<u>\$ 1,217</u>	1,049	<u>\$ (168)</u>
Fund balance - July 1		<u>124,839</u>	
Fund balance - June 30		<u>\$ 125,888</u>	

City of El Paso de Robles

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

Cal Home Loan Program Special Revenue Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Use of money and property	\$ 2,000	\$ (6,767)	\$ (8,767)
Total revenues	<u>2,000</u>	<u>(6,767)</u>	<u>(8,767)</u>
Net change in fund balance	<u>\$ 2,000</u>	(6,767)	<u>\$ (8,767)</u>
Fund balance - July 1		<u>240,365</u>	
Fund balance - June 30		<u>\$ 233,598</u>	

City of El Paso de Robles

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

Landscape and Lighting District Special Revenue Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Use of money and property	\$ 10,000	\$ (20,987)	\$ (30,987)
Intergovernmental revenues	-	110	110
Charges for current services	<u>1,900,800</u>	<u>1,885,015</u>	<u>(15,785)</u>
Total revenues	<u>1,910,800</u>	<u>1,864,138</u>	<u>(46,662)</u>
EXPENDITURES			
Current:			
Culture-recreation	<u>2,135,700</u>	<u>2,193,283</u>	<u>57,583</u>
Total expenditures	<u>2,135,700</u>	<u>2,193,283</u>	<u>57,583</u>
Deficiency of revenues under expenditures	<u>(224,900)</u>	<u>(329,145)</u>	<u>(104,245)</u>
OTHER FINANCING USES			
Transfers out	<u>(140,300)</u>	<u>(66,784)</u>	<u>73,516</u>
Total other financing uses	<u>(140,300)</u>	<u>(66,784)</u>	<u>73,516</u>
Net change in fund balance	<u>\$ (365,200)</u>	<u>(395,929)</u>	<u>\$ (30,729)</u>
Fund balance - July 1		<u>825,693</u>	
Fund balance - June 30		<u>\$ 429,764</u>	

City of El Paso de Robles

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

Public, Educational and Governmental Special Revenue Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Use of money and property	\$ 2,000	\$ (8,003)	\$ (10,003)
Charges for current services	<u>60,000</u>	<u>62,998</u>	<u>2,998</u>
Total revenues	<u>62,000</u>	<u>54,995</u>	<u>(7,005)</u>
Net change in fund balance	<u>\$ 62,000</u>	54,995	<u>\$ (7,005)</u>
Fund balance - July 1		<u>235,203</u>	
Fund balance - June 30		<u>\$ 290,198</u>	

City of El Paso de Robles

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

Landfill Closure, Post-Closure and Corrective Action Special Revenue Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Use of money and property	\$ 125,000	\$ (130,861)	\$ (255,861)
Total revenues	<u>125,000</u>	<u>(130,861)</u>	<u>(255,861)</u>
EXPENDITURES			
Current:			
Sanitation	245,000	-	(245,000)
Total expenditures	<u>245,000</u>	<u>-</u>	<u>(245,000)</u>
Deficiency of revenues under expenditures	<u>(120,000)</u>	<u>(130,861)</u>	<u>(10,861)</u>
OTHER FINANCING SOURCES			
Transfers in	180,000	180,000	-
Total other financing sources	<u>180,000</u>	<u>180,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 60,000</u>	49,139	<u>\$ (10,861)</u>
Fund balance - July 1		<u>4,475,903</u>	
Fund balance - June 30		<u>\$ 4,525,042</u>	

City of El Paso de Robles

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

Transportation Facilities Capital Projects Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Use of money and property	\$ 156,000	\$ (173,595)	\$ (329,595)
Intergovernmental revenues	1,360,000	-	(1,360,000)
Charges for current services	688,000	1,042,490	354,490
Total revenues	<u>2,204,000</u>	<u>868,895</u>	<u>(1,335,105)</u>
OTHER FINANCING USES			
Transfers out	<u>(12,472,857)</u>	<u>(935,742)</u>	<u>11,537,115</u>
Total other financing uses	<u>(12,472,857)</u>	<u>(935,742)</u>	<u>11,537,115</u>
Net change in fund balance	<u>\$ (10,268,857)</u>	<u>(66,847)</u>	<u>\$ 10,202,010</u>
Fund balance - July 1		<u>6,152,190</u>	
Fund balance - June 30		<u>\$ 6,085,343</u>	

City of El Paso de Robles

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

Public Safety Facilities Capital Projects Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Use of money and property	\$ -	\$ 13,915	\$ 13,915
Charges for current services	<u>138,000</u>	<u>451,989</u>	<u>313,989</u>
Total revenues	<u>138,000</u>	<u>465,904</u>	<u>327,904</u>
EXPENDITURES			
Capital outlay	<u>636,221</u>	<u>479,694</u>	<u>(156,527)</u>
Total expenditures	<u>636,221</u>	<u>479,694</u>	<u>(156,527)</u>
Deficiency of revenues under expenditures	<u>(498,221)</u>	<u>(13,790)</u>	<u>484,431</u>
OTHER FINANCING USES			
Transfers out	<u>(720,000)</u>	<u>(720,000)</u>	<u>-</u>
Total other financing uses	<u>(720,000)</u>	<u>(720,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,218,221)</u>	<u>(733,790)</u>	<u>\$ 484,431</u>
Fund balance - July 1		<u>798,508</u>	
Fund balance - June 30		<u>\$ 64,718</u>	

City of El Paso de Robles

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

General Government Facilities Capital Projects Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Use of money and property	\$ 150,000	\$ (206,432)	\$ (356,432)
Charges for current services	<u>229,000</u>	<u>901,663</u>	<u>672,663</u>
Total revenues	<u>379,000</u>	<u>695,231</u>	<u>316,231</u>
Net change in fund balance	<u>\$ 379,000</u>	695,231	<u>\$ 316,231</u>
Fund balance - July 1		<u>7,136,486</u>	
Fund balance - June 30		<u>\$ 7,831,717</u>	

City of El Paso de Robles

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

Parks and Recreation Facilities Capital Projects Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Use of money and property	\$ 110,000	\$ (108,242)	\$ (218,242)
Charges for current services	<u>110,000</u>	<u>794,075</u>	<u>684,075</u>
Total revenues	<u>220,000</u>	<u>685,833</u>	<u>465,833</u>
OTHER FINANCING USES			
Transfers out	<u>(354,500)</u>	<u>(15,763)</u>	<u>338,737</u>
Total other financing uses	<u>(354,500)</u>	<u>(15,763)</u>	<u>338,737</u>
Net change in fund balance	<u>\$ (134,500)</u>	670,070	<u>\$ 804,570</u>
Fund balance - July 1		<u>3,536,644</u>	
Fund balance - June 30		<u>\$ 4,206,714</u>	

City of El Paso de Robles

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

Library Facilities Capital Projects Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Use of money and property	\$ 40,000	\$ (48,050)	\$ (88,050)
Charges for current services	<u>35,000</u>	<u>267,844</u>	<u>232,844</u>
Total revenues	<u>75,000</u>	<u>219,794</u>	<u>144,794</u>
Net change in fund balance	<u>\$ 75,000</u>	219,794	<u>\$ 144,794</u>
Fund balance - July 1		<u>1,595,051</u>	
Fund balance - June 30		<u>\$ 1,814,845</u>	

City of El Paso de Robles

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

Airport Road PSR Capital Projects Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Use of money and property	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund deficit - July 1		<u>(153,222)</u>	
Fund deficit - June 30		<u>\$ (153,222)</u>	

City of El Paso de Robles

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

Measure D G.O. Bond Debt Service Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 2,500,000	\$ 2,448,323	\$ (51,677)
Use of money and property	-	(67,688)	(67,688)
Total revenues	<u>2,500,000</u>	<u>2,380,635</u>	<u>(119,365)</u>
EXPENDITURES			
Current:			
General government	-	2,250	2,250
Debt service:			
Interest	827,100	827,141	41
Principal	1,425,900	1,425,859	(41)
Agent fees	1,200	1,902	702
Total expenditures	<u>2,254,200</u>	<u>2,257,152</u>	<u>2,952</u>
Net change in fund balance	<u>\$ 245,800</u>	123,483	<u>\$ (122,317)</u>
Fund balance - July 1		<u>1,878,571</u>	
Fund balance - June 30		<u>\$ 2,002,054</u>	

City of El Paso de Robles

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

1993 Public Facilities Debt Service Fund

For the Fiscal Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Debt service:			
Interest	\$ 7,600	\$ 7,587	\$ (13)
Principal	278,000	277,939	(61)
Agent fees	1,000	-	(1,000)
Total expenditures	<u>286,600</u>	<u>285,526</u>	<u>(1,074)</u>
Deficiency of revenues under expenditures	<u>(286,600)</u>	<u>(285,526)</u>	<u>1,074</u>
OTHER FINANCING SOURCES			
Transfers in	<u>292,500</u>	<u>285,526</u>	<u>(6,974)</u>
Total other financing sources	<u>292,500</u>	<u>285,526</u>	<u>(6,974)</u>
Net change in fund balance	<u>\$ 5,900</u>	-	<u>\$ (5,900)</u>
Fund balance - July 1		<u>-</u>	
Fund balance - June 30		<u>\$ -</u>	

INTERNAL SERVICE FUNDS

An internal service fund is used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government. The City uses Internal Service Funds to allocate fleet maintenance and replacement, information technology maintenance and replacement, and risk management functions. Like Enterprise Funds, Internal Service Funds are generally reported as proprietary funds. Incorporating internal services funds allows for better transparency as to what the total cost of IT, fleet maintenance, and risk management functions are, as well as how much of each fund is contributing towards these services.

Information Technology Internal Service Fund

This fund is used to account for the operation of the City's Information Technology department and maintenance and replacement of information technology equipment.

Fleet and Equipment Internal Service Fund

This fund is used to account for the operation of the City's Fleet Maintenance Department and maintenance and replacement of the City's vehicles and equipment.

Risk Management Internal Services Fund

This fund is used to account for the operation of the City's Risk Management Department.

