

City of Santa Paula

City Council

MAYOR MARTIN F. HERNANDEZ
VICE MAYOR JENNY CROSSWHITE
COUNCILMEMBER JAMES A. TOVIAS
COUNCILMEMBER GINGER GHERARDI
COUNCILMEMBER JOHN PROCTER



REGULAR MEETING OF THE
SANTA PAULA CITY COUNCIL

TUESDAY, FEBRUARY 16, 2016

6:30 P.M – REGULAR MATTERS

SANTA PAULA CITY HALL
970 VENTURA STREET
SANTA PAULA, CA 93060

JUDY RICE, CITY CLERK
JAIME M. FONTES, CITY MANAGER
JOHN C. COTTI, CITY ATTORNEY

Spare Copies of staff reports or other written documentation relating to each item of business referred to on this agenda are on file in the Office of the City Clerk and are available for public inspection. If you have any questions regarding any agenda item, contact the City Clerk at (805) 933-4208.

CITY COUNCIL MEETING

You are invited to attend all City Council, commission, and board meetings. Agendas are posted in the front of City Hall in advance of the scheduled meetings. Information for commission and board meetings may be obtained by contacting the City Clerk's Office. The Santa Paula City Council's regular meetings start at 6:30 p.m. the first and third Monday of each month in the City Hall Council Chambers located at 970 Ventura Street in Santa Paula.

BRINGING ITEMS BEFORE THE CITY COUNCIL

If you wish to speak at a City Council meeting, please fill out a yellow **Public Comment Form** noting your name and address and submit the form to the City Clerk. Include the Agenda item number, when appropriate.

1. **Items Not on the Agenda:** If you wish to discuss an item which is not scheduled on the Agenda, you may address the City Council during *Public Comment*. Please realize that due to the limitations placed on the City Council by provisions of the *California Government Code*, the City Council ordinarily cannot take action on any item that is not on the agenda. Because of these restrictions, expect that matters that you identify during public comment will be referred to staff or considered on a future agenda.
2. **Agenda Items:** Items being considered by the City Council may appear on the Consent Calendar, as an Order of Business, or as a Public Hearing. Public comments on each type of item are handled differently, as explained below:
 - a. For items appearing on the Consent Calendar, please submit a Public Comment Form before the Council takes action on the Consent Calendar. Items that receive a Public Comment Form may be pulled from the Consent Calendar by the Mayor and discussed separately by the City Council.
 - b. For items appearing as an Order of Business, the Mayor will announce the Agenda item and request the staff report, the staff member responsible will give a brief summary of the report; the City Council will have an opportunity to ask questions of staff; members of the public will be given an opportunity to comment on the item and ask additional questions (all members of the public should speak directly into the microphone at the speaker's platform); and the City Council will discuss the item and then take appropriate action.
 - c. For items on which a Public Hearing is scheduled, the Mayor will open the public hearing and receive the staff report; members of the public will be given an opportunity to comment on the item and ask additional questions (all members of the public should speak directly into the microphone at the speaker's platform); the City Council will discuss the item; and the Mayor will close the public hearing after City Council action.

Your Participation in this meeting is in the public domain; meetings are cablecast; minutes of this meeting will reflect your participation in this meeting and are posted on the city's website.

PLEASE NOTE: *Be advised that if you bring a legal challenge to an action, you may be limited to raising only those issues you or someone else raised at the meeting described in this Agenda, or in written correspondence delivered to the City Council at or before the meeting. Any action is subject to the ninety-day time period set forth in Code of Civil Procedure § 1094.6.*

In compliance with the **Americans with Disabilities Act**, if you need special assistance to participate in this meeting, please contact the City Clerk at (805) 933-4208. Notification 48 hours before the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35, 102-35.104 ADA Title II). Written materials distributed to the City Council within 72 hours of the City Council meeting are available for public inspection immediately upon distribution in the City Clerk's office



CITY OF SANTA PAULA

CITY COUNCIL

AGENDA • FEBRUARY 16, 2016

I. REGULAR MATTERS - COUNCIL CHAMBERS

1. CALL TO ORDER

2. INVOCATION

3. FLAG SALUTE

4. ROLL CALL

5. PUBLIC COMMENT



REMINDER: in order to minimize distractions during public meetings, all personal communication devices should be turned off or put in a non-audible mode.

At this time, members of the public may comment on any item not appearing on the agenda that is within the subject-matter jurisdiction of the City Council. A Public Comment Form must be submitted to the City Clerk prior to the beginning of the Public Comment period in order to be recognized to speak. Individuals submitting Public Comment Forms after the beginning of the Public Comment period will not be allowed to speak at this time, but may be recognized to speak by the Mayor at the conclusion of the meeting. Individual Councilmembers may briefly respond to Public Comments or ask questions for clarification. The City Council may direct staff to report to the City Council on the item at a later meeting. For items appearing on the Agenda, the public will be invited to make comments at the time the item comes up for City Council consideration. If a member of the public wishes to address a Consent Calendar item, please submit a Public Comment Form for that item. It may then be discussed separately by the Council, and the public will be invited to make comments at that time. At all times, please use the microphone and write your name and address on the Public Comment Form provided.

6. CITY COUNCIL, STAFF COMMUNICATIONS

7. APPROVAL OF FINAL AGENDA

8. CONSENT CALENDAR

Background information has been provided to the City Council on all matters listed under the Consent Calendar and these items are considered to be routine by the City Council and are normally approved by one motion. If discussion is requested by a Councilmember on any item, or a member of the public wishes to comment on an item, that item may be removed from the Consent Calendar for separate action.

- A. **Approval of Minutes for the Regular Meeting of October 5, 2015** –
Recommendation: It is recommended that the City Council approve the minutes for the Regular City Council meeting of October 5, 2015.

Report by: Deputy City Clerk Lucy Blanco

9. ORDER OF BUSINESS

- A. **Appointment of Youth Members to the Recreation Commission** –
Recommendation: It is recommended that the City Council appoint two youth members to the Recreation Commission for a three-year term.

Report by: City Manager Jaime M. Fontes

- B. **Annual Audited Financial Reports for the City of Santa Paula for the Fiscal Year Ended June 30, 2015** – **Recommendation:** It is recommended that the City Council receive and place on file the Annual Audited Financial Statements for the Fiscal Year ended June 30, 2015.

Report by: Finance Director Sandra K. Easley

- C. **California Department of Transportation (Caltrans) State Route 126** –
Recommendation: It is recommended that the City Council: (1) Continue to review and monitor the progress of Caltrans State Route 126 Project; (2) recommend staff to incorporate Council's comments and priorities into a written response to Caltrans regarding the State Route 126 Project; and (3) take such additional, related action that may be desirable.

Report by: City Manager Jaime M. Fontes

- D. **2016-2017 Community Development Block Grant Program Applications**
– **Recommendation:** It is recommended that the City Council: (1) Receive the report; (2) Approve Resolution No.6965 adopting the 2016-2017 CDBG funding recommendations; (3) take such additional, related, action that may be desirable.

Report by: Building Official Michael Leach for Elisabeth Paniagua

- E. **First Amendment to Agreement with SPARC for Animal Sheltering Services** – Recommendation: It is recommended that the City Council: (1) Authorize the City Manager or his designee to enter into a contract amendment with Santa Paula Animal Rescue Center for the continued provision of animal control services in a form approved by the City Attorney; and (2) take such additional, related action that may be desirable.

Report by: City Manager Jaime M. Fontes, City Attorney John C. Cotti and Police Commander Ismael Cordero

- F. **Adoption of Resolution No. 6964 - Approving the Plans and Specifications for the Citywide Street Improvements Project FY 2015-2016** – Recommendation: It is recommended that the City Council: (1) Adopt Resolution No. 6964 approving the plans and specifications for the Citywide Street Improvements Project – Fiscal Year 2015-2016; (2) Authorize staff to advertise for bids; and (3) take such additional, related action that may be desirable.

Report by: Interim Public Works Director Brian J. Yanez

- G. **RFP for O&M of WRF** – Recommendation: It is recommended that the City Council: (1) Approve a Request for Proposal (RFP) for Operation and Maintenance of the Water Recycling Facility; and (2) take such additional, related action that may be desirable.

Report by: Interim Public Works Director Brian J. Yanez

10. REQUEST FOR FUTURE AGENDA ITEMS

Any Councilmember may propose items for placement on a future agenda. Members may discuss whether or not the item should be placed on a future agenda and the description of the agenda item. Any direction to the City Manager to place an item on a future Council Agenda, do research, or a staff report must be accompanied with a majority vote of the City Council. The City Manager has discretion as to when the item will come back on the Agenda, unless the City Council identifies a specific meeting for the item's return.

11. ADJOURNMENT

State of California)-
County of Ventura)- ss
City of Santa Paula)-

I declare under penalty of perjury that I posted this City Council Agenda on the bulletin board near the front door of City Hall, 970 Ventura Street, Santa Paula, California.

On _____ at _____ Signed: _____
Lucy Blanco, Deputy City Clerk

For the City Council Regular Meeting of February 16, 2016

Agenda Item #

**CITY OF SANTA PAULA
MEMORANDUM**

To: Honorable Mayor and Members of the City Council
From: Lucy Blanco, Deputy City Clerk
Subject: Approval of Minutes for the Regular Meeting of October 5, 2015
Date: February 16, 2016

Recommendation: It is recommended that the City Council approve the minutes for the Regular City Council meeting of October 5, 2015.

Report by: Deputy City Clerk Lucy Blanco

Regular City Council Meeting
Monday, October 5, 2015
Council Chambers

CALL TO ORDER

Mayor Procter called the meeting to order at 6:36 p.m. Reverend Michael Fincher led the invocation and Councilmember Gherardi led the flag salute.

ROLL CALL

Councilmembers Jenny Crosswhite, Ginger Gherardi and James A. Tovias, Vice Mayor Martin F. Hernandez and Mayor John Procter responded to roll call. City Manager Jaime M. Fontes, City Attorney John C. Cotti, City Clerk Judy Rice and Deputy City Clerk Lucy Blanco were also present.

PRESENTATIONS

A. Proclamation Presentation to Jeanne Orcutt.

Mayor Procter presented Jeanne Orcutt with a proclamation on behalf of the City Council for her years of dedicated service.

B. Proclamation for Fire Prevention Week.

Vice Mayor Hernandez presented Chief Araiza and department with a proclamation in acknowledgment of Fire Prevention Week.

PUBLIC COMMENT

Marisa Rodriguez, 764 W. Santa Barbara Street, spoke on behalf of disabled citizens and asked that Council consider a Spina Bifida awareness month for our community.

COMMUNICATIONS

City Manager Fontes, thanked Chief Araiza for filling in last meeting in his absence during his eye surgery. He also thanked the Council for working as a team with regards to the LAFCo hearing. He stated that staff will be meeting with the consultant for the Traffic Study which will first go before the School Board/Council Sub Committee and then to the City Council.

Regular City Council Meeting
Monday, October 5, 2015

Regular City Council Meeting
 Monday, October 5, 2015
 Council Chambers

Councilmember Gherardi stated that she received a call from the Boys & Girls Club stating that their roof is leaking badly. She stated that she asked the City Manager to obtain estimates on cost of repairs.

City Manager Fontes informed Council that several estimates were received but that some were requesting other items and therefore should be addressed as an agenda item for a future meeting.

Councilmember Gherardi thanked America in Bloom and Dudley and Diane Davis for their historic preservation of the City. She also stated that in November, there will be a public hearing to discuss the potential of a median or roundabout or other structure on HWY 126 between Santa Paula and Fillmore.

Councilmember Tovias stated that on September 26 he attended his first Santa Paula Alumni Association Dinner.

Vice Mayor Hernandez informed of his attendance at the annual Habitat for Humanity fundraiser at Camarillo. He stated that the City of Santa Paula received honorable mention for partnering with them and helping with the Trinity Lane Project.

Councilmember Crosswhite mentioned her attendance at Farm Day at Limoneira. She also stated that the past week, the Mayor and she had the honor of representing our City at the League of California Cities Conference. She briefly shared the context of some of her conversations with various City representatives and staff regarding City related subjects.

APPROVAL OF FINAL AGENDA

It was moved by Vice Mayor Hernandez, seconded by Councilmember Tovias to approve final agenda as presented. All were in favor and the motion carried.

CONSENT CALENDAR

Councilmember Gherardi pulled item 9C; Mayor Procter pulled items 9D and 9F for speakers. It was moved by Councilmember Crosswhite, seconded by Councilmember Tovias to approve consent calendar as amended. All were in favor and the motion carried.

- A. Waiver of Reading of Ordinances and Resolutions – Waive reading of Ordinances and Resolutions appearing on the Agenda.