City of El Paso de Robles

COMBINING STATEMENT OF NET POSITION

Internal Service Funds

June 30, 2022

	Information Technology	Fleet and Equipment	Risk Management	Total
ASSETS				
Current assets:				
Cash and investments	\$ 1,442,219	\$ 5,050,541	\$ 11,287	\$ 6,504,047
Accounts receivable	-	-	59,306	59,306
Interest receivable	3,698	13,086	(821)	15,963
Prepaid items	-	-	545,843	545,843
Total current assets	<u>1,445,917</u>	<u>5,063,627</u>	<u>615,615</u>	<u>7,125,159</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable assets	-	-	-	-
Depreciable assets, net	1,389,549	4,965,879	-	6,355,428
Total noncurrent assets	<u>1,389,549</u>	<u>4,965,879</u>	<u>-</u>	<u>6,355,428</u>
Total assets	<u>2,835,466</u>	<u>10,029,506</u>	<u>615,615</u>	<u>13,480,587</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred other post-employment benefits (OPEB)	6,290	4,141	-	10,431
Deferred pensions	148,842	45,895	-	194,737
Total deferred outflows of resources	<u>155,132</u>	<u>50,036</u>	<u>-</u>	<u>205,168</u>
LIABILITIES				
Current liabilities:				
Accounts payable	81,864	117,220	-	199,084
Accrued payroll expenses	39,201	13,849	-	53,050
Interest payable	-	5,433	-	5,433
Debt due within one year	-	162,098	-	162,098
Total current liabilities	<u>121,065</u>	<u>298,600</u>	<u>-</u>	<u>419,665</u>
Noncurrent liabilities:				
Compensated absences	102,136	32,715	-	134,851
Net OPEB liability	161,976	106,647	-	268,623
Net pension liability	791,570	244,080	-	1,035,650
Debt due after one year	-	191,829	-	191,829
Total noncurrent liabilities	<u>1,055,682</u>	<u>575,271</u>	<u>-</u>	<u>1,630,953</u>
Total liabilities	<u>1,176,747</u>	<u>873,871</u>	<u>-</u>	<u>2,050,618</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred OPEB	24,353	16,034	-	40,387
Deferred pensions	297,298	91,672	-	388,970
Total deferred inflows of resources	<u>321,651</u>	<u>107,706</u>	<u>-</u>	<u>429,357</u>
NET POSITION				
Net investment in capital assets	1,389,549	4,611,952	-	6,001,501
Unrestricted	102,651	4,486,013	615,615	5,204,279
Total net position	<u>\$ 1,492,200</u>	<u>\$ 9,097,965</u>	<u>\$ 615,615</u>	<u>\$ 11,205,780</u>

City of El Paso de Robles

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

Internal Service Funds

For the Fiscal Year Ended June 30, 2022

	Information Technology	Fleet and Equipment	Risk Management	Total
OPERATING REVENUES				
Charges for current services	\$ 1,881,199	\$ 3,034,633	\$ 1,855,001	\$ 6,770,833
Other revenues	1,835	-	59,644	61,479
Total operating revenues	<u>1,883,034</u>	<u>3,034,633</u>	<u>1,914,645</u>	<u>6,832,312</u>
OPERATING EXPENSES				
Salaries and benefits	2,029,493	744,839	-	2,774,332
Maintenance and operations	853,065	720,650	1,879,600	3,453,315
Total operating expenses	<u>2,882,558</u>	<u>1,465,489</u>	<u>1,879,600</u>	<u>6,227,647</u>
Operating income (loss)	<u>(999,524)</u>	<u>1,569,144</u>	<u>35,045</u>	<u>604,665</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income (loss)	(35,029)	(127,746)	(3,670)	(166,445)
Gain/(loss) on disposal of capital asset	-	140,436	-	140,436
Interest expense	-	(10,407)	-	(10,407)
Total nonoperating revenues (expenses)	<u>(35,029)</u>	<u>2,283</u>	<u>(3,670)</u>	<u>(36,416)</u>
Income (loss) before capital grants and contributions and transfers	(1,034,553)	1,571,427	31,375	568,249
Capital grants and contributions	1,035,409	2,698,838	-	3,734,247
Transfers in	<u>1,491,344</u>	<u>4,827,700</u>	<u>584,240</u>	<u>6,903,284</u>
Change in net position	1,492,200	9,097,965	615,615	11,205,780
Net position - July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position - June 30	<u>\$ 1,492,200</u>	<u>\$ 9,097,965</u>	<u>\$ 615,615</u>	<u>\$ 11,205,780</u>

City of El Paso de Robles

COMBINING STATEMENT OF CASH FLOWS

Internal Service Funds

For the Fiscal Year Ended June 30, 2022

	Information Technology	Fleet and Equipment	Risk Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and other agencies	\$ 1,883,034	\$ 3,034,633	\$ 1,855,339	\$ 6,773,006
Payments to employees	(768,091)	(289,878)	-	(1,057,969)
Payments to suppliers	(771,201)	(603,430)	(1,841,203)	(3,215,834)
Net cash provided by operating activities	<u>343,742</u>	<u>2,141,325</u>	<u>14,136</u>	<u>2,499,203</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers in from other funds	1,163,723	3,849,032	-	5,012,755
Purchase of capital assets	(26,519)	(768,794)	-	(795,313)
Debt payments made	-	(157,951)	-	(157,951)
Interest payments made	-	(12,675)	-	(12,675)
Proceeds from sale of capital assets	-	140,436	-	140,436
Net cash provided by capital and related financing activities	<u>1,137,204</u>	<u>3,050,048</u>	<u>-</u>	<u>4,187,252</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net investment income received	(38,727)	(140,832)	(2,849)	(182,408)
Net cash used by investing activities	<u>(38,727)</u>	<u>(140,832)</u>	<u>(2,849)</u>	<u>(182,408)</u>
Net increase in cash and cash equivalents	1,442,219	5,050,541	11,287	6,504,047
Cash and cash equivalents - beginning of fiscal year	-	-	-	-
Cash and cash equivalents - end of fiscal year	<u>\$ 1,442,219</u>	<u>\$ 5,050,541</u>	<u>\$ 11,287</u>	<u>\$ 6,504,047</u>

City of El Paso de Robles

COMBINING STATEMENT OF CASH FLOWS (continued)

Internal Service Funds

For the Fiscal Year Ended June 30, 2022

	Information Technology	Fleet and Equipment	Risk Management	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (999,524)	\$ 1,569,144	\$ 35,045	\$ 604,665
Adjustments to reconcile operating activities:				
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
Accounts receivable	-	-	(59,306)	(59,306)
Prepaid items	-	-	38,397	38,397
Deferred outflows of resources for pensions	(148,842)	(45,895)	-	(194,737)
Deferred outflows of resources for OPEB	(6,290)	(4,141)	-	(10,431)
Accounts payable	81,864	117,220	-	199,084
Accrued payroll expenses	39,201	13,849	-	53,050
Compensated absences	102,136	32,715	-	134,851
Net OPEB liability	161,976	106,647	-	268,623
Net pension liability	791,570	244,080	-	1,035,650
Deferred inflows of resources for pensions	297,298	91,672	-	388,970
Deferred inflows of resources for OPEB	24,353	16,034	-	40,387
Net cash provided by operating activities	<u>\$ 343,742</u>	<u>\$ 2,141,325</u>	<u>\$ 14,136</u>	<u>\$ 2,499,203</u>
Non-cash activity:				
Transfer capital assets to internal service funds	\$ 1,363,029	\$ 4,197,082	\$ -	\$ 5,560,111
Transfer capital lease payable to internal service funds	-	(518,874)	-	(518,874)
Transfer prepaid items to internal service funds	-	-	584,240	584,240



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CUSTODIAL FUNDS

Custodial Funds are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. These funds are used to account for assets held by the City for individuals, private organizations, other governmental units, and/or other funds, and therefore, they cannot be used to support the government's own programs.

War Memorial Hospital Scholarship Fund

This fund accounts for funds to provide scholarships to graduated local high school students who undertake courses in the medical field, scholarships are awarded by the Paso Robles Joint Unified School District.

Business Improvement Area Fund

This fund was established to account for funds collected for the Business Improvement Area to be used by the Downtown Mainstreet Association to provide various improvements in the downtown core.

Groundwater Sustainability Agency Fund

This fund accounts for funds received and expended by the Groundwater Sustainability Agency.

City of El Paso de Robles

COMBINING STATEMENT OF FIDUCIARY NET POSITION

Custodial Funds

June 30, 2022

	War Memorial Hospital Scholarship	Business Improvement Area	Groundwater Sustainability Agency	Total
ASSETS				
Cash and cash equivalents	\$ 107,452	\$ 14,238	\$ -	\$ 121,690
Interest receivable	299	-	-	299
Total assets	<u>107,751</u>	<u>14,238</u>	<u>-</u>	<u>121,989</u>
LIABILITIES				
Due to other agencies	107,751	14,238	-	121,989
Total liabilities	<u>107,751</u>	<u>14,238</u>	<u>-</u>	<u>121,989</u>
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	-	-	-	-
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of El Paso de Robles

COMBINING CHANGES IN FIDUCIARY NET POSITION

Custodial Funds

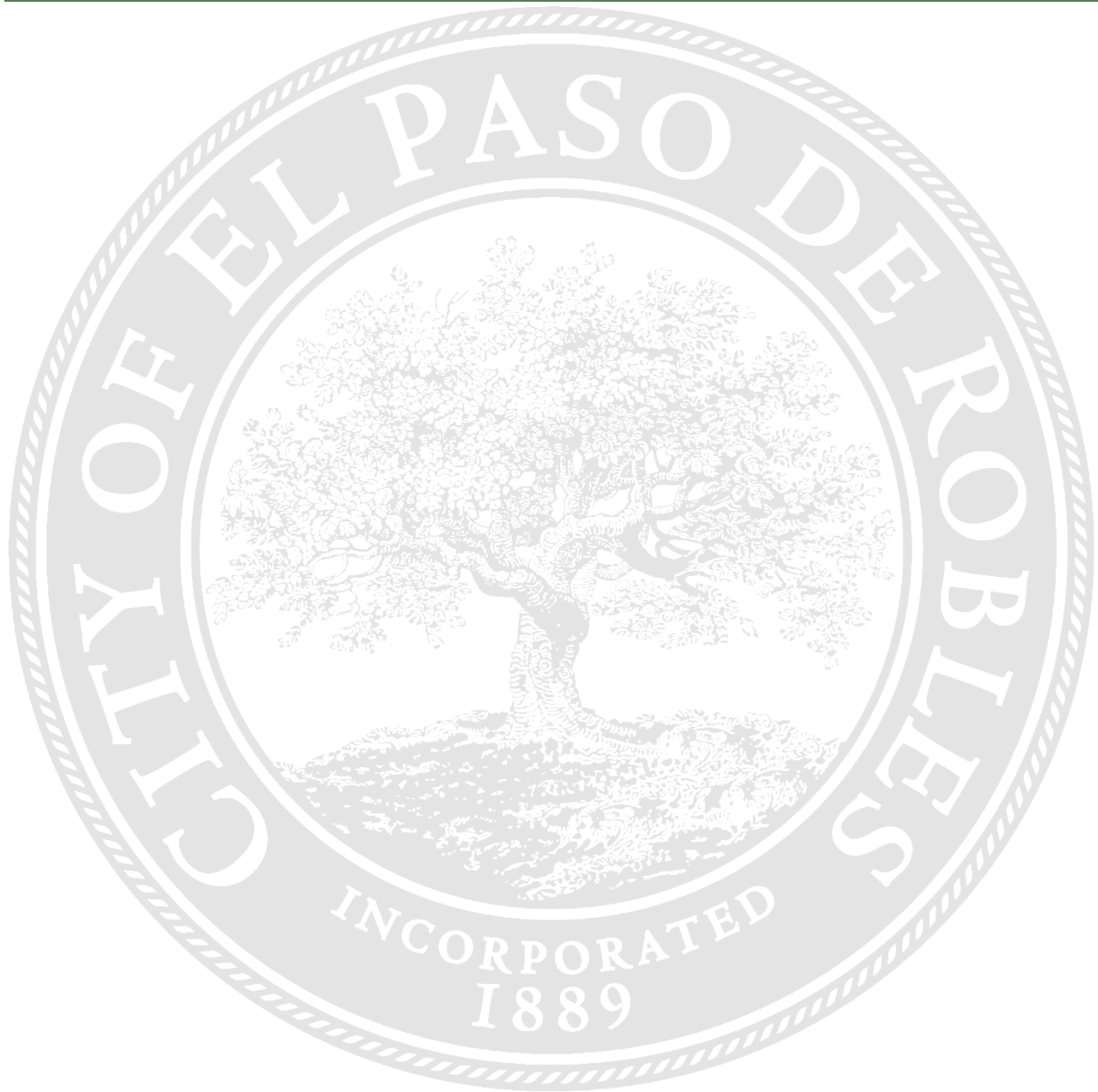
For the Fiscal Year Ended June 30, 2022

	War Memorial Hospital Scholarship	Business Improvement Area	Groundwater Sustainability Agency	Total
ADDITIONS				
Use of money and property	\$ (3,052)	\$ -	\$ -	\$ (3,052)
Grant revenue	-	-	141,590	141,590
Custodial fund contributions	-	19,570	80,666	100,236
Total additions	<u>(3,052)</u>	<u>19,570</u>	<u>222,256</u>	<u>238,774</u>
DELETIONS				
Administration	-	-	80,666	80,666
Beneficiary payments	(3,052)	19,570	141,590	158,108
Total deletions	<u>(3,052)</u>	<u>19,570</u>	<u>222,256</u>	<u>238,774</u>
Change in net position	-	-	-	-
Net position - July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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Statistical Section







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City of El Paso de Robles

NET POSITION BY COMPONENT

Last Ten Fiscal Years

	2012-13	2013-14	2014-15	2015-16
Governmental Activities				
Net investment in capital assets	\$ 141,608,211	\$ 148,396,118	\$ 155,232,979	\$ 158,677,706
Restricted	40,503,151	42,481,062	35,972,834	36,178,938
Unrestricted	(2,857,243)	722,061	(9,272,248)	(680,702)
Total governmental activities net position	<u>\$ 179,254,119</u>	<u>\$ 191,599,241</u>	<u>\$ 181,933,565</u>	<u>\$ 194,175,942</u>
Business-Type Activities				
Net investment in capital assets	\$ 72,619,932	\$ 67,537,766	\$ 75,041,798	\$ 75,463,778
Restricted	-	-	-	-
Unrestricted	25,692,907	28,421,174	18,805,916	18,211,973
Total business-type activities net position	<u>\$ 98,312,839</u>	<u>\$ 95,958,940</u>	<u>\$ 93,847,714</u>	<u>\$ 93,675,751</u>
Primary Government				
Net investment in capital assets	\$ 214,228,143	\$ 215,933,884	\$ 230,274,777	\$ 234,141,484
Restricted	40,503,151	42,481,062	35,972,834	36,178,938
Unrestricted	22,835,664	29,143,235	9,533,668	17,531,271
Total primary government	<u>\$ 277,566,958</u>	<u>\$ 287,558,181</u>	<u>\$ 275,781,279</u>	<u>\$ 287,851,693</u>

2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
\$ 164,498,515	\$ 165,217,272	\$ 170,523,910	\$ 176,101,123	\$ 190,141,957	\$ 200,336,981
37,112,951	13,360,698	22,417,524	21,351,434	30,096,396	30,895,914
4,551,023	21,387,579	15,201,334	16,237,074	5,477,801	32,476,707
<u>\$ 206,162,489</u>	<u>\$ 199,965,549</u>	<u>\$ 208,142,768</u>	<u>\$ 213,689,631</u>	<u>\$ 225,716,154</u>	<u>\$ 263,709,602</u>
\$ 77,831,910	\$ 80,955,731	\$ 71,858,414	\$ 71,858,414	\$ 87,809,962	\$ 87,509,379
9,394,686	9,790,196	9,526,934	9,526,934	8,522,563	3,152,473
8,093,552	2,452,843	10,549,846	10,549,846	1,951,785	14,827,689
<u>\$ 95,320,148</u>	<u>\$ 93,198,770</u>	<u>\$ 91,935,194</u>	<u>\$ 91,935,194</u>	<u>\$ 98,284,310</u>	<u>\$ 105,489,541</u>
\$ 242,330,425	\$ 246,173,003	\$ 242,382,324	\$ 247,959,537	\$ 277,951,919	\$ 287,846,360
46,507,637	23,150,894	31,944,458	30,878,368	38,618,959	34,048,387
12,644,575	23,840,422	25,751,180	26,786,920	7,429,586	47,304,396
<u>\$ 301,482,637</u>	<u>\$ 293,164,319</u>	<u>\$ 300,077,962</u>	<u>\$ 305,624,825</u>	<u>\$ 324,000,464</u>	<u>\$ 369,199,143</u>

City of El Paso de Robles

CHANGES IN NET POSITION

Last Ten Fiscal Years

	2012-13	2013-14	2014-15	2015-16
PRIMARY GOVERNMENT EXPENSES				
Governmental activities:				
General government	\$ 2,488,091	\$ 2,643,764	\$ 3,871,197	\$ 5,633,775
Public safety	14,212,732	15,038,106	13,726,955	14,314,322
Public works	9,976,319	9,910,021	10,961,768	11,566,256
Highways and streets	-	-	-	-
Sanitation	-	-	-	-
Health and welfare	-	-	-	-
Library and recreation services	3,739,742	3,834,022	2,382,435	2,479,480
Culture-recreation	-	-	-	-
Community services	-	-	-	-
Community development	1,368,899	1,527,348	2,415,910	2,242,176
Economic development and assistance	-	-	-	-
Interest on long-term debt	1,949,435	1,677,735	2,613,862	1,646,147
Intergovernmental	-	-	-	-
Total governmental activities expenses	<u>33,735,218</u>	<u>34,630,996</u>	<u>35,972,127</u>	<u>37,882,156</u>
Business-type activities:				
Water operations	11,032,299	12,086,679	7,557,436	11,926,648
Wastewater operations	6,003,605	8,182,490	7,572,147	8,245,447
Airport operations	726,620	775,646	806,321	806,362
Transit operations	1,105,222	2,160,411	13,134	14,082
Parking operations	-	-	-	-
Total business-type activities	<u>18,867,746</u>	<u>23,205,226</u>	<u>15,949,038</u>	<u>20,992,539</u>
Total primary government expenses	<u>\$ 52,602,964</u>	<u>\$ 57,836,222</u>	<u>\$ 51,921,165</u>	<u>\$ 58,874,695</u>
PRIMARY GOVERNMENT PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 146,967	\$ 210,956	\$ 312,563	\$ 501,011
Public safety	340,212	332,114	310,790	341,437
Public works	2,081,518	1,195,531	1,167,920	1,469,761
Highways and streets	-	-	-	-
Library and recreation services	358,650	396,477	393,824	451,606
Culture-recreation	-	-	-	-
Community services	-	-	-	-
Community development	1,018,111	201,463	149,905	293,142
Economic development and assistance	-	-	-	-
Operating grants and contributions	2,521,901	4,470,294	2,926,438	3,284,350
Capital grants and contributions	3,580,891	5,917,206	1,814,700	3,675
Total governmental activities program revenues	<u>10,048,250</u>	<u>12,724,041</u>	<u>7,076,140</u>	<u>6,344,982</u>
Business-type activities:				
Charges for services:				
Water operations	7,926,477	9,594,889	9,413,872	8,770,194
Wastewater operations	6,054,546	6,667,391	7,554,595	8,530,227
Airport operations	82,846	588,537	613,523	698,523
Transit operations	174,005	177,779	-	-
Parking operations	-	-	-	-
Operating grants and contributions	-	1,657,509	1,881,513	347,283