Regular City Council Meeting
 Monday, October 5, 2015

Regular City Council Meeting
Monday, October 5, 2015
Council Chambers

- B. Planning Commission Action Report – It is recommended that the City Council receive and file the Planning Director’s report regarding Planning Commission actions taken on September 22, 2015. Alternatively, in accordance with SPMC § 16.206.060, the City Council may place an item on a future agenda to consider issuing an order of review regarding an action.
- E. Approval of Amendment to Professional Services Agreement with Water Resource Engineering Associates for Virginia Terrace/McKevett Sewer Main Replacement Project – It is recommended that the City Council: (1) authorize the City Manager to execute an amendment to the professional services agreement with Water Resource Engineering Associates for design services for the Virginia Terrace/McKevett Heights Sewer Main Replacement Project in the amount of \$52,690.00 in a form approved by the City Attorney; and (2) take such additional, related action that may be desirable. Public Works Director Brian J. Yanez and Capital Projects Engineer John L. Ilasin’s report dated September 24, 2015.

CONSENT CALENDAR (SEPARATE ACTION ITEMS)

- C. Transportation Development Act, Local Transportation Fund, Apportionment for Fiscal Year 2015-2016 – It is recommended that the City (1) adopt Resolution No. 6953 authorizing filing claims for and allocation of the FY 15/16 Transportation Development Act (TDA) funds; and (2) take such additional, related action that may be desirable. **RESOLUTION NO. 6953** - A RESOLUTION AUTHORIZING THE FILING OF A CLAIM WITH THE VENTURA COUNTY TRANSPORTATION COMMISSION FOR ALLOCATION OF TRANSPORTATION DEVELOPMENT ACT FUNDS FOR FISCAL YEAR 2015/2016. Finance Director Sandra K. Easley’s report dated September 24, 2015.

It was moved by Councilmember Gherardi, seconded by Vice Mayor Hernandez to adopt Resolution No. 6953 authorizing filing claims for and allocation of the FY 15/16 Transportation Development Act (TDA) funds; All were in favor and the motion carried.

Mayor Procter declared a conflict of interest to Item D and recused himself from hearing the item.

- D. Second Reading and Adoption of Ordinance No. 1256 – It is recommended that the City Council: (1) waive the second reading and adopt Ordinance No. 1256; and (2) take such additional, related action that may be desirable. **ORDINANCE NO. 1256** – AN ORDINANCE

Regular City Council Meeting
Monday, October 5, 2015

Regular City Council Meeting
Monday, October 5, 2015
Council Chambers

AMENDING THE EAST AREA 1 SPECIFIC PLAN (SP-3) TO ADJUST SETBACK AND LANDSCAPING REQUIREMENTS; AND TO AUTHORIZE THE PLANNING DIRECTOR TO MAKE ADMINISTRATIVE ADJUSTMENTS TO SETBACK REQUIREMENTS. Deputy City Clerk Lucy Blanco's report dated September 28, 2015.

Mary Ann Krause, 154 Via Solana, stated that the plan allows for minor administrative changes, however her concern is that the developer raised the idea of removing the condos and apartments from East Area One and substituting single family detached homes. She stated that in her professional opinion, this could not be done administratively. She feels this would change the demographics of the neighborhoods. She urged Council not to wait for the developer to come back with a specific proposal for a subdivision and that staff have a public review now with the developer on what the intentions are. She asked that Council include the community. She also stated that parking will be a great issue.

Sheryl Hamlin, 830 Teague Drive, expressed her concern with regards to the apartments and condos that will be removed from the East Area One plan. She stated that an overlay of what's going on should be provided as well as another Environmental Impact Report (EIR).

Mike Penrod, Consultant spoke briefly regarding the Environmental Impact Report that they have provided; and the benefit of having single houses instead of attached housing.

It was moved by Councilmember Tovias, seconded by Councilmember Gherardi to waive the second reading and adopt Ordinance No. 1256. All were in favor and the motion carried.

- F. Approval of Employment Benefits for the Service Employees International Union (SEIU) Local 721 and Adoptions of Resolution No. 6953 - It is recommended that the City Council: (1) adopt Resolution No. 6952 approving the revisions to the proposed Draft Memorandum of Understanding (MOU) with the Service Employees International Union (SEIU) Local 721 for the 2015-16 fiscal contract year; and (2) take such additional, related action that may be desirable. **RESOLUTION NO. 6952** – A RESOLUTION APPROVING THE MEMORANDUM OF UNDERSTANDING FOR THE CONTRACT YEAR 2015-16 BETWEEN THE CITY OF SANTA PAULA AND THE SERVICE EMPLOYEES INTERNATIONAL UNION (SEIU) LOCAL 721. Human Resources Manager Lorena Alvarez' report dated September 22, 2015.

Regular City Council Meeting
Monday, October 5, 2015

Regular City Council Meeting
 Monday, October 5, 2015
 Council Chambers

Natalie Segovia, 310 Moultrie Place, representing SEIU 721 employees, stated to Council that although they are approving the contract, they are not content with it. She stated that the employees are tired of hearing the same thing year after year “sorry but there’s no money”. She stated that the increase in health coverage for families has increased 42 percent and during these last seven year SEIU employees have received only two percent raise. She also stated that between the years 2010 to 2015 some executives have received a 12 percent salary increase. She continued by thanking Council for making changes to the bargaining procedures that in her opinion guarantee future bargaining will be transparent.

It was moved by Councilmember Gherardi, seconded by Councilmember Tovas to adopt Resolution No. 6952 approving the revisions to the proposed Draft Memorandum of Understanding (MOU) with the Service Employees International Union (SEIU) Local 721 for the 2015-16 fiscal contract year. All were in favor and the motion carried.

PUBLIC HEARING

- A. Project No. 15-CI-06 Development Code Text Amendment to amend Chapter 16 of the Santa Paula Municipal Code Creating an Expedited Permitting Process for Small Residential Rooftop Solar Energy Systems -

Upon Verification of posting by the City Clerk, Mayor Procter opened the public hearing at 7:47 p.m.

Deputy Planning Director Stratis Perros’ report dated September 30, 2015.

It was moved by Councilmember Gherardi, seconded by Councilmember Tovas to open the public hearing; receive testimonial and documentary evidence and after considering the evidence, introduce and waive first reading of Ordinance No. 1257. Under roll call vote, Councilmembers Gherardi, Tovas and Crosswhite and Mayor Procter were in favor. Vice Mayor Hernandez was opposed. The motion carried.

Mayor Procter closed the public hearing at 8:00 p.m.

ORDER OF BUSINESS

- A. Approval for the Purchase of Three Police Vehicles –

Regular City Council Meeting
 Monday, October 5, 2015

Regular City Council Meeting
Monday, October 5, 2015
Council Chambers

Chief of Police Steven McLean's report dated September 14, 2015.

It was moved by Councilmember Tovias, seconded by Mayor Procter to pursuant to Santa Paula Municipal Code 41.13, authorize the City Manager or designee to utilize the cooperative bidding procedure used by the County of Ventura for contracting with Folsom Chevrolet, Folsom CA and to authorize the City Manager to execute an agreement in a form approved by the City Attorney with Folsom Chevrolet for the purchase of three Chevrolet Tahoe vehicles. All were in favor and the motion carried.

B. Update on the Local Agency Formation Commission's Review of the City's Sphere of Influence -

Planning Director Janna Minsk's report dated September 28, 2015.

It was moved by Councilmember Gherardi, seconded by Councilmember Tovias to have staff and the City Attorney come up with a legislative approach that would make sure that the vote of the people is not vitiated by a vote of LAFCo. All were in favor and the motion carried.

FUTURE AGENDA ITEMS

It was moved by Councilmember Gherardi, seconded by Mayor Procter to invite Richard Francis on October 19 to talk about SOAR. All in favor and the motion carried.

It was moved by Councilmember Gherardi, seconded Procter to have staff return with consideration of an approach to discuss the fire department evaluation. Councilmembers Gherardi, Crosswhite, Tovias and Mayor Procter were in favor. Vice Mayor Hernandez abstained. The motion carried.

It was moved by Vice Mayor Hernandez, seconded by Mayor Procter to have the City Attorney bring policy to establish a formal Code of Conduct and standards for review and adoption within the next 60 days. All in favor and the motion carried.

It was moved by Mayor Procter, seconded by Councilmember Tovias to request an update on the chloride issue. All were in favor and the motion carried.

ADJOURNMENT

Regular City Council Meeting
Monday, October 5, 2015

Regular City Council Meeting
Monday, October 5, 2015
Council Chambers

Mayor Procter adjourned the Regular Meeting at 8:26 p.m.

ATTEST:

Judy Rice
City Clerk

Attachment: Minutes for the Regular Meeting of October 5, 2015 (1063 : Minutes)

Regular City Council Meeting
Monday, October 5, 2015

For the City Council Regular Meeting of February 16, 2016

Agenda Item #

**CITY OF SANTA PAULA
MEMORANDUM**

To: Honorable Mayor and Members of the City Council
From: Lucy Blanco, Deputy City Clerk
Subject: Appointment of Youth Members to the Recreation Commission
Date: February 16, 2016

Recommendation: It is recommended that the City Council appoint two youth members to the Recreation Commission for a three-year term.

Report by: City Manager Jaime M. Fontes

Fiscal Impacts: None.

Personnel Impacts: None.

General Discussion: At the Special Matters City Council Meeting of February 1, 2016 the City Council interviewed Mireille Vargas and Jessenia Montiel to fill two vacancies as Youth Commissioners for the Recreation Commission for a three-year term.

Alternatives:

- A. Appoint two youth members to the Recreation Commission for a three-year term.
- B. Provide alternate direction to staff.

For the City Council Regular Meeting of February 16, 2016

Agenda Item #

**CITY OF SANTA PAULA
MEMORANDUM**

To: Honorable Mayor and Members of the City Council

From: Sandra Easley,

Subject: Annual Audited Financial Reports for the City of Santa Paula for the Fiscal Year Ended June 30, 2015

Date: February 16, 2016

Recommendation: It is recommended that the City Council receive and place on file the Annual Audited Financial Statements for the Fiscal Year ended June 30, 2015.

Report by: Finance Director Sandra K. Easley

Fiscal Impacts: None.

Personnel Impacts: None.

General Discussion: The City engaged Van Lant & Fankhanel, LLP to perform an annual financial audit of the City and the eligible federal grant programs for the period ended June 30, 2015. On February 1, 2016, the audit firm issued the accompanying report of the City's financial records. At the front of these reports is an Independent Auditors' Report that shares with the reader their opinion that "the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Santa Paula as of June 30, 2015....." This means that the City has properly accounted for City finances without any major misstatements.

For the purposes of this audit, the General Fund is made up of 7 funds (General, General Reserve, General Fund FEMA Program, General Recreation, Refuse Reserve, Equipment Maintenance, and Miscellaneous Deposits). Of the \$5,042,183 General Fund balance, \$4,025,513 is unspendable, restricted and/or committed with the unassigned fund balance being \$1,016,670.

The General Fund Operating Reserve (\$1,108,863) which was set aside to be held "in the event of an emergency, disaster, or other extraordinary circumstance" makes up the unassigned fund balance. Due to the classification of the sale of the former wastewater

For the City Council Regular Meeting of February 16, 2016**Agenda Item #**

treatment plant and the subsequent projected Five-Year Sustainability Plan, \$92,193 of the Operating Reserve is classified as committed fund balance.

The Auditors have noted that the General Fund expenses exceeded revenue by \$893,645. Some expenditures were used for the restricted purposes listed in the above mentioned sustainability plan and therefore booked into a prior year as revenue.

For interested readers, an overview of the City's financial statements is presented on page "iv" of the report, titled "Management's Discussion and Analysis". In addition, there is a letter issued separately to the City Council that discusses the auditor's responsibilities and compliance with generally accepted auditing standards.

The report also has audit comments and recommendations. These comments and recommendations are generally made to assist an audit client with their efforts to ensure the system of internal controls remains strong. Staff is working on developing policies/training to better assist the City in strengthening the City's internal controls.

Alternatives:

- A. Receive and file the Annual Audited Financial Statements for fiscal year ended June 30, 2015.
- B. Refer the matter back to staff with direction.

CITY OF SANTA PAULA
FINANCIAL STATEMENTS
Year Ended June 30, 2015

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

**City of Santa Paula
Financial Statements
Year Ended June 30, 2015**

TABLE OF CONTENTS

	Page
Independent Auditor's Report	i - iii
Management's Discussion and Analysis	iv - xiii
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2 - 3
Fund Financial Statements:	
Balance Sheet - Governmental Funds	4
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Net Position - Proprietary Funds	8
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	9
Statement of Cash Flows - Proprietary Funds	10
Statement of Fiduciary Net Position	11
Statement of Changes in Fiduciary Net Position	12
Notes to Financial Statements	13 - 47
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Fund	48
Schedule of Funding Progress for DPHP	49
Schedule of the City's Proportionate Share of the Net Pension Liability	50
Schedule of Plan Contributions	51
Notes to Required Supplementary Information	52
Supplementary Information	
Combining and Individual Fund Statements and Schedules:	53 - 56
Combining Balance Sheet - Nonmajor Governmental Funds	57
Combining Balance Sheet - Nonmajor Special Revenue Funds	58 - 62
Combining Balance Sheet - Nonmajor Capital Projects Funds	63 - 65
Combining Balance Sheet - Nonmajor Permanent Funds	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	68 - 72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds	73 - 75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds	76



Independent Auditor's Report

The Honorable City Council
City of Santa Paula, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Paula (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Van Lant & Fankhanel, LLP
25901 Kellogg Street
Loma Linda, CA 92354

909.856.6879

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Paula, as of June 30, 2015, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The schedules listed in the Supplementary Information section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the Supplementary Information section of the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 schedules listed in the Supplementary Information section of the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 1, 2016 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Van Lant & Fankhaed, LLP

February 1, 2016

CITY OF SANTA PAULA

Management's Discussion and Analysis For the Year Ended June 30, 2015

As management of the City of Santa Paula, we offer readers of the City of Santa Paula's financial statements this narrative overview and analysis of the financial activities of the City of Santa Paula for the fiscal year ended June 30, 2015.