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
\$	5,397,984	\$ 4,775,437	\$ 5,784,275	\$ 7,127,551	\$ 8,760,152	\$ 4,255,252
	14,706,318	16,999,236	17,474,064	19,350,278	21,295,400	18,873,101
	7,488,142	8,948,531	8,031,210	8,458,603	-	-
	-	-	-	-	8,360,549	9,437,822
	-	-	-	-	469,600	486,619
	-	-	-	-	174,247	21,118
	-	-	-	-	-	-
	-	-	-	-	7,495,360	8,944,983
	7,890,550	8,158,759	9,381,723	9,127,658	-	-
	3,149,976	3,100,227	3,464,646	3,997,039	-	-
	-	-	-	-	244,485	632,370
	1,423,147	1,256,079	1,454,855	1,025,335	722,692	728,305
	-	-	-	-	138,763	-
	<u>40,056,117</u>	<u>43,238,269</u>	<u>45,590,773</u>	<u>49,086,464</u>	<u>47,661,248</u>	<u>43,379,570</u>
	11,655,073	14,104,846	14,974,560	13,263,669	14,872,130	13,916,471
	7,769,493	10,295,996	10,094,911	9,931,389	9,644,890	10,051,515
	645,795	1,136,258	921,562	962,924	1,139,219	1,384,856
	16,080	38,022	33,136	33,136	33,136	33,136
	-	-	115,946	525,625	314,373	481,163
	<u>20,086,441</u>	<u>25,575,122</u>	<u>26,140,115</u>	<u>24,716,743</u>	<u>26,003,748</u>	<u>25,867,141</u>
\$	<u>60,142,558</u>	<u>\$ 68,813,391</u>	<u>\$ 71,730,888</u>	<u>\$ 73,803,207</u>	<u>\$ 73,664,996</u>	<u>\$ 69,246,711</u>
\$	745,517	\$ 468,888	\$ 764,611	\$ 542,318	\$ 1,091,835	\$ 1,300,883
	1,079,294	1,123,683	1,123,335	1,089,338	2,301,599	2,804,134
	3,009,284	1,062,987	1,990,874	291,312	-	-
	-	-	-	-	855,280	1,335,911
	-	-	-	-	-	-
	-	-	-	-	2,111,646	3,250,250
	1,159,914	584,777	729,478	293,677	-	-
	1,211,108	881,984	1,188,949	1,397,003	-	-
	-	-	-	-	-	7,884
	683,988	862,329	2,676,055	4,181,472	2,907,433	2,384,482
	1,934,046	1,436,669	1,531,307	2,274,289	778,919	7,046,952
	<u>9,823,151</u>	<u>6,421,317</u>	<u>10,004,609</u>	<u>10,069,409</u>	<u>10,046,712</u>	<u>18,130,496</u>
	11,890,095	13,925,852	14,422,756	15,374,288	17,048,741	17,616,104
	10,785,883	9,646,029	10,028,654	9,650,927	9,667,716	12,269,500
	833,242	728,473	774,954	793,374	938,252	912,473
	-	-	-	-	-	-
	-	-	5,430	50,197	95,890	408,640
	215,201	252,609	385,686	564,753	839,916	1,441,502

Continued

City of El Paso de Robles

CHANGES IN NET POSITION (continued)

Last Ten Fiscal Years

	2012-13	2013-14	2014-15	2015-16
PRIMARY GOVERNMENT PROGRAM REVENUES - continued				
Business-type activities - continued:				
Capital grants and contributions	\$ 3,950,751	\$ 1,887,072	\$ 1,873,174	\$ 2,626,726
Total business-type activities program revenues	18,188,625	20,573,177	21,336,677	20,972,953
Total primary government program revenues	<u>\$ 28,236,875</u>	<u>\$ 33,297,218</u>	<u>\$ 28,412,817</u>	<u>\$ 27,317,935</u>
Net revenue (expense)				
Governmental activities	\$ (23,686,968)	\$ (21,906,955)	\$ (28,895,987)	\$ (31,537,174)
Business-type activities	(679,121)	(2,632,049)	5,387,639	(19,586)
Total primary government net expense	<u>\$ (24,366,089)</u>	<u>\$ (24,539,004)</u>	<u>\$ (23,508,348)</u>	<u>\$ (31,556,760)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Property taxes	\$ 14,376,085	\$ 14,816,038	\$ 14,179,631	\$ 13,478,558
Sales and use taxes	8,558,016	12,659,400	13,130,906	14,416,282
Transient occupancy taxes	3,550,009	3,983,191	4,249,068	4,740,344
Other taxes	504,544	739,553	2,067,684	3,259,467
From other agencies	69,527	70,923	248,787	141,414
Licenses and permits	1,019,087	952,686	1,022,893	1,322,970
Use of money and property	(72,650)	953,747	3,775,572	2,621,958
Other revenues	1,547,740	1,555,494	2,582,644	4,184,392
Transfers	776,700	257,800	195,024	936,278
Total governmental activities	<u>30,329,058</u>	<u>35,988,832</u>	<u>41,452,209</u>	<u>45,101,663</u>
Business-type activities:				
Property taxes	46,284	1,549	1,441	544
From other agencies	-	-	-	330,511
Use of money and property	447,930	534,246	1,096,015	452,846
Other revenues	-	-	-	-
Transfers	(776,700)	(257,800)	(195,024)	(936,278)
Total business-type activities	<u>(282,486)</u>	<u>277,995</u>	<u>902,432</u>	<u>(152,377)</u>
Total primary government general revenues and other changes in net position	<u>\$ 30,046,572</u>	<u>\$ 36,266,827</u>	<u>\$ 42,354,641</u>	<u>\$ 44,949,286</u>
CHANGE IN NET POSITION				
Governmental activities	\$ 6,642,090	\$ 14,081,877	\$ 12,556,222	\$ 13,564,489
Business-type activities	(961,607)	(2,354,054)	6,290,071	(171,963)
Total primary government	<u>\$ 5,680,483</u>	<u>\$ 11,727,823</u>	<u>\$ 18,846,293</u>	<u>\$ 13,392,526</u>

2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
\$ 538,688	\$ 1,517,668	\$ 119,973	\$ 4,056,160	\$ 39,518	\$ 1,584,698
24,263,109	26,070,631	25,737,453	30,489,699	28,630,033	34,232,917
<u>\$ 34,086,260</u>	<u>\$ 32,491,948</u>	<u>\$ 35,742,062</u>	<u>\$ 40,559,108</u>	<u>\$ 38,676,745</u>	<u>\$ 52,363,413</u>
\$ (30,232,966)	\$ (36,816,952)	\$ (35,586,164)	\$ (39,017,055)	\$ (37,614,536)	\$ (25,249,074)
4,176,668	495,509	(402,662)	5,772,956	2,626,285	8,365,776
<u>\$ (26,056,298)</u>	<u>\$ (36,321,443)</u>	<u>\$ (35,988,826)</u>	<u>\$ (33,244,099)</u>	<u>\$ (34,988,251)</u>	<u>\$ (16,883,298)</u>
\$ 13,771,455	\$ 14,616,915	\$ 13,548,133	\$ 14,247,879	\$ 14,012,627	\$ 14,765,732
14,499,567	15,393,096	15,918,181	15,114,426	20,948,802	33,540,805
5,417,254	5,619,769	6,248,573	5,110,558	7,132,691	9,803,368
4,494,011	4,518,023	4,653,114	4,589,221	4,928,368	5,125,133
-	-	-	-	-	-
-	-	-	-	-	-
483,455	396,343	3,068,936	3,622,862	878,321	(1,241,190)
1,065,848	262,935	680,588	579,318	210,487	408,299
1,144,479	1,332,870	1,673,574	1,299,654	1,529,763	840,375
<u>40,876,069</u>	<u>42,139,951</u>	<u>45,791,099</u>	<u>44,563,918</u>	<u>49,641,059</u>	<u>63,242,522</u>
53,749	61,526	64,571	65,132	61,505	70,482
-	-	-	-	-	-
46,082	(92,178)	715,384	660,700	(50,046)	(415,414)
18,791	13,377	32,705	10,943	31,058	24,762
(1,144,479)	(1,058,488)	(1,673,574)	(1,299,654)	(1,529,763)	(840,375)
<u>(1,025,857)</u>	<u>(1,075,763)</u>	<u>(860,914)</u>	<u>(562,879)</u>	<u>(1,487,246)</u>	<u>(1,160,545)</u>
<u>\$ 39,850,212</u>	<u>\$ 41,064,188</u>	<u>\$ 44,930,185</u>	<u>\$ 44,001,039</u>	<u>\$ 48,153,813</u>	<u>\$ 62,081,977</u>
\$ 10,643,103	\$ 5,322,999	\$ 10,204,935	\$ 5,546,863	\$ 12,026,523	\$ 37,993,448
3,150,811	(580,254)	(1,263,576)	5,210,077	1,139,039	7,205,231
<u>\$ 13,793,914</u>	<u>\$ 4,742,745</u>	<u>\$ 8,941,359</u>	<u>\$ 10,756,940</u>	<u>\$ 13,165,562</u>	<u>\$ 45,198,679</u>

Concluded

City of El Paso de Robles

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
GENERAL FUND				
Nonspendable	\$ 3,004,796	\$ 3,030,154	\$ 3,319,043	\$ 3,018,269
Committed	-	-	-	-
Assigned	601,123	5,347,242	2,992,638	4,934,805
Unassigned	12,811,174	8,985,634	12,435,755	20,173,754
Total general fund	<u>\$ 16,417,093</u>	<u>\$ 17,363,030</u>	<u>\$ 18,747,436</u>	<u>\$ 28,732,132</u>
ALL OTHER GOVERNMENTAL FUNDS				
Restricted	\$ 38,791,270	\$ 43,172,848	\$ 30,517,230	\$ 27,919,739
Committed	-	-	-	-
Assigned	139,979	149,405	148,067	-
Unassigned	(12,047,144)	(10,700,232)	(2,123,938)	(2,193,048)
Total all other governmental funds	<u>\$ 26,884,105</u>	<u>\$ 32,622,021</u>	<u>\$ 28,541,359</u>	<u>\$ 25,726,691</u>

2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
\$ 2,979,382	\$ 4,267,691	\$ 4,962,449	\$ 3,210,275	\$ 3,298,817	\$ 2,751,041
-	13,248,022	-	-	-	-
5,363,864	7,758,170	3,075,786	9,650,317	5,135,554	632,738
21,276,546	11,358,370	16,586,068	17,818,746	23,460,887	27,029,740
<u>\$ 29,619,792</u>	<u>\$ 36,632,253</u>	<u>\$ 24,624,303</u>	<u>\$ 30,679,338</u>	<u>\$ 31,895,258</u>	<u>\$ 30,413,519</u>
\$ 29,510,502	\$ 14,110,859	\$ 30,535,097	\$ 29,426,566	\$ 30,096,396	\$ 30,895,914
-	-	8,757,368	13,970,888	-	-
-	-	2,138,484	934,809	11,525,382	26,199,337
(2,202,969)	(6,067,600)	(1,567,062)	(1,904,461)	147,012	(1,538,139)
<u>\$ 27,307,533</u>	<u>\$ 8,043,259</u>	<u>\$ 39,863,887</u>	<u>\$ 42,427,802</u>	<u>\$ 41,768,790</u>	<u>\$ 55,557,112</u>

City of El Paso de Robles

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	2012-13	2013-14	2014-15	2015-16
REVENUES				
Taxes	\$ 26,988,654	\$ 32,198,182	\$ 33,627,289	\$ 35,894,651
Licenses and permits	1,019,087	952,686	1,022,893	1,322,970
Fines and forfeitures	175,187	202,049	206,714	199,613
Use of money and property	(72,650)	953,747	3,775,572	1,286,290
Intergovernmental revenues	6,172,319	7,731,658	4,989,926	3,240,667
Charges for current services	3,437,199	2,336,541	2,335,003	3,034,954
Other revenues	1,372,553	1,184,120	946,980	1,692,254
Total revenues	<u>39,092,349</u>	<u>45,558,983</u>	<u>46,904,377</u>	<u>46,671,399</u>
EXPENDITURES				
Current:				
General government	1,661,897	2,070,542	5,109,719	3,306,703
Public safety	13,649,360	14,485,009	13,206,909	13,474,420
Public works	5,584,072	5,119,768	6,577,973	6,683,735
Highways and streets	-	-	-	-
Sanitation	-	-	-	-
Health and welfare	-	-	-	-
Library and recreation services	3,322,860	3,432,729	1,980,504	1,995,032
Culture-recreation	-	-	-	-
Community services	-	-	-	-
Community development	1,357,819	1,524,070	2,379,236	2,220,585
Economic development and assistance	-	-	-	-
Capital outlay	8,712,460	9,286,599	12,433,112	11,061,482
Debt service:				
Interest	1,734,611	1,707,598	2,552,381	1,585,657
Principal	1,870,437	1,955,389	2,101,496	2,356,341
Bond issuance costs	-	-	-	-
Agent fees	3,664	1,355	755	4,302
Intergovernmental	-	-	-	-
Total expenditures	<u>37,897,180</u>	<u>39,583,059</u>	<u>46,342,085</u>	<u>42,688,257</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,195,169</u>	<u>5,975,924</u>	<u>562,292</u>	<u>3,983,142</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,319,374	3,126,415	12,881,982	8,821,167
Transfers out	(2,542,674)	(2,868,615)	(12,686,958)	(7,884,889)
Proceeds of general capital asset dispositions	-	-	-	-
Issuances of debt	499,020	137,133	1,704,811	1,935,101
Contribution from/(to) Successor Agency	-	312,996	984,202	315,507
Total other financing sources (uses)	<u>1,275,720</u>	<u>707,929</u>	<u>2,884,037</u>	<u>3,186,886</u>
Net change in fund balances	<u>2,470,889</u>	<u>6,683,853</u>	<u>3,446,329</u>	<u>7,170,028</u>
Fund balances - July 1	\$ 40,830,309	\$ 43,301,198	\$ 49,985,051	\$ 47,288,795
Prior period adjustment	-	-	(6,142,585)	-
Fund balances - June 30	<u>\$ 43,301,198</u>	<u>\$ 49,985,051</u>	<u>\$ 47,288,795</u>	<u>\$ 54,458,823</u>
Debt service as a percentage of non-capital expenditures	<u>12.35%</u>	<u>12.09%</u>	<u>13.72%</u>	<u>12.46%</u>

2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
\$ 38,178,013	\$ 40,147,803	\$ 40,368,001	\$ 39,062,084	\$ 47,022,488	\$ 63,235,038
819,308	564,337	563,948	648,309	561,801	786,474
179,672	177,138	131,892	106,595	134,811	97,187
422,948	365,053	2,969,510	3,472,355	725,318	(1,228,424)
2,291,741	2,023,313	2,516,651	4,673,079	3,686,352	3,248,448
6,310,411	2,790,306	5,625,843	4,741,426	5,825,230	7,947,112
1,155,848	262,935	683,400	579,318	210,487	346,820
<u>49,357,941</u>	<u>46,330,885</u>	<u>52,859,245</u>	<u>53,283,166</u>	<u>58,166,487</u>	<u>74,432,655</u>
5,124,207	3,959,465	6,649,678	5,883,567	9,249,253	11,502,346
15,829,754	14,536,296	16,634,327	16,119,175	18,744,982	20,392,515
2,639,375	3,225,024	2,100,697	1,718,555	-	-
-	-	-	-	2,687,268	3,249,620
-	-	-	-	309,561	437,239
-	-	-	-	174,247	17,359
-	-	-	-	-	-
-	-	-	-	6,302,906	7,377,255
7,290,008	7,360,489	8,286,830	7,612,302	-	-
3,082,615	3,065,976	3,396,257	3,627,041	-	-
-	-	-	-	223,818	591,765
8,285,208	7,206,662	8,316,414	11,430,869	20,825,742	11,039,500
1,415,934	1,295,230	1,456,073	1,017,744	974,105	915,111
4,683,266	2,406,070	19,738,749	2,683,538	1,999,853	1,844,839
-	-	144,874	-	-	-
1,820	3,631	1,655	2,060	1,815	-
-	-	-	-	138,763	1,902
<u>48,352,187</u>	<u>43,058,843</u>	<u>66,725,554</u>	<u>50,094,851</u>	<u>61,632,313</u>	<u>57,369,451</u>
1,005,754	3,272,042	(13,866,309)	3,188,315	(3,465,826)	17,063,204
2,410,797	7,969,427	20,332,023	10,846,287	21,979,343	15,051,559
(1,263,557)	(6,910,939)	(18,658,449)	(9,546,633)	(20,449,580)	(19,808,180)
-	-	1,925,855	120,478	2,492,971	-
-	2,354,218	14,940,639	-	-	-
315,508	275,685	-	(205,504)	-	-
<u>1,462,748</u>	<u>3,688,391</u>	<u>18,540,068</u>	<u>1,214,628</u>	<u>4,022,734</u>	<u>(4,756,621)</u>
2,468,502	6,960,433	4,673,759	4,402,943	556,908	12,306,583
\$ 54,458,823	\$ 56,927,325	\$ 64,030,438	\$ 68,704,197	\$ 73,107,140	\$ 73,664,048
-	142,680	-	-	-	-
<u>\$ 56,927,325</u>	<u>\$ 64,030,438</u>	<u>\$ 68,704,197</u>	<u>\$ 73,107,140</u>	<u>\$ 73,664,048</u>	<u>\$ 85,970,631</u>
<u>15.22%</u>	<u>10.32%</u>	<u>36.29%</u>	<u>9.57%</u>	<u>7.29%</u>	<u>5.96%</u>



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City of El Paso de Robles

TAX REVENUE BY SOURCE - GENERAL FUND

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Property Taxes¹</u>	<u>Sales & Use Tax²</u>	<u>Transient Occupancy Tax</u>	<u>Franchise Revenues</u>	<u>Business License</u>	<u>All Other Taxes</u>	<u>Total</u>
2012-13	\$ 10,444,561	\$ 6,544,118	\$ 3,550,009	\$ 1,993,223	\$ 448,173	\$ 463,423	\$ 23,443,507
2013-14	10,786,122	10,475,126	3,983,191	2,223,241	486,172	520,127	28,473,979
2014-15	10,732,191	11,212,291	4,249,068	2,541,327	455,078	547,870	29,737,825
2015-16	11,009,178	12,538,443	4,740,344	2,674,453	502,777	585,014	32,050,209
2016-17	9,734,032	14,499,567	5,417,254	3,078,175	502,091	677,749	33,908,868
2017-18	10,457,497	15,393,096	5,619,769	3,373,843	550,122	594,058	35,988,385
2018-19	10,927,284	15,918,181	6,248,573	3,476,769	576,013	600,332	37,747,152
2019-20	11,788,206	15,114,426	5,110,558	3,456,846	507,722	624,653	36,602,411
2020-21	11,723,491	17,868,738	7,132,691	3,728,157	537,074	663,137	41,653,288
2021-22	12,317,409	20,398,804	9,803,368	3,722,574	554,943	847,616	47,644,714

Notes:

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

2 - The growth in sales tax revenues is attributable to growth in retail sales as well as the 1/2 cent sales tax initiative approved by voters in 2012. Sales tax generated from Measure J-20 one cent sales tax is accounted for in a stand alone fund and is not part of the activity above.

City of El Paso de Robles

ASSESSED VALUE OF TAXABLE PROPERTY¹

Last Ten Fiscal Years

Category	2012-13	2013-14	2014-15	2015-16
Residential	\$ 2,328,859,885	\$ 2,467,046,044	\$ 2,683,554,929	\$ 2,818,066,533
Commercial	643,327,901	611,733,520	701,807,742	737,169,745
Industrial	169,523,785	165,723,780	168,073,030	176,171,430
Dry Farm	18,049,001	15,935,464	20,038,012	21,212,316
Government Owned	1,535	522,750	-	164,006
Institutional	2,483,099	1,940,989	1,942,089	1,969,504
Irrigated	11,296,847	12,189,931	10,982,772	10,769,227
Miscellaneous	7,065,358	5,206,590	5,234,226	5,354,379
Recreational	31,563,138	27,874,363	34,712,216	44,846,704
Vacant	126,769,697	162,563,124	139,716,912	161,534,728
SBE Nonunitary	162,043	162,043	162,043	162,043
Unsecured	181,951,535	198,819,937	210,454,029	215,545,627
Exempt	(34,604,333)	(32,421,718)	(1,673,427)	(1,921,860)
Unknown	-	41,861,423	-	-
Total	\$ 3,521,053,824	\$ 3,711,779,958	\$ 3,976,678,040	\$ 4,192,966,242
Total Direct Rate²	0.32398	0.23008	0.22480	0.22162

Notes:

1 - In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

2 - Exempt values are not included in total direct rate.