Financial Highlights

- The assets of the City of Santa Paula exceeded its liabilities at the close of FY 2014-15 by \$44,214,763 (*net position*).
- The government's total net position decreased by \$12,294,178. The decreases in net position are attributed to the recording of the pension liabilities which are explained in further detail on pages 40-45.
- As of the close of the current fiscal year, the City of Santa Paula's governmental funds reported combined ending fund balances of \$14,068,182 an increase of \$852,416 from the ending balance of 2014 which was \$13,215,766. Pursuant to GASB Statement 54, the fund balance of \$762,647 is unspendable funds (loans receivable and endowments/trusts), \$11,690,916 (restricted fund balance-grant funds and bond proceeds), \$850,150 is committed (budgeted for projects and deposit balances) and \$764,469 is (*unassigned fund balance*) available for spending with some government discretion. However, of the \$764,469, there is a fund set aside as a General Fund Operating Reserve to be held "in the event of an emergency, disaster, or other extraordinary circumstance".
- At the end of the current fiscal year, unassigned fund balance for the General Fund is \$1,016,670 or 7.5% of total General Fund expenditure. This is an increase of \$7,229 from the prior year.
- The City of Santa Paula's year-end governmental funds total current liabilities, excluding advances from other funds and deferred inflows was \$2,003,471, a decrease of \$52,658 over the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Santa Paula's basic financial statements. The City of Santa Paula's basic financial statements comprise 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* are designed to provide readers with a broad overview of the City of Santa Paula's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Santa Paula's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Santa Paula is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as

the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Santa Paula that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Santa Paula include general government, public safety, streets, economic development, and culture and recreation. The business-type activities of the City of Santa Paula include Water and Sewer enterprises.

The government-wide financial statements include not only the City of Santa Paula itself (known as *the primary government*), but also a legally separate Financing Authority for which the City of Santa Paula is financially accountable. Financial information for *these component units* is included in the financial information presented for the primary government itself. The Water and Sewer enterprises, function for all practical purposes as departments of the City of Santa Paula, and therefore have been included as an integral part of the *primary government*. Also, as of February 1, 2012 the Santa Paula Redevelopment Agency became the Designated Local Authority for the former Santa Paula Redevelopment Agency, a Successor Agency Private-purpose trust fund with the City reporting as fiduciary funds.

The government-wide financial statements can be found on pages 1-3 of this report.

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 City of Santa Paula, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Santa Paula can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Santa Paula maintains forty-seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in the fund balances for the General Fund (which is made up of seven separate internal funds), which is considered to be a major fund. Data from the other fifty-two governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Santa Paula adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 4-7 of this report.

Proprietary funds. The City of Santa Paula maintains two different types of proprietary funds: *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Santa Paula uses enterprise funds to account for its Water and Sewer operations. These funds are reported separately as Proprietary Funds.

Internal Service funds are accounting devices used to accumulate and allocate costs internally among the City of Santa Paula's various functions. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer operations, which are considered to be major funds of the City of Santa Paula. The internal service fund for Equipment Maintenance is combined into the General Fund classification, aggregated presentation in the governmental fund financial statements.

The basic proprietary fund financial statements can be found on pages 8-10 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Santa Paula's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. At this time, the only fiduciary funds are held for the Successor agency for the Santa Paula Redevelopment agency.

The basic Fiduciary fund financial statements can be found on pages 11-12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-47 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Santa Paula's General Fund Actual to Budget comparison. Required supplementary information can be found on page 48-52 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 57-76 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Santa Paula, assets exceeded liabilities by \$56,508,941 at the close of 2014 and \$44,214,763 at June 30, 2015.

A large portion (almost all) of the City of Santa Paula's net position include \$22,714,817 (51.4 percent) as its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Santa Paula uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Santa Paula's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-Wide Financial Statements						
Table 1: Summary of Net Position						
	June 30, 2014			June 30, 2015		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets						
Current and other Assets	14,962,821	42,739,035	57,701,856	15,968,650	49,611,496	65,580,146
Capital Assets (net of depreciation)	19,179,586	117,173,114	136,352,700	19,091,815	115,842,487	134,934,302
Total Assets	34,142,407	159,912,149	194,054,556	35,060,465	165,453,983	200,514,448
Deferred Outflows of Resources						
Deferred Charges on Refundings	-	1,441,270	1,441,270	-	9,262,162	9,262,162
Deferred Pension Contributions	-	-	-	1,931,920	227,616	2,159,536
Proportionate Share Contribution Diff	-	-	-	81,638	-	81,638
Pension Actuarial Amounts	-	-	-	144,811	57,110	201,921
Total Deferred Outflows of Resources	-	1,441,270	1,441,270	2,158,369	9,546,888	11,705,257
Liabilities						
Long-term liabilities outstanding	5,148,317	125,537,487	130,685,804	17,189,144	138,716,704	155,905,848
Other liabilities	2,456,337	5,844,744	8,301,081	1,943,793	6,047,120	7,990,913
Total Liabilities	7,604,654	131,382,231	138,986,885	19,132,937	144,763,824	163,896,761
Deferred Inflows of Resources						
Proportionate Share Contribution Diff	-	-	-	-	29,541	29,541
Pension Actuarial Amounts	-	-	-	3,470,413	608,227	4,078,640
Total Deferred Inflows of Resources	-	-	-	3,470,413	637,768	4,108,181
Net Investment in Capital Assets	19,007,336	9,889,593	28,896,929	18,444,826	4,269,991	22,714,817
Restricted For:						
Transportation and Other Purposes	5,388,000	-	5,388,000	5,388,000	-	5,388,000
Community Development	-	-	-	-	-	-
Nonexpendable	743,364	-	743,364	753,591	-	753,591
Public Safety	190,134	-	190,134	168,028	-	168,028
Public Works	1,324,474	-	1,324,474	3,609,214	-	3,609,214
Street Projects	-	-	-	3,866,711	-	3,866,711
Debt Services	-	4,798,453	4,798,453	-	9,865,892	9,865,892
Unrestricted	(115,555)	15,283,142	15,167,587	(17,614,886)	15,463,396	(2,151,490)
Total Net Position	26,537,753	29,971,188	56,508,941	14,615,484	29,599,279	44,214,763

An additional portion of the City of Santa Paula’s net position (53.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position shows a negative position* (\$2,151,490) which is due to the new accounting principal which requires the City to book net pension liabilities. The balance of the bond proceeds is \$30,010,464 restricted for streets, water and sewer projects.

At the end of the current fiscal year, the City of Santa Paula is able to report a positive balance in net position for Investments in Capital Assets and restricted purposes. Separately, the City’s governmental *unrestricted net position* shows a negative balance of \$(17,614,886) which is a decrease in fund balance of \$17,499,331 from the previous year’s figure of \$(115,555). A large portion of the decrease is the result of the reporting of pension liability as well as reclassification of street projects restricted funds (Gas Tax, Local Transportation, etc.).

The business-type activities *unrestricted net position* show a positive balance of \$15,463,396, an increase of \$180,254 over the prior year’s balance of \$15,283,142. These unrestricted funds can only be used for Water and Sewer activities. The Water fund has remaining Capital Bond project funds of \$17,978,289 while the Sewer fund has a remaining Capital Bond project balance of \$8,865,868.

Government-Wide Financial Statements						
Table 2: Summary Changes of Net Position						
	June 30,2014			June 30,2015		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business -Type Activities	Total
Revenues						
Charges for services	2,377,976	20,138,964	22,516,940	2,512,057	19,421,586	21,933,643
Operating grants	1,972,523	-	1,972,523	1,922,978	-	1,922,978
Capital grants	1,107,395	-	1,107,395	1,021,903	-	1,021,903
General revenues:	-	-	-	-	-	-
Property taxes	5,981,182	-	5,981,182	7,017,821	-	7,017,821
Sales taxes	1,707,894	-	1,707,894	1,867,284	-	1,867,284
Other taxes	841,015	-	841,015	1,130,011	-	1,130,011
Investments	46,418	38,457	84,875	58,526	41,806	100,332
Other revenues	25,859	-	25,859	385,844	-	385,844
Total Revenues	14,060,262	20,177,421	34,237,683	15,916,424	19,463,392	35,379,816
Expenses						
General administration	1,218,438	-	1,218,438	959,229	-	959,229
Building and safety	522,030	-	522,030	513,283	-	513,283
Community services	1,933,292	-	1,933,292	1,836,022	-	1,836,022
Financial Services	460,909	-	460,909	479,943	-	479,943
Fire	2,930,723	-	2,930,723	3,082,387	-	3,082,387
Planning	475,976	-	475,976	662,528	-	662,528
Police	5,530,116	-	5,530,116	5,788,351	-	5,788,351
Public Works	2,249,048	-	2,249,048	1,948,086	-	1,948,086
Interest	17,448	-	17,448	26,072	-	26,072
Water	-	7,296,082	7,296,082	-	7,334,386	7,334,386
Sewer	-	8,887,824	8,887,824	-	9,946,162	9,946,162
Total expenses	15,337,980	16,183,906	31,521,886	15,295,901	17,280,548	32,576,449
Increase in Net Position before Transfers	(1,277,718)	3,993,515	2,715,797	620,523	2,182,844	2,803,367
Transfers	1,548,582	(1,548,582)	-	0	0	-
Increase in Net Position	270,864	2,444,933	2,715,797	620,523	2,182,844	2,803,367
Extraordinary Loss	-	-	-	-	-	-
Beginning Net Position	26,159,673	34,520,328	60,680,001	26,537,753	29,971,188	56,508,941
Prior period adjustment	107,216	(6,994,073)	(6,886,857)	(12,542,792)	(2,554,753)	(15,097,545)
Ending Net Position	\$26,537,753	\$29,971,188	\$56,508,941	\$14,615,484	\$29,599,279	\$44,214,763

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

There was a decrease of \$371,909 in total net position reported in connection with the City of Santa Paula’s business-type activities.

Governmental activities. Governmental activities decreased the City of Santa Paula’s net position by \$11,922,269 for the current year. The decreases in net position are attributed to the recording of the pension liabilities which are explained in further detail on pages 40-45.

Expenses for governmental activities decreased from \$15,337,980 in 2014 to \$15,295,901 in 2015, a decrease of \$42,079.

Business-type activities. Business-type activities decreased the City of Santa Paula’s net position by \$371,909.

Financial Analysis of the Government’s Funds

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

Governmental funds. The focus of the City of Santa Paula’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spending* resources. Such information is useful in assessing the City of Santa Paula’s financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Santa Paula’s governmental funds reported combined total ending fund balances of \$14,068,182.

The General Fund is the chief operating fund of the City of Santa Paula. At June 30, 2015, the unreserved fund balance for the General Fund was \$1,016,670, while total fund balance reached \$5,042,183. As a measure of the General Fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 7.5 percent of the total General Fund expenditures, while total fund balance represents 37.1 percent of that same amount.

The City of Santa Paula’s unassigned General Fund fund balance, increased by \$37,229 during the current fiscal year. The major change reflects an increase in most revenue categories as well as minor savings in expenditures.

Proprietary funds. The City of Santa Paula’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The net position of the Water and Sewer enterprises at the end of the year amounted to \$29,599,279 a decrease of \$371,909 from the prior period. The net position for the proprietary funds – water decreased \$(1,645,686) and sewer increased \$1,273,777. Other factors concerning the finances of these funds are addressed in the discussion of the City of Santa Paula’s business-type activities.

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

Statement of Revenues, Expenses and Changes in Net Positions			
Table 3: Proprietary Funds			
	Business-Type Activities		
	Water	Sewer	Total
Operating Revenues	7,929,496	11,421,990	19,351,486
Operating Expenses	4,804,773	4,602,060	9,406,833
Operating Income (loss)	3,124,723	6,819,930	9,944,653
Total Non-Operating Revenues (Expenses)	(2,392,826)	(5,368,983)	(7,761,809)
Transfers In	177,170	-	177,170
Transfers Out	-	(177,170)	(177,170)
Change in Net Positions	909,067	1,273,777	2,182,844
Total Net Positions, Beginning	18,106,999	11,864,189	29,971,188
Prior Period Adjustments	(2,554,753)	-	(2,554,753)
Total Net Positions, Ending	16,461,313	13,137,966	29,599,279

General Fund Budgetary Highlights

The actual General Fund revenue ended \$495,791 over the final budgeted amount. There were \$166,305 in fiscal year adjustments to the final revenue budget. Revenues overall were approximately 4.1% over budget estimates. The General Fund revenue final budget vs. actual breakdown is as follows:

- Property Taxes \$(410,505) under budget estimates
- Fines and Forfeitures \$(96,400) under budget estimates
- Intergovernmental \$(40,237) under budget estimates
- Sales Tax and Other Taxes \$375,620 over budget estimates
- Charges for Services \$352,861 over budget estimates
- Other Revenue \$312,011 over budget estimates (largely due to worker’s compensation reimbursements)
- Licenses and Permits \$3,107 over estimates and Investments \$(666) under budget estimates

Differences between the final budget and the actual expenditures for the operating departments varied considerably.