Data Source:

San Luis Obispo County Assessor Combined Tax Rolls

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
\$	2,978,363,819	\$ 3,151,469,801	\$ 3,324,175,748	\$ 3,529,219,031	\$ 3,692,309,077	\$ 3,813,052,237
	774,054,769	848,668,308	942,828,626	675,241,513	713,832,621	1,010,624,089
	188,201,454	194,185,968	225,071,006	244,672,504	266,365,168	272,676,203
	26,033,859	28,610,732	8,821,779	17,357,137	17,614,048	5,219,603
	-	-	554,977	1,980,641	2,020,253	2,041,180
	1,966,745	2,501,775	2,201,041	5,057,410	4,174,945	7,629,776
	10,554,633	10,736,555	11,997,805	12,237,742	12,744,994	12,907,255
	6,607,050	8,589,969	9,917,588	7,568,989	8,189,258	10,580,981
	42,568,667	49,115,737	47,571,173	34,175,060	38,709,333	58,387,095
	172,579,985	169,648,990	151,993,493	409,747,446	398,294,394	257,810,894
	162,043	155,000	155,000	155,000	555,000	555,000
	224,084,154	209,853,159	234,626,655	243,605,442	247,137,563	248,923,911
	-	-	-	-	-	-
	-	-	-	66,104,168	90,974,281	-
<u>\$</u>	<u>4,425,177,178</u>	<u>\$ 4,673,535,994</u>	<u>\$ 4,959,914,891</u>	<u>\$ 5,247,122,083</u>	<u>\$ 5,492,920,935</u>	<u>\$ 5,700,408,224</u>
	<u>0.20800</u>	<u>0.20737</u>	<u>0.20434</u>	<u>0.19719</u>	<u>0.19131</u>	<u>0.19311</u>

City of El Paso de Robles

NET TAXABLE ASSESSED VALUE HISTORY

Last Ten Fiscal Years

Fiscal Year	Secured	Unsecured	SBE Nonunitary	Net Total Assessed Value	% Change
2012-13	\$ 3,338,940,246	\$ 181,951,535	\$ 162,043	\$ 3,521,053,824	-
2013-14	3,512,797,978	198,819,937	162,043	3,711,779,958	5.42%
2014-15	3,766,061,968	210,454,029	162,043	3,976,678,040	7.14%
2015-16	3,977,258,572	215,545,627	162,043	4,192,966,242	5.44%
2016-17	4,200,930,981	224,084,154	162,043	4,425,177,178	5.54%
2017-18	4,463,527,835	209,853,159	155,000	4,673,535,994	5.61%
2018-19	4,725,133,236	234,626,655	155,000	4,959,914,891	6.13%
2019-20	5,003,361,641	243,605,442	155,000	5,247,122,083	5.79%
2020-21	5,245,228,372	247,137,563	555,000	5,492,920,935	4.68%
2021-22	5,450,929,313	248,923,911	555,000	5,700,408,224	3.78%
				Average % Change	6.19%

Data Source:
San Luis Obispo County Assessor - Combined Tax Rolls

City of El Paso de Robles

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Rate per \$100 of Taxable Value

Last Ten Fiscal Years

Fiscal Year	San Luis Obispo County Tax Rate ¹	General Obligation Debt Service	Cuesta Community College	Paso Robles Joint Unified School District	State Water Board	Templeton Unified School District	Total Direct and Overlapping Tax Rates ²
2012-13	1.00000%	0.06960%	0.00000%	0.01190%	0.00400%	0.00000%	1.08550%
2013-14	1.00000%	0.06960%	0.00000%	0.01190%	0.00400%	0.00000%	1.08550%
2014-15	1.00000%	0.06630%	0.00000%	0.01190%	0.00400%	0.05800%	1.14020%
2015-16	1.00000%	0.06430%	0.01925%	0.01190%	0.00374%	0.05800%	1.15719%
2016-17	1.00000%	0.05160%	0.01925%	0.01190%	0.00400%	0.05800%	1.14475%
2017-18	1.00000%	0.05160%	0.01925%	0.01190%	0.00400%	0.05800%	1.14475%
2018-19	1.00000%	0.04940%	0.01925%	0.06043%	0.00400%	0.05800%	1.19108%
2019-20	1.00000%	0.04250%	0.01925%	0.06043%	0.00400%	0.05800%	1.18418%
2020-21	1.00000%	0.03630%	0.01925%	0.06043%	0.00400%	0.05800%	1.17798%
2021-22	1.00000%	0.04010%	0.01925%	0.06043%	0.00400%	0.05800%	1.18178%

Notes:

1 - In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. The 1.00% is shared by all taxing agencies within which the subject property resides. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

2 - Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

Data Source:

San Luis Obispo County Assessor Tax Rate Table

City of El Paso de Robles

PRINCIPAL PROPERTY TAXPAYERS

Current Fiscal Year and Nine Fiscal Years Ago

Taxpayer	Type of Business	Fiscal Year 2021-22		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Firestone Walker LLC	Commercial	\$ 93,095,663	1	1.63%
Justin Vineyards and Winery LLC	Commercial	62,896,305	2	1.10%
Paso Robles Multifamily LLC	Residential	40,154,376	3	0.70%
Paso Golden Hill LLC	Commercial	33,502,033	4	0.59%
Ayres - Paso Robles LP	Commercial	32,591,394	5	0.57%
Sun Paso Robles RV LLC	Vacant	30,106,662	6	0.53%
Donahue Schriber Realty Group LP	Commercial	28,743,899	7	0.50%
Vina Robles Inc	Commercial	25,771,911	8	0.45%
Arciero and Sons Inc	Commercial	24,584,045	9	0.43%
Rochelle M Muzzin Trust	Commercial	24,517,252	10	0.43%
DS Paso Crossing LLC	Vacant	-	-	-
Dry Creek Apartments LP	Residential	-	-	-
Rollie Gates Investment Properties LLC	Industrial	-	-	-
Pacific Coast Hotel Properties LLC	Commercial	-	-	-
Tri-W Enterprises, Inc	Commercial	-	-	-
Paso Robles Investments LLC	Commercial	-	-	-
John Stephenson Trust	Industrial	-	-	-
Brendon Twigden LLC	Industrial	-	-	-
Totals		<u>\$ 395,963,540</u>		<u>6.93%</u>

Data Source:

San Luis Obispo County Assessor Combined Tax Rolls and SBE Nonunitary Tax Roll

Fiscal Year 2012-13

Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
\$ 12,106,516.00	10	0.34%
-	-	-
-	-	-
27,038,130	2	0.77%
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
36,000,000	1	1.02%
20,803,953	3	0.59%
16,046,993	4	0.46%
14,109,459	5	0.40%
13,176,196	6	0.37%
13,109,675	7	0.37%
13,000,185	8	0.37%
12,700,000	9	0.36%
<u>\$ 178,091,107</u>		<u>5.05%</u>



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City of El Paso de Robles

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year	Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Year	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012-13	\$ 5,199,515	\$ 5,199,515	100.00%	\$ -	\$ 5,199,515	100.00%
2013-14	5,220,053	5,220,053	100.00%	-	5,220,053	100.00%
2014-15	6,159,163	6,159,163	100.00%	-	6,159,163	100.00%
2015-16	6,220,706	6,220,706	100.00%	-	6,220,706	100.00%
2016-17	6,687,239	6,687,239	100.00%	-	6,687,239	100.00%
2017-18	7,187,246	7,187,246	100.00%	-	7,187,246	100.00%
2018-19	7,461,972	7,461,972	100.00%	-	7,461,972	100.00%
2019-20	8,129,560	8,129,560	100.00%	-	8,129,560	100.00%
2020-21	8,001,494	8,001,494	100.00%	-	8,001,494	100.00%
2021-22	8,362,181	8,362,181	100.00%	-	8,362,181	100.00%

Note:

The City has elected the Teeter Plan method of property tax collection, whereby the County remits 100% of taxes levied and pursues collection and retains any delinquent taxes and related penalties and interest.

Data Source:

San Luis Obispo County Auditor-Controller

City of El Paso de Robles

TAXABLE SALES BY CATEGORY - ADJUSTED FOR ECONOMIC DATA

In Thousands of Dollars

Last Ten Calendar Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Apparel Stores	\$ 23,441	\$ 25,732	\$ 27,580	\$ 28,573
General Merchandise	98,405	97,376	95,985	97,031
Food Stores	22,072	24,223	26,773	27,636
Eating and Drinking Places	83,405	89,287	98,318	102,916
Building Materials	75,645	81,031	86,906	95,137
Auto Dealers and Supplies	104,527	111,882	130,159	154,233
Service Stations	113,392	111,386	108,740	102,707
Other Retail Stores	77,170	80,143	84,416	91,059
All Other Outlets	<u>183,343</u>	<u>190,659</u>	<u>203,752</u>	<u>230,737</u>
Total	<u>\$ 781,400</u>	<u>\$ 811,719</u>	<u>\$ 862,629</u>	<u>\$ 930,029</u>

Note:

Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternate information regarding the sources of the City's revenue.