- General Governmental \$(86,714) over budget estimates
- Building & Safety \$(105,078) over budget estimates
- Fire \$(846,528) over budget estimates
- Planning \$(42,298) over budget estimates
- Police \$(295,727) over budget estimates
- Debt Service \$(31,695) over budget estimates
- Community Services \$14,966 under budget estimates
- Financial Services \$75,056
- Public Works \$1,340,399 under budget estimates. This is due mainly to capital projects not completed this fiscal year.

Overall the General Fund expenditures came in under budget by \$22,381 or .001%.

General Fund Budgetary Highlights	
Table 4	
Revenues	
Property Taxes	(410,505)
Sales Tax	304,821
Other Taxes	70,799
Total Taxes	(34,885)
Licenses & Permits	3,107
Intergovernmental	(40,237)
Charges for Services	352,861
Fines and Forfeitures	(96,400)
Investment Earnings	(666)
Other Revenue	312,011
Total Revenue Over/(Under) Budget	495,791
Expenditures	
General government	(86,714)
Building & Safety	(105,078)
Community Services	14,966
Financial Services	75,056
Fire	(846,528)
Planning	(42,298)
Police	(295,727)
Public Works	1,340,399
Debt Service	(31,695)
Total Expenditure (Over)/Under Budget	22,381

Capital Asset and Debt Administration

Capital assets. The City of Santa Paula's investment in capital assets for its governmental and business type activities as of June 30, 2015, amounts to \$134,934,302 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements other than buildings, machinery and equipment, as well as construction in progress.

Capital Assets			
Table 5			
	(Net of Depreciation)		
	Governmental Activities	Business-Type Activities	Total
Land	489,183	7,104,082	7,593,265
Water Rights	-	13,834,827	13,834,827
Construction in progress	1,260,755	1,549,644	2,810,399
Buildings and System	1,205,796	77,180,383	78,386,179
Machinery and Equipment	1,371,209	1,164,904	2,536,113
Improvements other than buildings	14,764,872	15,008,647	29,773,519
Total Capital Assets	19,091,815	115,842,487	134,934,302

The value of the City's assets has decreased by \$1,418,398 during this reporting period. The majority of the decrease in the valuation is related to the sale of the Sewer Vector Truck and annual depreciation. Additional information on the City of Santa Paula's capital assets can be found in note IIIC on pages 24 and 25 in this report.

Long-term debt. At the end of the current fiscal year, the City of Santa Paula had total debt outstanding of \$158,774,996. This is an increase of \$24,016,439 from the prior period's level of \$134,758,557. Governmental activities increased by \$11,479,491 which is largely due to the reporting of the pension related debt. The Business-Type activities increased by \$13,046,237, again due to the pension issue as well as the issuance of new Wastewater Revenue bonds to purchase the Wastewater Treatment Plant in the amount of \$69,230,000. This is offset by a reduction due to the Capital Lease of \$(64,337,771) that the City owed for the Treatment Plant DBOF (Design, Build, Operate and Finance). Bonds secured solely by specified revenue sources (i.e., revenue bonds) equal \$139,086,423. The remaining debt is backed by the full faith and credit of the government.

The City of Santa Paula's total outstanding debt includes \$130,090,000 principal amount comprised of five series of revenue bonds. The \$69,200,000 in Wastewater bonds were issued on April 30, 2015. Additional information on the City of Santa Paula's long-term debt can be found in note III.E on pages 27 to 35 of this report.

Outstanding Debt			
Table 6			
	Governmental Activities	Business-Type Activities	Total
Lease Revenue Bonds:			
Water 2010	-	49,620,000	49,620,000
Add Deferred Issuance Premiums	-	1,520,748	1,520,748
Wastewater 2010A	-	5,460,000	5,460,000
Wastewater 2010B	-	5,780,000	5,780,000
Less Deferred Issuance Discounts	-	(159,986)	(159,986)
Wastewater 2015A		67,195,000	67,195,000
Wastewater 2015B		2,035,000	2,035,000
Add Deferred Issuance Premiums		7,635,661	7,635,661
Loans Payable	137,700	-	137,700
Claims Liability	2,085,038	-	2,085,038
Lease Payable	509,289		
Notes Payable	-	496,500	496,500
Wastewater Facilities Lease	-	-	-
Pension Related Debt	13,623,704	2,323,781	15,947,485
OPEB Obligations	502,861	-	502,861
Compensated Absences	491,216	27,773	518,989
Total	17,349,808	141,934,477	158,774,996
June 30, 2014	5,870,317	128,888,240	134,758,557
Change in Debt Service	11,479,491	13,046,237	24,016,439

Next Year's Budgets and Rates

The Water rates were last increased November 1, 2012 and the Sewer rates increased November 1, 2013. There are no scheduled increases until a new rate study and a Prop 218 process is complete. These rate increases were necessary to cover higher operating expenses and to fund significant capital investments in infrastructure and the new Water Recycling Facility (WRF).

Requests for Information

This financial report is designed to provide a general overview of the City of Santa Paula's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Santa Paula, Finance Director, P. O. Box 569, Santa Paula, CA 93061.

BASIC FINANCIAL STATEMENTS

City of Santa Paula
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 11,316,663	\$ 20,472,705	\$ 31,789,368
Receivables (Net of Allowance)	995,404	2,294,634	3,290,038
Due from Other Governments	10,994	-	10,994
Loans Receivable, Net	467,001	-	467,001
Cash - Restricted	3,178,588	26,844,157	30,022,745
Capital Assets Not Being Depreciated			
Land	489,183	7,104,082	7,593,265
Water Rights	-	13,834,827	13,834,827
Construction in Progress	1,260,755	1,549,644	2,810,399
Capital Assets Net of Accumulated Depreciation			
Buildings and System	1,205,796	77,180,383	78,386,179
Machinery and Equipment	1,371,209	1,164,904	2,536,113
Improvements Other Than Buildings	14,764,872	15,008,647	29,773,519
Total Assets	<u>35,060,465</u>	<u>165,453,983</u>	<u>200,514,448</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings	-	9,262,162	9,262,162
Deferred Pension Contributions	1,931,920	227,616	2,159,536
Proportionate Share Contribution Differences	81,638	-	81,638
Pension Actuarial Amounts	144,811	57,110	201,921
Total Deferred Outflows of Resources	<u>2,158,369</u>	<u>9,546,888</u>	<u>11,705,257</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	771,141	973,773	1,744,914
Accrued Interest Payable	-	1,855,574	1,855,574
Deposits	1,011,988	-	1,011,988
Noncurrent Liabilities			
Due Within One Year	160,664	3,217,773	3,378,437
Due in More Than One Year	17,189,144	138,716,704	155,905,848
Total Liabilities	<u>19,132,937</u>	<u>144,763,824</u>	<u>163,896,761</u>
DEFERRED INFLOWS OF RESOURCES			
Proportionate Share Contribution Differences	-	29,541	29,541
Pension Actuarial Amounts	3,470,413	608,227	4,078,640
Total Deferred Outflows of Resources	<u>3,470,413</u>	<u>637,768</u>	<u>4,108,181</u>
NET POSITION			
Net Investment in Capital Assets	18,444,826	4,269,991	22,714,817
Restricted for:			
Transportation and Other Purposes	5,388,000	-	5,388,000
Community Services:			
Nonexpendable	753,591	-	753,591
Public Safety	168,028	-	168,028
Development	3,609,214	-	3,609,214
Street Projects	3,866,711	-	3,866,711
Debt Service	-	9,865,892	9,865,892
Unrestricted	(17,614,886)	15,463,396	(2,151,490)
Total Net Position	<u>\$ 14,615,484</u>	<u>\$ 29,599,279</u>	<u>\$ 44,214,763</u>

The accompanying notes are an integral part of this statement.

**City of Santa Paula
Statement of Activities
For the Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 972,623	\$ 469,686	\$ 4,487	\$ 7,236
Building and Safety	516,500	334,154	-	-
Community Services	1,752,113	462,173	195,660	85,884
Financial Services	479,943	12,942	-	-
Fire	3,029,180	77,929	214,457	-
Planning	662,528	515,140	-	-
Police	5,787,639	415,826	307,704	16,117
Public Works	2,069,303	224,207	1,200,670	912,666
Interest on Long-term Debt	26,072	-	-	-
Total Governmental Activities	15,295,901	2,512,057	1,922,978	1,021,903
Business-type Activities:				
Water	7,334,386	8,038,496	-	-
Sewer	9,946,162	11,383,090	-	-
Total Business-type Activities	17,280,548	19,421,586	-	-
Total Government	\$ 32,576,449	\$ 21,933,643	\$ 1,922,978	\$ 1,021,903

General Revenues:

Property Taxes
Sales Taxes
Transient Occupancy Taxes
Franchise Taxes
Business License Taxes
Motor Vehicle In-Lieu
Unrestricted Investment Earnings
Miscellaneous Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Ending

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (491,214)	\$ -	\$ (491,214)
(182,346)	-	(182,346)
(1,008,396)	-	(1,008,396)
(467,001)	-	(467,001)
(2,736,794)	-	(2,736,794)
(147,388)	-	(147,388)
(5,047,992)	-	(5,047,992)
268,240	-	268,240
<u>(26,072)</u>	-	<u>(26,072)</u>
<u>(9,838,963)</u>	-	<u>(9,838,963)</u>
-	704,110	704,110
-	1,436,928	1,436,928
-	<u>2,141,038</u>	<u>2,141,038</u>
<u>(9,838,963)</u>	<u>2,141,038</u>	<u>(7,697,925)</u>
7,017,821	-	7,017,821
1,867,284	-	1,867,284
110,817	-	110,817
904,177	-	904,177
115,017	-	115,017
-	-	-
58,526	41,806	100,332
385,844	-	385,844
-	-	-
<u>10,459,486</u>	<u>41,806</u>	<u>10,501,292</u>
620,523	2,182,844	2,803,367
26,537,753	29,971,188	56,508,941
<u>(12,542,792)</u>	<u>(2,554,753)</u>	<u>(15,097,545)</u>
<u>\$ 14,615,484</u>	<u>\$ 29,599,279</u>	<u>\$ 44,214,763</u>

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

**City of Santa Paula
Balance Sheet
Governmental Funds
June 30, 2015**

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 2,527,942	\$ 8,788,721	\$ 11,316,663
Receivables	800,775	194,629	995,404
Due from Other Funds	220,342	-	220,342
Due from Other Governments	10,994	-	10,994
Loans Receivable	9,056	457,945	467,001
Advances to Other Funds	-	112,036	112,036
Cash - Restricted	3,166,307	12,281	3,178,588
	<u>3,166,307</u>	<u>12,281</u>	<u>3,178,588</u>
Total Assets	<u>\$ 6,735,416</u>	<u>\$ 9,565,612</u>	<u>\$ 16,301,028</u>
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 605,485	\$ 165,656	\$ 771,141
Due to Other Funds	-	220,342	220,342
Deposits	1,011,988	-	1,011,988
Advances From Other Funds	-	112,036	112,036
	<u>-</u>	<u>112,036</u>	<u>112,036</u>
Total Liabilities	<u>1,617,473</u>	<u>498,034</u>	<u>2,115,507</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Grants	75,760	41,579	117,339
	<u>75,760</u>	<u>41,579</u>	<u>117,339</u>
FUND BALANCE (DEFICITS)			
Nonspendable	9,056	753,591	762,647
Restricted	3,166,307	8,524,609	11,690,916
Committed	850,150	-	850,150
Unassigned	1,016,670	(252,201)	764,469
	<u>1,016,670</u>	<u>(252,201)</u>	<u>764,469</u>
Total Fund Balances (Deficits)	<u>5,042,183</u>	<u>9,025,999</u>	<u>14,068,182</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,735,416</u>	<u>\$ 9,565,612</u>	<u>\$ 16,301,028</u>

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

The accompanying notes are an integral part of this statement.

City of Santa Paula
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

Fund balances of governmental funds	\$ 14,068,182
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	19,091,815
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	117,339
Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds:	
Deferred Pension Contributions	1,931,920
Pension Actuarial Amounts - Outflows	144,811
Proportionate Share Contribution Differences	81,638
Pension Actuarial Amounts - Inflows	(3,470,413)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(491,216)
OPEB Obligation	(502,861)
Loans Payable	(646,989)
Claims Liabilities	(2,085,038)
Net Pension Liability	<u>(13,623,704)</u>
Net position of governmental activities	<u>\$ 14,615,484</u>

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

The accompanying notes are an integral part of this statement.

City of Santa Paula
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 9,939,399	\$ 380,802	\$ 10,320,201
Licenses and Permits	355,657	-	355,657
Intergovernmental	493,668	2,143,600	2,637,268
Charges for Services	1,430,115	304,768	1,734,883
Fines and Forfeitures	138,100	28,482	166,582
Investment Earnings	3,934	40,945	44,879
Other Revenues	353,311	199,023	552,334
	<u>12,714,184</u>	<u>3,097,620</u>	<u>15,811,804</u>
EXPENDITURES			
Current:			
General Government	1,137,850	268,330	1,406,180
Building and Safety	384,110	121,573	505,683
Community Services	1,005,677	259,116	1,264,793
Financial Services	473,290	4,320	477,610
Fire	3,464,461	173,778	3,638,239
Planning	649,040	10,377	659,417
Police	5,883,754	112,174	5,995,928
Public Works	577,952	1,246,800	1,824,752
Debt Service:			
Principal	19,403	34,550	53,953
Interest	12,292	13,780	26,072
	<u>13,607,829</u>	<u>2,244,798</u>	<u>15,852,627</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(893,645)</u>	<u>852,822</u>	<u>(40,823)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	152,815	152,815
Transfers Out	(22,770)	(130,045)	(152,815)
Capital Lease	528,692	-	528,692
	<u>505,922</u>	<u>22,770</u>	<u>528,692</u>
Net Change in Fund Balances	(387,723)	875,592	487,869
Fund Balances, Beginning	5,429,906	7,785,860	13,215,766
Prior Period Adjustment	-	364,547	364,547
Fund Balances, Ending	<u>\$ 5,042,183</u>	<u>\$ 9,025,999</u>	<u>\$ 14,068,182</u>

The accompanying notes are an integral part of this statement.

City of Santa Paula
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015

Net change in fund balances-total governmental funds \$ 487,869

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation of \$1,044,012 exceeded capital outlay of \$956,241 in the current period. (87,771)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 104,621

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal Payments on Capital Leases and Loans Payable	53,953
Issuance of Capital Lease	(528,692)
Decrease in Net Pension Liability	3,549,652
Increase in OPEB Obligation	(77,776)

Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds. This is the net change in deferred inflows and deferred outflows related to the pension liability.

Deferred Pension Contributions	162,190
Pension Actuarial Amounts - Outflows	144,811
Proportionate Share Contribution Differences	81,638
Pension Actuarial Amounts - Inflows	(3,470,413)

Claims and judgments expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. 241,192

Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The following represents the net change in compensated absences in the current period. (40,751)

Change in net position of governmental activities \$ 620,523

The accompanying notes are an integral part of this statement.

**City of Santa Paula
Statement of Net Position
Proprietary Funds
June 30, 2015**

	Business-type Activities - Enterprise Funds		
	Utility Authority		Totals
	Water	Sewer	
ASSETS			
Current Assets:			
Cash and Investments	\$ 12,259,380	\$ 8,213,325	\$ 20,472,705
Receivables	1,115,869	1,178,765	2,294,634
Total Current Assets	<u>13,375,249</u>	<u>9,392,090</u>	<u>22,767,339</u>
Noncurrent Assets:			
Restricted Cash:			
Cash with Fiscal Agents	17,978,289	8,865,868	26,844,157
Capital Assets:			
Land	2,356,451	4,747,631	7,104,082
Water Rights	13,834,827	-	13,834,827
Buildings	12,251,164	74,097,756	86,348,920
Improvements	16,195,793	1,276,626	17,472,419
Machinery and Equipment	2,414,771	204,993	2,619,764
Construction in Progress	985,114	564,530	1,549,644
Less: Accumulated Depreciation	<u>(8,149,892)</u>	<u>(4,937,277)</u>	<u>(13,087,169)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>39,888,228</u>	<u>75,954,259</u>	<u>115,842,487</u>
Total Noncurrent Assets	<u>57,866,517</u>	<u>84,820,127</u>	<u>142,686,644</u>
Total Assets	<u>71,241,766</u>	<u>94,212,217</u>	<u>165,453,983</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings	1,363,713	7,898,449	9,262,162
Deferred Pension Contributions	227,616	-	227,616
Pension Actuarial Amounts	57,110	-	57,110
Total Deferred Outflows of Resources	<u>1,648,439</u>	<u>7,898,449</u>	<u>9,262,162</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	768,170	205,603	973,773
Interest Payable	1,034,152	821,422	1,855,574
Compensated Absences	27,773	-	27,773
Bonds Payable - Current	1,420,000	1,770,000	3,190,000
Total Current Liabilities	<u>3,250,095</u>	<u>2,797,025</u>	<u>6,047,120</u>
Noncurrent Liabilities:			
Bonds Payable	49,720,748	86,175,675	135,896,423
Notes Payable	496,500	-	496,500
Net Pension Liability	2,323,781	-	2,323,781
Total Noncurrent Liabilities	<u>52,541,029</u>	<u>86,175,675</u>	<u>138,716,704</u>
Total Liabilities	<u>55,791,124</u>	<u>88,972,700</u>	<u>144,763,824</u>
DEFERRED INFLOWS OF RESOURCES			
Proportionate Share Contribution Differences	29,541	-	29,541
Pension Actuarial Amounts	608,227	-	608,227
Total Deferred Inflows of Resources	<u>637,768</u>	<u>-</u>	<u>637,768</u>
NET POSITION			
Net Investment in Capital Assets	3,682,037	587,954	4,269,991
Restricted for:			
Debt Service	3,910,945	5,954,947	9,865,892
Unrestricted	8,868,331	6,595,065	15,463,396
Total Net Position	<u>\$ 16,461,313</u>	<u>\$ 13,137,966</u>	<u>\$ 29,599,279</u>

The accompanying notes are an integral part of this statement.

City of Santa Paula
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds		
	Utility Authority		Totals
	Water	Sewer	
OPERATING REVENUES			
Water Sales	\$ 7,919,015	\$ -	\$ 7,919,015
Sewer Sales	-	11,275,152	11,275,152
Other Revenues	10,481	146,838	157,319
Total Operating Revenues	<u>7,929,496</u>	<u>11,421,990</u>	<u>19,351,486</u>
OPERATING EXPENSES			
Cost of Sales	2,176,480	2,590,627	4,767,107
Administration	1,470,303	1,015,203	2,485,506
Depreciation	1,157,990	996,230	2,154,220
Total Operating Expenses	<u>4,804,773</u>	<u>4,602,060</u>	<u>9,406,833</u>
Operating Income (Loss)	<u>3,124,723</u>	<u>6,819,930</u>	<u>9,944,653</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Earnings	27,787	14,019	41,806
Interest Expense	(2,529,613)	(5,344,102)	(7,873,715)
Gain/(Loss) on Disposal of Capital Assets	109,000	(38,900)	70,100
Total Nonoperating Revenues (Expenses)	<u>(2,392,826)</u>	<u>(5,368,983)</u>	<u>(7,761,809)</u>
Income Before Contributions and Transfers	731,897	1,450,947	2,182,844
Transfers In	177,170	-	177,170
Transfers Out	-	(177,170)	(177,170)
Change in Net Position	909,067	1,273,777	2,182,844
Total Net Position, Beginning	18,106,999	11,864,189	29,971,188
Prior Period Adjustment	<u>(2,554,753)</u>	<u>-</u>	<u>(2,554,753)</u>
Total Net Position, Ending	<u>\$ 16,461,313</u>	<u>\$ 13,137,966</u>	<u>\$ 29,599,279</u>

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

The accompanying notes are an integral part of this statement.

**City of Santa Paula
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015**

	Utility Authority		Total
	Water	Sewer	
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 8,116,996	\$ 11,358,544	\$ 19,475,540
Payments to Suppliers	(1,964,270)	(4,051,492)	(6,015,762)
Payments to Employees	(1,345,879)	(121,892)	(1,467,771)
Net Cash Provided (Used) by Operating Activities	<u>4,806,847</u>	<u>7,185,160</u>	<u>11,992,007</u>
Cash Flows from Noncapital Financing Activities			
Intrefund Advances Received	100,000	-	100,000
Transfers In	177,170	-	177,170
Transfers Out	-	(177,170)	(177,170)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>277,170</u>	<u>(177,170)</u>	<u>100,000</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(992,244)	(50,249)	(1,042,493)
Sale of Property	109,000	180,000	289,000
Proceeds from Bonds	-	76,865,661	76,865,661
Interest Paid on Capital Debt	(2,536,749)	(4,815,695)	(7,352,444)
Principal Paid on Capital Debt	(1,370,000)	(72,427,022)	(73,797,022)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,789,993)</u>	<u>(247,305)</u>	<u>(5,037,298)</u>
Cash Flows from Investing Activities			
Investment Earnings	27,787	14,019	41,806
Net Cash Provided (Used) by Investing Activities	<u>27,787</u>	<u>14,019</u>	<u>41,806</u>
Net Increase (Decrease) in Cash and Cash Equivalents	321,811	6,774,704	7,096,515
Cash and Cash Equivalents, Beginning	<u>29,915,858</u>	<u>10,304,489</u>	<u>40,220,347</u>
Cash and Cash Equivalents, Ending	<u>\$ 30,237,669</u>	<u>\$ 17,079,193</u>	<u>\$ 47,316,862</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income	\$ 3,124,723	\$ 6,819,930	\$ 9,944,653
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation Expense	1,157,990	996,230	2,154,220
(Increase) Decrease in Receivables	187,500	(63,446)	124,054
(Increase) Decrease in Deferred Outflows - Pensions	(66,344)	-	(66,344)
Increase (Decrease) in Accounts Payable	384,537	(567,554)	(183,017)
Increase (Decrease) in Compensated Absences	(12,387)	-	(12,387)
Increase (Decrease) in Deferred Inflows - Pensions	637,768	-	637,768
Increase (Decrease) in Net Pension Liability	(606,940)	-	(606,940)
Net Cash Provided By Operating Activities	<u>\$ 4,806,847</u>	<u>\$ 7,185,160</u>	<u>\$ 11,992,007</u>
Noncash Investing, Capital, and Financing Activities			
Amortization of Deferred Charges on Refunding	\$ 77,557	\$ -	\$ 77,557
Amortization of (Premium)/Discount on Bonds	(61,860)	6,400	(55,460)

The accompanying notes are an integral part of this statement.

City of Santa Paula
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2015

	Successor Agency Private-purpose Trust Fund
ASSETS	
Cash and Investments	\$ 596,519
Restricted Cash and Investments	294,500
Interest Receivable	798
Loans Receivable, Net	8,703
Property Held for Resale	818,178
	1,718,698
Total Assets	1,718,698
LIABILITIES	
Accounts Payable	7,407
Interest Payable	12,536
Bonds Payable	2,330,747
	2,350,690
Total Liabilities	2,350,690
NET POSITION	
Net Position Held in Trust for Successor Agency	\$ (631,992)

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

The accompanying notes are an integral part of this statement.

City of Santa Paula
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2015

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Taxes	\$ 598,193
Interest Income	4,782
Total Additions	602,975
DEDUCTIONS	
Administrative Costs	1,501,220
Interest on Bonds	157,616
Total Deductions	1,658,836
Change in Net Position	(1,055,861)
Net Position - Beginning of Year	423,869
Net Position - End of Year	\$ (631,992)

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

The accompanying notes are an integral part of this statement.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Description of Reporting Entity

The City of Santa Paula (the "City") is a municipal corporation operating as a general law city governed by a city council of five members. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended Component Units

The Santa Paula Public Financing Authority (the Authority) is governed by the City Council of the City of Santa Paula. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public facilities.

The Santa Paula Utility Authority (the Utility Authority) was established through a Joint Powers Agreement between the City and the Redevelopment Agency. The members of the Board of Directors of the Utility Authority are the members of the City Council of the City. The Utility Authority was established to provide financing, for purposes which are authorized by law and which could lease, own, operate, and maintain the water and wastewater enterprise, and any other utility system or service leased to the Utility Authority by the City or acquired by the Utility Authority. The Utility Authority is reported as enterprise funds.

Separate financial statements are not prepared for the Santa Paula Public Financing Authority or the Santa Paula Utility Authority.

B) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all the nonfiduciary activities of the City of Santa Paula and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter, if any, are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*, as are the proprietary funds' and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and therefore have been recognized as revenues within the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue within the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

The water and sewer funds account for the operation of the City's water distribution system and the City's sewage treatment plant, and sewage pumping stations.

The City reports the following fiduciary funds:

The Successor Agency Private-purpose Trust Fund accounts for the wind down activities of the Santa Paula Redevelopment Agency.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. In the fund financial statements, quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursement fund and as revenues in the fund that is reimbursed. All other interfund transaction except quasi-external transactions and reimbursements are reported as transfers.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Governmental Accounting Standards Board Statement No. 72

In February of 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement was issued to address accounting and financial reporting issues related to fair value measurements. This GASB Statement is required to be implemented in financial statements issued for the periods beginning after June 15, 2015. The City has elected not to early implement this statement and has not determined its effect on the financial statements.

E) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Santa Paula's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F) Assets, Liabilities, and Net Assets or Equity

1) Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments (including restricted assets) with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, cash equivalents represents demand deposits of proprietary funds held in financial institutions or in cash management pools where funds can be added or withdrawn at anytime without prior notice or penalty and with a maturity of three months or less from the date of acquisition.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments are included within the financial statement caption "Cash and Investments." Investments for the government, as well as for its component units, are stated at their fair value, the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Local Agency Investment Fund operates in accordance with the appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2) Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property taxes receivable are shown net of an allowance for uncollectibles. Property taxes in the State of California are administered for all local agencies at the County level, and consist of secured, unsecured, and utility tax rolls.

Property taxes are levied as of January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at the time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax levies are limited to 1% of full market value which results in a tax of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

The Assessor of the County of Ventura establishes property valuations for the secured and unsecured property tax rolls; the State Board of Equalization values the utility property tax roll. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on February 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Due to the nature of the City-wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, appropriations to local agencies are made by the County Auditor-Controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

The State of California FY 90-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administration fees withheld during the fiscal year.

3) Restricted Assets

Certain proceeds of the City's tax allocation refunding bonds and the enterprise fund lease revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

4) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000, or \$25,000 for capital projects. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materiality extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest costs were capitalized during the current year.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30 - 50
Building Improvements	10 - 30
Infrastructure	25 - 60
Vehicles	3 - 10
Equipment	7 - 10
Computer Equipment	5

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

City of Santa Paula
Notes to Financial Statements
June 30, 2015

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5) Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Cash compensations for accrued vacations are generally not payable until the employee terminates employment with the City. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the government funds only if they have matured, for example, as a result of employee resignations and retirements.

6) Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

7) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City currently has four items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position and the statement of net position – proprietary funds. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The three other items that qualify for reporting in this category are a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. See Note IV C – Pension Plans for more information.

In addition to liabilities, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item, which arises only under the modified accrual basis of accounting, and another, which is a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which qualify for reporting in this category. Under the modified accrual basis of accounting, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8) Net Position

In the Government-wide, proprietary funds, and fiduciary fund financial statements, net position is classified in the following categories.

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position

This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category represents the net position of the City that is not externally restricted for any project or other purpose.

9) Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

10) Fund Balance

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts that may be specified by the City Council by ordinance or resolution to formally commit part of the City's fund balances or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal City Council action utilizing the same type of action that was originally used.

Assigned Fund Balance - Amounts that are constrained by the Council's intent to use specified financial resources for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance - These are either residual positive net resources of fund balance in excess of what can properly be classified in one of the other four categories, or negative balances.

II) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The following non-major funds had deficit fund balances at June 30, 2015:

Mobile Home Rent Review	\$ 174,684
Miscellaneous State Grants	1,081
Harding Park Improvements	358
Harding Park Trust	76,078

These deficits are expected to be reduced by future revenue or transfers from other funds.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

III) DETAILED NOTES ON ALL FUNDS

A) Cash and Investments

The City's cash and investments consist of the following at June 30, 2015:

Petty Cash	\$ 5,600
Deposits	2,823,603
Investments	<u>59,873,929</u>
Total Cash and Investments	<u>\$ 62,703,132</u>
Statement of Net Position:	
Cash and Investments	\$ 31,789,368
Restricted Cash and Investments	30,022,745
Statement of Fiduciary Net Position:	
Cash and Investments	596,519
Restricted Cash and Investments	<u>294,500</u>
Total Cash and Investments	<u>\$ 62,703,132</u>

Investments Authorized by the California Government Code and the City's Investment Policy

The investments are managed by the City Treasurer and Fiscal agents (Bond trustees acting in accordance with bond covenants). Investments managed by the City Treasurer are invested in accordance with the City's investment policy. Investments managed by bond trustees are invested in accordance with provisions of the respective bond agreements, which generally are in accordance with provisions of the California Government Code 53601.

The City Treasurer has direct oversight over the City's pooled investment fund which covers cash and cash equivalents of the City's governmental funds, enterprise funds, and agency funds which are invested in accordance with the City's investment policy. The investment policy generally complies with California Government Code Section 53601.

The table below identifies the investment types that are authorized by the City's investment policy and the California Government Code. The table also identifies certain provisions that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment In One Issuer</u>	<u>Minimum Ratings</u>
U.S. Treasury	Yes	3 years	None	None	None
U.S. Agencies	Yes	3 years	20%	None	AAA
Bankers Acceptances	Yes	0.5 years	10%	2%	None
Certificate of Deposits (CDs)	Yes	N/A	40%	15%	AAA
Mutual Funds	Yes	N/A	15%	15%	AAA
Local Agency Investment Funds	Yes	N/A	None	None	None

City of Santa Paula
Notes to Financial Statements
June 30, 2015

III) DETAILED NOTES ON ALL FUNDS - Continued

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rates risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State Investment Pool - LAIF	\$29,247,831	\$ 29,247,831	\$ -	\$ -	\$ -
Certificates of Deposit	308,853	308,853	-	-	-
Held by Bond Trustees:					
Money Market Mutual Funds	30,317,245	30,317,245	-	-	-
Total	\$59,873,929	\$ 59,873,929	\$ -	\$ -	\$ -

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 or the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End	
				AAA	Not Rated
State Investment Pool - LAIF	\$ 29,247,831	N/A	\$ -	\$ -	\$29,247,83
Certificates of Deposit	308,853	N/A	-	-	308,85
Held by Bond Trustees					
Money Market Mutual Funds	30,317,245	N/A	-	30,317,245	
Total	\$ 59,873,929		\$ -	\$30,317,245	\$29,556,68

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

City of Santa Paula
Notes to Financial Statements
June 30, 2015

III) DETAILED NOTES ON ALL FUNDS - Continued

Concentration of Credit Risk

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. There are no investments in any one issuer (other than external investment pools) that represent 5% or more of total City investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The 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, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government 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 market 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.

At June 30, 2015, none of the City's deposits with financial institutions in excess of the Federal Depository Insurance Corporation's limits were held in uncollateralized accounts.

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 investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

III) DETAILED NOTES ON ALL FUNDS - Continued

B) Receivables

Receivables as of year-end for the City's individual major funds and non-major funds in the aggregate, are as follows:

	General	Water Utility	Sewer Utility	Nonmajor and Other Funds	Total
Receivables:					
Interest	\$ 1,383	\$ 6,906	\$ 4,659	\$ 5,398	\$ 18,346
Taxes	567,398	-	-	41,579	608,977
Accounts	180,701	1,108,963	1,174,106	33,769	2,497,539
Intergovernmental	51,293	-	-	113,883	165,176
Total Receivables	<u>\$ 800,775</u>	<u>\$ 1,115,869</u>	<u>\$ 1,178,765</u>	<u>\$ 194,629</u>	<u>\$ 3,290,038</u>

C) Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 489,183	\$ -	\$ -	\$ 489,183
Construction in Progress	1,257,911	86,796	(83,952)	1,260,755
Total Capital Assets, Not Being Depreciated	<u>1,747,094</u>	<u>86,796</u>	<u>(83,952)</u>	<u>1,749,938</u>
Capital Assets Being Depreciated:				
Buildings and System	2,127,899	185,515	-	2,313,414
Machinery and Equipment	3,860,085	767,882	(29,520)	4,598,447
Improvements Other Than Buildings	21,187,848	-	-	21,187,848
Total Capital Assets Being Depreciated	<u>27,175,832</u>	<u>953,397</u>	<u>(29,520)</u>	<u>28,099,709</u>
Less Accumulated Depreciation:				
Buildings and System	(1,035,836)	(71,782)	-	(1,107,618)
Machinery and Equipment	(3,117,129)	(139,629)	29,520	(3,227,238)
Improvements Other Than Buildings	(5,590,375)	(832,601)	-	(6,422,976)
Total Accumulated Depreciation	<u>(9,743,340)</u>	<u>(1,044,012)</u>	<u>29,520</u>	<u>(10,757,832)</u>
Total Capital Assets Being Depreciated, Net	<u>17,432,492</u>	<u>(90,615)</u>	<u>-</u>	<u>17,341,877</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,179,586</u>	<u>\$ (3,819)</u>	<u>\$ (83,952)</u>	<u>\$ 19,091,815</u>

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

City of Santa Paula
Notes to Financial Statements
June 30, 2015

III) DETAILED NOTES ON ALL FUNDS - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 7,104,082	\$ -	\$ -	\$ 7,104,082
Water Rights	13,834,827	-	-	13,834,827
Construction in Progress	1,138,761	477,821	(66,938)	1,549,644
Total Capital Assets, Not Being Depreciated	<u>22,077,670</u>	<u>477,821</u>	<u>(66,938)</u>	<u>22,488,553</u>
Capital Assets Being Depreciated:				
Buildings and System	86,348,920	-	-	86,348,920
Machinery and Equipment	2,750,822	229,595	(360,653)	2,619,764
Improvements Other Than Buildings	17,077,974	394,445	-	17,472,419
Total Capital Assets Being Depreciated	<u>106,177,716</u>	<u>624,040</u>	<u>(360,653)</u>	<u>106,441,103</u>
Less Accumulated Depreciation:				
Buildings and System	(7,947,691)	(1,220,846)	-	(9,168,537)
Machinery and Equipment	(1,500,559)	(103,624)	149,323	(1,454,860)
Improvements Other Than Buildings	(1,634,022)	(829,750)	-	(2,463,772)
Total Accumulated Depreciation	<u>(11,082,272)</u>	<u>(2,154,220)</u>	<u>149,323</u>	<u>(13,087,169)</u>
Total Capital Assets Being Depreciated, Net	<u>95,095,444</u>	<u>(1,530,180)</u>	<u>(211,330)</u>	<u>93,353,934</u>
Business-type Activities Capital Assets, Net	<u>\$ 117,173,114</u>	<u>\$ (1,052,359)</u>	<u>\$ (278,268)</u>	<u>\$ 115,842,487</u>

Depreciation was charged to functions/programs of the City as follows:

Governmental Activities:	
General Government	\$ 43,948
Community Services	481,098
Fire	23,327
Building and Safety	8,484
Police	63,578
Public Works	423,577
Total Depreciation Expense – Governmental Activities	<u>\$ 1,044,012</u>
Business-type Activities:	
Water	\$ 1,157,990
Sewer	996,230
Total Depreciation Expense – Business-type Activities	<u>\$ 2,154,220</u>

City of Santa Paula
Notes to Financial Statements
June 30, 2015

III) DETAILED NOTES ON ALL FUNDS - Continued

D) Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2015 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 220,342
	Total	\$ 220,342

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 112,036
	Total	\$ 112,036

Amounts payable between the Nonmajor Governmental Funds are for park projects. This balance is not scheduled to be collected in the subsequent year.

Sewer Fund Advance

On February 1, 2010 the City of Santa Paula entered into a Water Enterprise Lease Agreement and a Wastewater Enterprise Lease Agreement with the Santa Paula Utility Authority to lease to the Utility Authority the water and wastewater enterprise owned by the City. Under the terms of the agreements, lease payments are to be made from the Water and Sewer funds' (which comprise the Utility Authority) surplus revenues to the City for an amount equal to "Total Rent." Total Rent is defined in the agreements as having an aggregate present value at the date of the agreement of \$77,850,759 and \$18,083,341 for the water and wastewater enterprises respectively. The lease term shall end on February 22, 2065.

As mentioned above, the lease payments by the Utility Authority to the City are contingent upon the surplus revenues generated by the Water and Sewer funds. The amount of the lease rental payments could not be estimated due to the uncertainty of the amount of surplus revenues that may be generated by the Water and Sewer funds. The lease agreements are determined to be operating leases, and therefore no liability or asset has been recorded.

As provided in the trust agreement of the 2010 Wastewater Revenue Bonds, the Sewer fund of the Utility Authority transferred to the General fund an upfront lease rental payment of \$5,000,000. The payment is to be used by the City to finance certain public capital improvements. The unspent balance as of June 30, 2015 is \$3,166,307 and is included in restricted fund balance.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

III) DETAILED NOTES ON ALL FUNDS – Continued

Interfund transfers:

<u>Transfers Out</u>	<u>Transfers In</u>		
	Water Fund	Other Governmental Funds	Total
Sewer Fund	\$ 177,170	\$ -	\$ 177,170
General Fund	-	22,770	22,770
Other Governmental Funds	-	130,045	130,045
	<u>\$ 177,170</u>	<u>\$ 152,815</u>	<u>\$ 329,985</u>

Transfers were made from the Sewer funds to the Water fund to reimburse various costs. Transfers were made from the General Fund to the Other Governmental Funds and between the Other Governmental Funds to provide resources for various projects.