Data Sources:

State Board of Equalization

California Department of Taxes and Fees Administration

State Controller's Office

The HdL Companies

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 30,573	\$ 31,763	\$ 32,234	\$ 33,212	\$ 26,800	\$ 40,701
97,750	97,860	98,726	97,488	91,823	103,830
28,540	29,541	30,422	31,724	34,700	34,856
108,984	118,704	115,143	122,218	103,063	145,481
101,500	110,650	118,295	110,251	128,132	142,618
182,359	188,530	186,824	180,154	185,327	206,268
93,542	108,408	125,238	124,954	91,393	128,957
92,756	94,686	94,955	92,549	92,295	104,285
<u>237,689</u>	<u>249,235</u>	<u>278,770</u>	<u>274,965</u>	<u>316,196</u>	<u>364,428</u>
<u>\$ 973,693</u>	<u>\$ 1,029,377</u>	<u>\$ 1,080,607</u>	<u>\$ 1,067,515</u>	<u>\$ 1,069,729</u>	<u>\$ 1,271,424</u>



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City of El Paso de Robles

SALES TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

Fiscal Year	City Direct Rates		Overlapping Rates		Total Rate
	City	Supplemental ¹	State of California	County of San Luis Obispo	
2012-13	0.75%	0.50%	6.50%	0.25%	8.00%
2013-14	0.75%	0.50%	6.50%	0.25%	8.00%
2014-15	0.75%	0.50%	6.50%	0.25%	8.00%
2015-16	0.75%	0.50%	6.50%	0.25%	8.00%
2016-17 ²	1.00%	0.50%	6.00%	0.25%	7.75%
2017-18	1.00%	0.50%	6.00%	0.25%	7.75%
2018-19	1.00%	0.50%	6.00%	0.25%	7.75%
2019-20	1.00%	0.50%	6.00%	0.25%	7.75%
2020-21	1.00%	1.50%	6.00%	0.25%	8.75%
2021-22	1.00%	1.50%	6.00%	0.25%	8.75%

Notes:

1 - In 2012, City voters approved Measure E-12, a half cent supplemental sales tax; this became effective April 1, 2013. In 2020, City voters approved Measure J-20, a one cent supplemental sales tax; this became effective April 1, 2021. Both measures automatically expire twelve years after the effective date, unless extended by voters beforehand.

2 - In 2004, the State of California implemented the "Triple Flip" sales tax swap where the State swapped a quarter cent sales tax revenue from the local municipalities in exchange for the County Education Revenue Augmentation Fund (ERAF). This arrangement ended in the 2016-17 fiscal year.

Data Source:

State of California - Board of Equalization

City of El Paso de Robles

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities	
	General Bonds	Premium on GO Bonds	COP	All Other Debt	Water Bonds	Sewer Bonds
2012-13	\$ 28,605,820	\$ 3,146,998	\$ 2,880,000	\$ 1,477,927	\$ -	\$ 6,160,000
2013-14	27,058,318	2,937,198	2,675,000	1,412,173	-	5,935,000
2014-15	25,480,026	2,727,398	2,460,000	2,808,780	-	5,705,000
2015-16	23,859,064	2,517,598	2,240,000	2,315,403	-	5,470,000
2016-17	22,204,529	2,307,798	1,650,099	1,789,672	-	5,230,000
2017-18	20,500,487	2,097,998	1,386,639	3,705,322	-	4,980,000
2018-19	14,525,636	1,888,198	1,117,474	3,305,589	8,118,000	4,715,000
2019-20	12,609,724	1,678,398	843,200	2,812,238	7,662,376	4,440,000
2020-21	11,227,152	1,468,598	564,375	2,473,782	7,209,970	4,160,000
2021-22	9,801,293	1,258,798	286,436	2,195,042	6,744,579	3,860,000

Business-Type Activities			Total Primary Government	Outstanding Debt to Assessed Value	Outstanding Debt per Capita
Premium on Sewer Bonds	Leases	Loans Payable			
\$ 470,247	\$ 255,570	\$ 3,723,444	\$ 46,720,006	1.22%	\$ 1,414.64
445,497	111,544	27,529,798	68,104,528	1.74%	2,127.40
420,747	245,613	40,923,266	80,770,830	1.95%	2,472.22
395,997	204,496	46,227,627	83,230,185	1.92%	2,530.05
371,247	161,882	44,239,217	77,954,444	1.70%	2,371.25
346,497	130,985	46,209,040	79,356,968	1.65%	2,461.67
321,747	112,121	53,111,067	87,214,832	1.71%	2,720.68
296,997	92,805	48,165,536	78,601,274	1.43%	2,517.58
272,247	73,026	45,792,524	73,241,674	1.33%	2,357.08
247,497	52,774	43,378,422	67,824,841	1.19%	2,175.55

City of El Paso de Robles

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Less: Amount Available in Debt Service Funds</u>	<u>Net General Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Population</u>	<u>Net Bonded Debt per Capita</u>
2012-13	\$ 28,605,820	\$ 6,192,956	\$ 22,412,864	0.64%	30,504	\$ 734.75
2013-14	27,058,318	5,952,147	21,106,171	0.57%	30,469	692.71
2014-15	25,480,026	5,852,527	19,627,499	0.49%	30,423	645.15
2015-16	23,859,064	5,796,871	18,062,193	0.43%	31,398	575.27
2016-17	22,204,529	5,301,187	16,903,342	0.38%	31,745	532.47
2017-18	20,500,487	4,958,991	15,541,496	0.33%	31,745	489.57
2018-19	16,413,834	2,161,764	14,252,070	0.29%	31,244	456.15
2019-20	14,288,122	1,870,963	12,417,159	0.23%	31,221	397.72
2020-21	12,695,750	1,841,068	10,854,682	0.20%	31,073	349.33
2021-22	11,060,091	17,074,272	(6,014,181)	-0.11%	31,176	(192.91)

City of El Paso de Robles

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

For the Fiscal Year Ended June 30, 2022

Jurisdiction	Net Debt Outstanding	Percentage Applicable to the City ¹	Amount Applicable to the City
Direct and Overlapping Tax and Assessment Debt			
San Luis Obispo Community College District	\$ 163,735,000	9.052%	\$ 14,821,292
Paso Robles Joint Unified School District	15,124,998	52.050%	7,872,561
Paso Robles Joint Unified School District SFID No. 1	63,070,000	62.244%	39,257,291
Templeton Unified School District	31,930,000	3.230%	1,031,339
City of Paso Robles General Obligation Bonds	11,060,091	100.000%	11,060,091
Total Direct and Overlapping Tax and Assessment Debt			74,042,574
Direct and Overlapping General Fund Debt			
San Luis Obispo County Certificates of Participation	22,396,208	9.089%	2,035,591
San Luis Obispo County Pension Obligations	29,843,112	9.089%	2,712,440
City of El Paso de Robles Certificates of Participation	286,436	100.000%	286,436
City of El Paso de Robles Capital Leases Payable	301,151	100.000%	301,151
City of El Paso de Robles Loans Payable	1,893,891	100.000%	1,893,891
Total Direct and Overlapping General Fund Debt			7,229,509
Overlapping Tax Increment Debt (Successor Agency)	10,335,000	100.000%	10,335,000
Total Direct Debt			13,541,569
Total Overlapping Debt			78,065,514
Total Combined Debt			\$ 91,607,083
Ratio to 2021-22 Assessed Valuation:			
Direct Debt	0.19%		
Total Direct and Overlapping Tax and Assessment Debt	1.30%		
Total Direct Debt	0.24%		
Combined Total Debt	1.61%		
Ratio to Redevelopment Successor Agency Incremental Valuation:			
Total Overlapping Tax Increment Debt	1.39%		

Notes:

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

Data Source:

California Municipal Statistics

City of El Paso de Robles

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
Debt limit	\$ 132,039,518	\$ 139,191,748	\$ 149,125,427	\$ 157,236,234
Total debt applicable to limit	<u>32,963,747</u>	<u>31,145,491</u>	<u>30,748,806</u>	<u>28,414,467</u>
Legal debt margin	<u>\$ 99,075,771</u>	<u>\$ 108,046,257</u>	<u>\$ 118,376,621</u>	<u>\$ 128,821,767</u>
Total net debt applicable to the limit as a	24.97%	22.38%	20.62%	18.07%

<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
\$ 165,944,144	\$ 175,257,600	\$ 185,996,808	\$ 196,767,078	\$ 205,984,535	\$ 213,765,308
<u>25,644,300</u>	<u>25,592,448</u>	<u>18,948,699</u>	<u>16,265,162</u>	<u>14,265,309</u>	<u>12,282,771</u>
<u>\$ 140,299,844</u>	<u>\$ 149,665,152</u>	<u>\$ 167,048,109</u>	<u>\$ 180,501,916</u>	<u>\$ 191,719,226</u>	<u>\$ 201,482,537</u>
15.45%	14.60%	10.19%	8.27%	6.93%	5.75%

Legal Debt Margin Calculation for Fiscal Year 2021-22

Assessed value	\$ 5,700,408,224
Debt limit - 3.75% of total assessed value	213,765,308
Amount of debt applicable to limit	<u>12,282,771</u>
Legal debt margin	<u>\$ 201,482,537</u>

California Government Code Section 43605 establishes a legal debt limit of 15% of gross assessed valuation for municipalities. However, this provision was enacted when assessed valuation was established based on 25% of market value. Effective in fiscal year 1981-82, taxable property is assessed at 100% of market value. Although the debt limit provision has not been amended by the State since this change, the percentage has been proportionately modified to 3.75% for the purposes of this calculation for consistency with the original intent of the State's limit.

Source: City of Paso Robles Financial Reports

City of El Paso de Robles

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Sewer Fund					Utility Service Charges ¹
	Utility Service Charges ¹	Operating Expenses ²	Net Available Revenues	Debt Service ³	Coverage	
2012-13	\$ 6,628,909	\$ (3,994,888)	\$ 2,634,021	\$ 465,318	5.66	\$ -
2013-14	7,283,587	(6,291,836)	991,751	466,225	2.13	-
2014-15	8,212,157	(5,660,957)	2,551,200	466,725	5.47	-
2015-16	9,347,433	(5,370,378)	3,977,055	464,825	8.56	-
2016-17	10,792,290	(5,044,184)	5,748,106	3,174,633	1.81	-
2017-18	9,658,099	(5,780,889)	3,877,210	3,175,032	1.22	-
2018-19	10,029,524	(5,777,450)	4,252,074	3,180,032	1.34	-
2019-20	9,656,388	(5,445,678)	4,210,710	3,620,046	1.16	15,379,770
2020-21	9,680,581	(5,485,128)	4,195,453	3,614,049	1.16	17,121,936
2021-22	12,374,670	(5,133,998)	7,240,672	3,620,048	2.00	17,959,769

Notes:

1 - Service charges include developer connection fees.

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

3 - Debt service payment includes Sewer Bonds, State Revolving Loan for treatment plant expansion and State Revolving Loan for tertiary treatment facilities.