E) Long-term Debt

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 450,465	\$ 91,384	\$ (50,633)	\$ 491,216	\$ 80,000
Loan Payable	172,250	-	(34,550)	137,700	34,550
Lease Payable	-	528,692	(19,403)	509,289	46,114
Claims Liability	2,326,230	-	(241,192)	2,085,038	-
OPEB Obligation	425,085	110,790	(33,014)	502,861	-
Net Pension Liability	-	17,173,356	(3,549,652)	13,623,704	-
Pension Related Debt	2,496,287	-	(2,496,287)	-	-
Governmental Activities Long-term Liabilities	<u>\$ 5,870,317</u>	<u>\$ 17,904,222</u>	<u>\$ (6,424,731)</u>	<u>\$ 17,349,808</u>	<u>\$ 160,664</u>

City of Santa Paula
Notes to Financial Statements
June 30, 2015

III) DETAILED NOTES ON ALL FUNDS - Continued

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:					
Revenue Bonds:					
2010 Water Revenue Bonds	\$ 50,990,000	\$ -	\$ (1,370,000)	\$ 49,620,000	\$ 1,420,000
Add Deferred Amounts:					
Issuance Premiums	1,582,608	-	(61,860)	1,520,748	-
Wastewater Revenue Bonds - 2010A	5,575,000	-	(115,000)	5,460,000	120,000
Wastewater Revenue Bonds -2010B	5,875,000	-	(95,000)	5,780,000	100,000
Add Deferred Amounts:					
Issuance Discounts	(166,386)	-	6,400	(159,986)	-
Wastewater Revenue Bonds - 2015A	-	67,195,000	-	67,195,000	-
Wastewater Revenue Bonds -2015B	-	2,035,000	-	2,035,000	1,550,000
Add Deferred Amounts:					
Issuance Premiums	-	7,635,661	-	7,635,661	-
Notes Payable	496,500	-	-	496,500	-
Wastewater Facilities Lease	64,337,771	-	(64,337,771)	-	-
Compensated Absences	40,160	21,054	(33,441)	27,773	27,773
Net Pension Liability	-	2,930,721	(606,940)	2,323,781	-
Pension Related Debt	157,587	-	(157,587)	-	-
Business-type Activities Long-term Liabilities	\$ 128,888,240	\$ 79,817,436	\$ (66,771,199)	\$ 141,934,477	\$ 3,217,773

Capital Leases

The City, at various occasions, enters into lease agreements that qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

Assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Improvements Other than Buildings	\$ 345,000
Machinery and Equipment	574,878
Less: Accumulated Depreciation	(69,000)
Total	\$ 850,878

City of Santa Paula
Notes to Financial Statements
June 30, 2015

III) DETAILED NOTES ON ALL FUNDS - Continued

Loan Payable

In June of 2008, the City entered into a loan agreement with a developer for purposes of financing GEO Hazard abatement improvements. The principal amount of the loan is \$345,000 and is payable in 10 annual installments with an interest rate of 8%.

Debt service requirements to maturity on the remaining loan payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 34,550	\$ 11,016
2017	34,550	8,252
2018	34,550	5,488
2019	34,050	2,724
	\$ 137,700	\$ 27,480

Lease Payable

In August of 2014, the City entered into a capital lease agreement for purposes of financing a new fire truck. The principal amount of the loan is \$528,692 and is payable in 20 semi-annual installments with an interest rate of 3.47%.

Debt service requirements to maturity on the remaining loan payable are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 46,114	\$ 17,276
2017	47,728	15,662
2018	49,399	13,991
2019	51,128	12,262
2020	52,917	10,473
2021	54,769	8,620
2022	56,686	6,704
2023	58,670	4,719
2024	60,724	2,666
2025	31,154	541
	\$ 509,289	\$ 92,914

City of Santa Paula
Notes to Financial Statements
June 30, 2015

III) DETAILED NOTES ON ALL FUNDS - Continued

Wastewater Facilities Lease

The City entered into a Design, Build, Operate and Finance agreement (DBOF) with Santa Paula Water, LLC, "the Company." Under the terms of the agreement the Company agreed to design, build, operate and finance a water treatment facility on the City's behalf. The Company will operate and maintain the facility during the term following the commencement date as described in the agreement. Beginning upon the commencement date of operations, which occurred in May 2010, the City shall pay the Company service fees as set forth in the agreement for 30 years. The service fees payable to the Company are for the operation and maintenance of the facilities in addition to capital recovery, return on capital, and repair and replacement. Upon expiration of the service agreement, title to the facility will transfer to the City. The agreement allows for an earlier termination of the service agreement at a buyout price determined in the agreement. In accordance with the terms of the early termination fee, the City terminated the agreement. The Santa Paula Utility Authority issued the 2015 Wastewater Enterprise Revenue Bonds, Series A and B and purchased the water treatment facility from the Company resulting in a defeasance of the Wastewater Facilities Lease. See 2015 Wastewater Revenue Bonds for more information.

Revenue Bonds

2010 Water Revenue Bonds

In February 2010, the Santa Paula Utility Authority, the "Utility Authority" (a component unit of the City of Santa Paula) issued \$55,715,000 aggregate principal amount of Water Enterprise Revenue Bonds, 2010 Series, with proceeds used to effect the advance refunding of \$25,700,000 of outstanding Santa Paula Public Financing Authority Water Revenue Bonds, Series 2003, finance certain improvements to the Authority's water system, fund a reserve account, fund capitalized interest on the non-refunding portion of the Water Bonds and pay costs of issuance for the Bonds. Of the \$57,570,826 net proceeds from the 2010 Bonds, \$27,483,814 plus an additional \$1,160,572 of 2003 Bonds reserve fund monies were used to purchase U.S. Treasury Securities - State and Local Government Series. Those U.S. Treasury Securities - State and Local Government Series were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2003 Series Bonds. As a result, the 2003 Series Bonds are considered defeased and the liability for those bonds has been removed from the financial statements.

The Water Bonds are payable from net revenues of the Water Enterprise held under the Water Bonds Indenture and investment earnings thereon. Interest is payable semi-annually on August 1st and February 1st of each year with principal maturing on February 1st of each year through 2040. The interest rate on the bonds ranges from 3.00% to 5.25%.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

III) DETAILED NOTES ON ALL FUNDS - Continued

Debt service requirements to maturity for the Water Enterprise Revenue Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 1,420,000	\$ 2,481,950
2017	1,485,000	2,425,150
2018	1,545,000	2,365,750
2019	1,620,000	2,288,500
2020	1,700,000	2,207,500
2021-2025	9,855,000	9,675,000
2026-2030	12,565,000	6,953,750
2031-2035	11,735,000	3,560,613
2036-2040	7,695,000	1,245,950
	<u>\$ 49,620,000</u>	<u>\$ 33,204,163</u>

2010 Wastewater Revenue Bonds

In February 2010, the Utility Authority issued \$5,900,000 aggregate principal amount of Wastewater Enterprise Revenue Bonds, 2010A Series, Non-Taxable, and \$6,130,000 aggregate principal amount of Wastewater Enterprise Revenue Bonds, 2010B Series, Taxable. Proceeds of the bonds will be used to finance an up-front lease payment to the City, finance certain improvements to the Utility Authority's wastewater system, fund a reserve account, and pay issuance costs.

The wastewater bonds are payable from Net Revenues of the Wastewater Enterprise. Interest is payable semi-annually on August 1st and February 1st of each year with principal maturing on February 1st of each year through 2040. The interest rate on the bonds ranges from 3.00% to 7.00%.

Debt service requirements to maturity for the Wastewater Enterprise Revenue Bonds, 2010A Series, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 120,000	\$ 271,445
2017	125,000	267,245
2018	130,000	263,495
2019	135,000	259,270
2020	140,000	254,275
2021-2025	795,000	1,164,125
2026-2030	1,025,000	943,625
2031-2035	1,305,000	655,200
2036-2040	1,685,000	274,050
	<u>\$ 5,460,000</u>	<u>\$ 4,352,730</u>

City of Santa Paula
Notes to Financial Statements
June 30, 2015

III) DETAILED NOTES ON ALL FUNDS - Continued

Debt service requirements to maturity for the Wastewater Enterprise Revenue Bonds, 2010B Series, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 100,000	\$ 391,825
2017	105,000	386,325
2018	110,000	380,550
2019	115,000	374,500
2020	125,000	368,175
2021-2025	750,000	1,712,000
2026-2030	1,030,000	1,423,775
2031-2035	1,430,000	1,018,850
2036-2040	2,015,000	442,400
	\$ 5,780,000	\$ 6,498,400

2015 Wastewater Revenue Bonds

In April 2015, the Utility Authority issued \$67,195,000 aggregate principal amount of Wastewater Enterprise Revenue Bonds, 2015A Series, Non-Taxable, and \$2,035,000 aggregate principal amount of Wastewater Enterprise Revenue Bonds, 2015B Series, Taxable. Proceeds of the bonds were used to fund a termination payment payable to the operator of the wastewater treatment facility, fund a reserve account, pay issuance costs and, as to a portion of the 2015B Bonds, to pay other capital costs of the Wastewater Enterprise.

The 2015 Wastewater Revenue Bonds are payable from Net Revenues of the Wastewater Enterprise on parity with the 2010 Wastewater Revenue Bonds. Interest is payable semi-annually on August 1st and February 1st of each year with principal maturing on February 1st of each year through 2050. The interest rate on the bonds ranges from 3.50% to 5.00%.

As of April 30, 2015, the date of the bond issuance, the Wastewater Facility Lease (refunded debt) had an outstanding balance of \$62,607,177. The refunding decreases the total debt service payments over the next 35 years by \$53,678,274 and results in an economic gain of approximately \$42 million.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

III) DETAILED NOTES ON ALL FUNDS - Continued

Debt service requirements to maturity for the Wastewater Enterprise Revenue Bonds, 2015A Series, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ -	\$ 2,423,549
2017	270,000	3,219,475
2018	765,000	3,211,375
2019	805,000	3,173,125
2020	840,000	3,132,875
2021-2025	4,765,000	15,130,175
2026-2030	5,860,000	14,035,325
2031-2035	7,240,000	12,664,000
2036-2040	9,105,000	10,796,750
2041-2045	16,495,000	7,817,250
2046-2050	21,050,000	3,260,000
	<u>\$ 67,195,000</u>	<u>\$ 78,863,899</u>

Debt service requirements to maturity for the Wastewater Enterprise Revenue Bonds, 2015B Series, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 1,550,000	\$ 11,250
2017	485,000	5,335
	<u>\$ 2,035,000</u>	<u>\$ 16,585</u>

Pursuant to each indenture, the Utility Authority covenants to fix, prescribe, revise, and collect rates, fees, and charges for the respective Enterprise as a whole for the services and improvements furnished by the Enterprise during each fiscal year which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield revenues of that Enterprise sufficient to pay the following amounts in the following priority: a) all anticipated service fees due under the DBOF for such fiscal year in the case of the Wastewater Enterprise only; b) all anticipated operation and maintenance costs of the enterprise for such fiscal year; c) all debt service payments as they become due and payable during such fiscal year, without preference or priority, except to the extent such debt service payments are payable from the proceeds of the bonds or from any other source of legally available funds of the Utility Authority which have been deposited for such purpose prior to the commencement of such fiscal year; d) the amount, if any, required to restore the amount in the reserve account to the full amount of the reserve requirement; and e) all other payments required to meet any other obligations of the Utility Authority which are charges, liens, encumbrances upon or payable from the revenues during such fiscal year.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

III) DETAILED NOTES ON ALL FUNDS - Continued

The Utility Authority also covenants under the Indenture to fix, prescribe, revise and collect, or cause to be fixed, prescribed, revised and collected, rates, fees and charges for the services and improvements furnished by the Enterprise during each fiscal year that are sufficient to yield net revenues that are at least equal to one hundred twenty percent (120%) of the total debt service payments coming due and payable in such fiscal year.

Notes Payable

On January 2, 1996, the City of Santa Paula purchased surface water rights and groundwater rights from the Santa Paula Waterworks, Ltd. by issuing notes for \$496,500 at an interest rate of 9.87% per annum. Interest only payments are due annually with principal to be paid in full on January 2, 2026. Debt Service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ -	\$ 73,000
2017	-	73,000
2018	-	73,000
2019	-	73,000
2020	-	73,000
2021-2025	-	365,000
2026	496,500	73,136
	\$ 496,500	\$ 803,136

City of Santa Paula
Notes to Financial Statements
June 30, 2015

III) DETAILED NOTES ON ALL FUNDS - Continued

Fiduciary Fund

Tax Allocation Bonds

On March 21, 1994, the Redevelopment Agency of the City of Santa Paula adopted a resolution authorizing the sale of \$6,900,000 aggregate principal amount of Santa Paula Redevelopment Project 1994 Tax Allocation Refunding Bonds at interest rates ranging from 6.345% to 6.548% for the purpose of retiring \$6,000,000 of Tax Allocation Notes issued on November 1, 1992. The bonds mature on December 1 of each year to 2024 with interest payable semi-annually. On June 7, 2000, the Agency defeased \$2,285,000 of the \$6,900,000 Tax Allocation Refunding Bonds by purchasing United States government securities in an irrevocable trust with an escrow agent utilizing existing funds. The bonds are considered to be partially defeased and the related liability has been removed from long-term debt.

Debt service requirements to maturity on the remaining bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 175,000	\$ 150,430
2017	185,000	139,300
2018	200,000	127,500
2019	215,000	114,600
2020	220,000	100,800
2021-2025	1,350,000	270,075
	<u>\$ 2,345,000</u>	<u>\$ 902,705</u>

Changes in Long-term Debt

The following is a schedule of changes in long-term debt of the Successor Agency for the fiscal year ended June 30, 2015.