Data Source:

City of Paso Robles Financial Reports

Water Fund			
Operating Expenses ²	Net Available Revenues	Debt Service	Coverage
\$ -	\$ -	\$ -	N/A
-	-	-	N/A
-	-	-	N/A
-	-	-	N/A
-	-	-	N/A
-	-	-	N/A
-	-	-	N/A
(11,235,705)	4,144,065	667,583	6.21
(12,417,131)	4,704,805	667,583	7.05
(12,133,925)	5,825,844	667,583	8.73

City of El Paso de Robles

PRINCIPAL EMPLOYERS

Current Fiscal Year and Nine Fiscal Years Ago

Employer	Fiscal Year 2021-22		
	Number of	Rank	Percentage of Total
Paso Robles Joint Unified School District	613	1	2.92%
Firestone Walker, Inc.	281	2	1.34%
Walmart	267	3	1.27%
IQMS	259	4	1.23%
City of El Paso de Robles	243	5	1.16%
Allegretto Vineyard Resort	215	6	1.02%
Target	163	7	0.78%
Applied Technologies	160	8	0.76%
Wilkins Regulator Division of Zurn	160	9	0.76%
Trelleborg Sealing Solutions Tustin, Inc.	159	10	0.76%
Totals	2,520		12.00%
Total City Employment	20,996		

* Data not available

Data Source: 2019-20 Total City Employment was calculated based on 2019 Census Bureau population estimate of 32,153 and the 2015-2019 Census Bureau statistic for total percent of population age 16+ years in civilian labor force of 65.3%
 Top Principal Employers were determined based on number of employees reported on City Business License forms.
 Information entered in and produced from HdL Prime.

Fiscal Year 2012-13

<u>Number of</u>	<u>Rank</u>	<u>Percentage of Total</u>
*	*	*
*	*	*
*	*	*
*	*	*
*	*	*
*	*	*
*	*	*
*	*	*
*	*	*
*	*	*
*	*	*



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City of El Paso de Robles

DEMOGRAPHICS AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	County Unemployment Rate	Median Age	Percent of Population (25+ years of age) with High School Degree	Percent of Population (25+ year of age) with Bachelor's Degree
2012	30,504	\$ 776,998	\$ 25,472	7.2%	34.3	84.1%	22.2%
2013	30,469	809,683	26,574	6.2%	35.1	85.0%	20.9%
2014	30,423	843,021	27,710	6.3%	35.2	85.2%	21.4%
2015	31,398	865,552	27,567	5.2%	35.1	84.0%	22.6%
2016	31,745	865,552	27,265	4.8%	36.0	83.8%	21.6%
2017	31,559	918,379	29,100	3.8%	35.4	85.2%	23.5%
2018	31,244	956,290	30,607	2.9%	36.8	84.2%	23.8%
2019	31,221	1,012,706	32,436	2.7%	38.4	84.2%	23.8%
2020	31,073	1,043,846	33,593	7.9%	38.7	85.7%	24.4%
2021	31,176	1,101,342	35,326	5.5%	39.0	88.1%	24.8%

Data Sources:

1 - Population: California State Department of Finance

2 - Unemployment Data: California Employment Development Department

3 - Income, Age and Education Data: US Census Bureau, most recent American Community Survey

City of El Paso de Robles

FULL-TIME EQUIVALENT¹ GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years²

Function/Program	2012-13	2013-14	2014-15	2015-16
General government	18.00	17.00	15.00	17.00
Public safety	66.00	69.00	70.00	74.00
Public works ³	23.00	26.00	23.00	27.00
Community services ³	10.00	10.00	9.00	19.00
Community development	4.00	5.00	11.00	12.00
Water	15.00	17.00	19.00	18.00
Wastewater	15.00	19.00	21.00	21.00
Airport	1.00	2.00	2.00	1.00
Parking	-	-	-	-
Total	<u>152.00</u>	<u>165.00</u>	<u>170.00</u>	<u>189.00</u>

Notes:

1 - A full-time employee is scheduled to work 2,080 hours per year including vacation and sick leave (2,912 hours per year for shift firefighters). Full-time equivalent is calculated by dividing total labor hours by 2,080 (or 2,912 for shift firefighters).

2 - Prior to Fiscal Year 2016-17, the City's payroll system did not track total labor hours. As such, the information provided is the authorized budgeted position for the fiscal year.

3 - Beginning in Fiscal Year 2016-17, the City reorganized the park and facility maintenance functions from Public Works Department to the Community Services Department.

Data Source:

City of El Paso de Robles payroll records and budget reports.

<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
15.43	15.76	17.67	15.40	17.26	17.71
79.27	84.69	89.43	98.65	103.49	109.06
9.71	11.73	12.46	12.19	11.49	12.82
33.39	37.00	37.20	36.03	35.25	35.65
11.62	11.10	11.63	13.27	13.89	15.59
22.68	25.12	23.56	24.08	22.11	20.93
29.79	29.90	29.88	29.14	29.46	27.44
1.42	1.82	2.31	1.70	2.09	2.33
-	-	-	0.66	1.02	1.45
<u>203.31</u>	<u>217.12</u>	<u>224.14</u>	<u>231.12</u>	<u>236.06</u>	<u>242.98</u>

City of El Paso de Robles

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2012-13	2013-14	2014-15	2015-16
Public safety				
Police				
Physical arrests	1,302	1,510	1,438	1,566
Parking violations	276	424	428	449
Traffic violations	1,838	1,914	1,839	2,613
Emergency services				
Emergency responses	3,055	2,968	3,260	3,747
Fires extinguished	121	136	97	109
Inspections	1,205	1,374	626	416
Utilities				
Water operations				
New connections	85	37	50	65
Water main breaks	3	3	2	3
Average daily production ¹	6.68	6.82	5.59	4.43
Peak daily production ¹	11.22	10.16	7.50	8.45
Wastewater				
Average daily sewage treatment ¹	2.95	2.80	2.70	2.70
Community services				
Library services				
Volumes in collection	78,411	71,973	68,678	79,003
Total volumes borrowed	305,526	291,294	234,730	276,938
Recreation services				
Athletic field permits issued	2,924	3,353	3,341	3,286
Activity admissions	27,704	29,326	25,218	35,127
Recreation programs				
Number of programs	N/A	N/A	N/A	N/A
Number of program participants	N/A	N/A	N/A	N/A
Recreation programs				
Athletic facilities- number of reservations	N/A	N/A	N/A	N/A
Recreation facilities- number of reservations	N/A	N/A	N/A	N/A
Number of reservation participants	N/A	N/A	N/A	N/A
Community development				
Building permits issued	707	600	876	1,024
Building inspections conducted	4,281	3,982	3,543	3,907
Residential units constructed	44	128	39	153
Building commercial square footage	N/A	N/A	N/A	N/A
Total Permit Valuation	40,376,000	79,879,000	33,682,000	60,561,000

Note 1: In millions of gallons

Source: City of El Paso de Robles

2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
1,669	1,731	1,558	1,555	1,487	1,495
502	534	291	511	1,883	8,249
2,705	2,442	2,530	2,758	2,752	2,407
3,790	3,812	3,827	3,948	3,853	4,662
131	131	120	118	110	138
489	756	525	757	130	493
54	22	26	34	22	22
-	4	3	4	5	10
4.70	5.34	5.50	5.09	4.96	5.22
8.67	9.42	8.46	8.47	9.31	8.97
2.60	2.40	2.20	2.20	2.40	2.40
67,138	60,899	72,970	62,808	61,862	63,064
253,644	243,572	262,551	195,456	176,223	180,800
3,295	3,439	N/A	N/A	N/A	N/A
37,382	48,300	N/A	N/A	N/A	N/A
5,549.00	4,693	5,493	5,503	3,034	4,414
64,467.00	58,391	62,705	53,154	25,313	36,723
3,302.00	2,716	3,041	2,318	2,298	3,551
683.00	572	714	668	302	1,397
259,296.00	249,385	205,728	235,520	83,663	361,555
836	811	1,076	1,069	996	1,131
3,131	3,064	3,905	3,898	2,972	2,971
65	244	117	32	56	191
N/A	105,000.00	386,792	41,192	167,311	246,947
45,238,000	85,944,000	76,500,981	28,179,208	51,983,603	135,397,861

City of El Paso de Robles

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2012-13	2013-14	2014-15	2015-16
General government				
Personal computers	218	223	225	225
Public safety				
Police stations	1	1	1	1
Patrol units ¹	14	14	14	14
Fire stations	2	2	2	2
Public works				
Streets (in miles)	173.5	173.5	173.5	173.5
Streets (in lane miles)	N/A	N/A	N/A	N/A
Streets (in center line miles, including alleys)	N/A	N/A	N/A	N/A
Traffic signals	26	26	26	26
Bridges	4	4	4	4
Airports	1	1	1	1
Water				
Fire hydrants	1,804	1,812	1,849	1,852
Storage tanks	4	4	4	4
Storage capacity (in millions of gallons)	12	12	12	12
Water mains (in miles)	173	173	174	175
Wastewater				
Sanitary sewer (in miles)	140	140	140	140
Storm sewer (in miles)	15	15	15	15
Treatment capacity (in millions of gallons)	5	5	5	5
Community services				
Park acreage	101	101	101	101
Pools	4	4	4	4
Playgrounds	10	10	11	11
Baseball/softball fields	11	11	11	11
Soccer/football fields	6	6	6	6
Community centers	2	2	2	2

Notes:

1 - In FY 2020-21, total patrol units includes all vehicles capable of being used for patrol purposes. In year's past, only "black and white" patrol units and detective vehicles were counted.

Source: City of Paso Robles records

2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
242	249	251	264	269	272
1	1	1	1	1	1
14	14	15	15	18	26
2	2	2	2	2	2
N/A	N/A	N/A	N/A	N/A	N/A
329.40	N/A	N/A	N/A	N/A	N/A
N/A	160.00	202.8	202.8	202.8	202.8
27	27	28	28	28	28
4	4	4	4	4	4
1	1	1	1	1	1
1,856	1,868	1,876	1,897	1,902	1,910
4	4	4	4	4	4
12	12	12	12	12	12
175	175	178	178	178	178
140	140	126	126	126	126
15	15	15	15	15	15
5	5	5	5	5	5
101	101	101	101	101	101
4	4	4	4	4	4
11	12	12	12	12	12
11	11	11	11	11	11
6	6	6	6	6	6
2	2	2	2	2	2



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