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bonds Payable:					
Tax Allocation Refunding Bonds	\$ 2,505,000	\$ -	\$ (160,000)	\$ 2,345,000	\$ 175,000
Unamortized Discount	(15,679)	-	1,426	(14,253)	-
Total	<u>\$ 2,489,321</u>	<u>\$ -</u>	<u>\$ (158,574)</u>	<u>2,330,747</u>	<u>\$ 175,000</u>

City of Santa Paula
Notes to Financial Statements
June 30, 2015

III) DETAILED NOTES ON ALL FUNDS - Continued

F) Fund Balance

The details of the fund balances as of June 30, 2015 are presented below:

	General Fund	Total Non-major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Nonspendable:			
Loans Receivable	\$ 9,056	\$	\$ 9,056
Permanent Endowments		753,591	753,591
Restricted for:			
Street Work	3,166,307	3,866,711	7,033,018
Public Safety		169,028	169,028
Community Development		528,567	528,567
Miscellaneous Grants		22,492	22,492
Cable Television		100,433	100,433
Hazard Abatement		228,164	228,164
Inclusionary Housing Ordinance		11,469	11,469
Development Fees		3,597,745	3,597,745
Committed to:			
CJPIA Insurance Premiums	267,000	-	267,000
Citywide development fee study	38,380	-	38,380
Limoneira Grant Match	250,000	-	250,000
Capital Improvements	294,770	-	294,770
Assigned to:			
			-
Unassigned:	<u>1,016,670</u>	<u>(252,201)</u>	<u>764,469</u>
Total Fund Balance	<u>\$ 5,042,183</u>	<u>\$ 9,025,999</u>	<u>\$ 14,068,182</u>

The unassigned category above encompasses fund designations that do not satisfy the criteria of the other categories presented. Included in the General Fund fund balance of \$5,042,183 is the City Council approved operating reserve of \$1,108,863.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

IV) OTHER INFORMATION

A) Risk Management

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

The City of Santa Paula is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code 6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverage. The 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 operates through a nine-member Executive Committee.

2. Self Insurance Programs of the Authority

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

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

Liability

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

City of Santa Paula
Notes to Financial Statements
June 30, 2015

IV) OTHER INFORMATION - Continued

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

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

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

3. Purchased Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$52,912,691. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

4. Adequacy of Protection

During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

IV) OTHER INFORMATION - Continued

5. Claims and Judgments

The City accounts for uninsured, material claims and judgments and associated legal and administrative costs when it is probable that the liability claim has been incurred and the amount of the loss can be reasonably estimated. Included therein are claims incurred but not reported, which consists of (a) known loss events expected to be presented as claims later, (b) unknown loss events that are expected to become claims, and (c) expected future development on claims already reported. This is based upon historical actual results that have established a reliable pattern supplemented by specific information about current matters. Small dollar claims and judgments are recorded as expenditures when paid. The following claims schedule includes workers' compensation and general liability for the past two fiscal years.

Year	Beginning of Year Liability	Current Year Claims and Changes In Estimates	Claim Payments For Current and Prior Years	End of Year Liability
2013-2014	\$ 2,558,853	\$ -	\$ 232,623	\$ 2,326,630
2014-2015	2,326,630	-	241,592	2,085,038

B) Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City, as part of a consent judgment entered into on September 24, 2007, was required to construct a new water recycling facility ("WRF") no later than December 15, 2010. The WRF was constructed and placed into operation prior to the December 15, 2010 deadline. However, the WRF does not fully comply with the consent judgment, and therefore, may be subject to additional penalties. The amount of penalties, if any, has not been determined.

The City is a defendant in various other lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

IV) OTHER INFORMATION - Continued

C) Pension Plans

General Information about the Defined Benefit Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous and Safety Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and 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.

Benefits Provided – The Plans are cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

	Miscellaneous	Miscellaneous Tier II	Miscellaneous PEPRA
	Prior to 3/20/2006	On or after 3/20/2006 and before 1/1/2013	On or after January 1, 2013
Hire date			
Benefit formula	2.5% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	55	62
Monthly benefits, as a % of eligible compensation	Highest single year	Highest single year	3-year average
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	30.220%	11.522%	6.25%
	Safety	Safety PEPRA	
	Prior to January 1, 2013	On or after January 1, 2013	
Hire date			
Benefit formula	3% @ 50	2.7% @ 57	
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	monthly for life	monthly for life	
Retirement age	50	57	
Monthly benefits, as a % of eligible compensation	3-year average	3-year average	
Required employee contribution rates	9%	11.5%	
Required employer contribution rates	44.738%	11.5%	

City of Santa Paula
Notes to Financial Statements
June 30, 2015

IV) OTHER INFORMATION - Continued

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.

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

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions - employer	\$ 657,977	\$ 1,022,986
Contributions - employee (paid by employer)	95,060	212,088

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

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

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 8,013,037
Safety	<u>7,934,448</u>
Total Net Pension Liability	<u>\$ 15,947,485</u>

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

The City's proportionate share of the net pension liability as of June 30, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2013	0.3083%	0.20890%
Proportion - June 30, 2014	0.3242%	0.21153%
Change - Increase (Decrease)	0.0159%	0.00263%

City of Santa Paula
Notes to Financial Statements
June 30, 2015

IV) OTHER INFORMATION - Continued

For the year ended June 30, 2015, the City recognized pension expense of \$5,525,450. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,159,536	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	283,559	104,388
Net differences between projected and actual earnings on plan investments	-	4,003,793
Total	\$ 2,443,095	\$ 4,108,181

\$2,159,536 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2016	\$ (936,959)
2017	(936,959)
2018	(949,757)
2019	(1,000,947)
2020	-
Thereafter	-

City of Santa Paula
Notes to Financial Statements
June 30, 2015

IV) OTHER INFORMATION - Continued

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

	All Plans
Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.50%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.50% (2)
Mortality	(3)

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

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

(3) Derived using CalPERS' Membership Data for all Funds.

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

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

City of Santa Paula
Notes to Financial Statements
June 30, 2015

IV) OTHER INFORMATION - Continued

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47%	5.25%	5.7%
Global Fixed Income	19%	0.99%	2.4%
Inflation Sensitive	6%	0.45%	3.3%
Private Equity	12%	6.83%	6.9%
Real Estate	11%	4.50%	5.1%
Infrastructure and Forestland	3%	4.50%	5.0%
Liquidity	2%	-0.55%	-1.0%

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

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

City of Santa Paula
Notes to Financial Statements
June 30, 2015

IV) OTHER INFORMATION - Continued

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

– The following presents the City’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.50%	6.50%
Net Pension Liability	\$ 12,982,226	\$ 12,848,675
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 8,013,037	\$ 7,934,448
1% Increase	8.50%	8.50%
Net Pension Liability	\$ 3,889,080	\$ 3,885,337

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

Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

D) Post Employment Benefits

Plan Description. The City of Santa Paula’s defined benefit postemployment healthcare plan, (DPHP), provides medical benefits to eligible retired City employees. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees’ Retirement Law. DPHP selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through City resolution. The DPHP does not issue a publicly available report.

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by the Council. The City contributed \$119 per employee from July through December 2014, and \$122 thereafter.

Annual OPEB Cost. For 2015, the City’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

IV) OTHER INFORMATION - Continued

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 111,683
Interest on net OPEB obligation	21,254
Adjustment to annual required contribution	(22,147)
Annual OPEB cost (expense)	<u>110,790</u>
Contributions made	<u>(33,014)</u>
Increase in net OPEB obligation	77,776
Net OPEB obligation – beginning of the year	425,085
Net OPEB obligation – end of the year	<u>\$ 502,861</u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending June 30, 2015 and the two preceding fiscal years as follows:

THREE-YEAR TREND INFORMATION DPHP			
Fiscal Year	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/15	\$ 110,790	29.8%	502,861
6/30/14	\$ 112,528	32.1%	425,085
6/30/13	\$ 112,344	32.1%	348,647

Funded Status and Funding Progress. As of July 1, 2012, the actuarial valuation accrued liability for benefits was \$1,174,307, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,126,370 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 55.2 percent.

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

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

City of Santa Paula
Notes to Financial Statements
June 30, 2015

IV) OTHER INFORMATION - Continued

The following is a summary of the actuarial assumptions and methods:

Valuation Date	July 1, 2012
Discount Rate	0.05
Ultimate Trend Rate	0.05
HealthCare trend rates: Initial, Ultimate	.08, .05
Dental	0.04
Vision (tied to dental)	0.04
Other (tied to dental)	0.04
Age-adjustment factor	0
Cap inflator	
(neg = full inflation, 0 = frozen)	0.04
Percent of Retirees with Spouses)	0.6

E) Loans Receivable

The City has issued first-time homebuyer and residential rehabilitation loans to low and moderate income residents. These loans are to be repaid over a specified period of time or upon sale of the property. As of June 30, 2015, the amount of loans receivable at year-end is \$467,001.

F) Construction Commitments

The estimated amount of remaining construction contract obligations at year-end is \$406,813.

G) Prior Period Adjustment

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, in fiscal year 2014-15. As a result, the beginning net position in the Statement of Activities – Governmental Activities and Business-type Activities was restated by (\$12,907,339) and (\$2,554,753), respectively, to reflect the cumulative effect of applying this statement. In addition, the beginning net position in the Statement of Revenues Expenses, and Changes in Net Position – Proprietary Funds – Water, was restated by (\$2,554,753), to reflect the cumulative effect of applying this statement. Also, included as part of the restatement in the Statement of Activities – Governmental Activities is an adjustment of (\$93,398) to accrued revenues and receivables for Gas Tax. This is also an adjustment in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds for the Other Governmental Funds. In addition, included as part of the restatement in the Statement of Activities – Governmental Activities is an adjustment of \$457,945 to reinstate loans receivable that were written off as uncollectible in prior years. This is also an adjustment in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds for the Other Governmental Funds. Included as part of the prior period adjustment for the Net Pension Liability is the deletion of the Pension Related Debt as recorded in prior years. This is now included as part of the Net Pension Liability.

REQUIRED SUPPLEMENTARY INFORMATION

City of Santa Paula
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 9,974,284	\$ 9,974,284	\$ 9,939,399	\$ (34,885)
Licenses & Permits	352,550	352,550	355,657	3,107
Intergovernmental	367,600	533,905	493,668	(40,237)
Charges for Services	1,077,254	1,077,254	1,430,115	352,861
Fines and Forfeitures	234,500	234,500	138,100	(96,400)
Investment Earnings	4,600	4,600	3,934	(666)
Other Revenues	41,300	41,300	353,311	312,011
	<u>12,052,088</u>	<u>12,218,393</u>	<u>12,714,184</u>	<u>495,791</u>
EXPENDITURES				
Current:				
General Government	996,880	1,051,136	1,137,850	(86,714)
Building and Safety	272,265	279,032	384,110	(105,078)
Community Services	1,007,833	1,020,643	1,005,677	14,966
Financial Services	540,151	548,346	473,290	75,056
Fire	2,573,769	2,617,933	3,464,461	(846,528)
Planning	599,695	606,742	649,040	(42,298)
Police	5,230,149	5,588,027	5,883,754	(295,727)
Public Works	1,910,236	1,918,351	577,952	1,340,399
Debt Service:				
Principal	-	-	19,403	(19,403)
Interest	-	-	12,292	(12,292)
	<u>13,130,978</u>	<u>13,630,210</u>	<u>13,607,829</u>	<u>22,381</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,078,890)</u>	<u>(1,411,817)</u>	<u>(893,645)</u>	<u>518,172</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	(22,770)	(22,770)
Capital Lease	-	-	528,692	528,692
	<u>-</u>	<u>-</u>	<u>505,922</u>	<u>505,922</u>
Net Change in Fund Balances	(1,078,890)	(1,411,817)	(387,723)	1,024,094
Fund Balances, Beginning	<u>5,429,906</u>	<u>5,429,906</u>	<u>5,429,906</u>	<u>5,429,906</u>
Fund Balances, Ending	<u>\$ 4,351,016</u>	<u>\$ 4,018,089</u>	<u>\$ 5,042,183</u>	<u>\$ 1,024,094</u>

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

City of Santa Paula
Required Supplementary Information
For the Year Ended June 30, 2015

SCHEDULE OF FUNDING PROGRESS FOR DPHP

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]	
06/30/09	\$	-	\$ 1,115,534	\$ 1,115,534	0%	\$ 2,199,767	50.71%
07/01/12	\$	-	\$ 1,174,307	\$ 1,174,307	0%	\$ 2,126,370	55.23%

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

**City of Santa Paula
Required Supplementary Information
For the Year Ended June 30, 2015**

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
Last 10 Years*

	Miscellaneous Risk Pool
	2015
Proportion of the Net Pension Liability	0.12877%
Proportionate Share of Net Pension Liability	\$ 8,013,037
Covered - Employee Payroll	\$ 3,348,408
Proportionate Share of the Net Pension Liability as a percentage of Payroll	239.31%
Plan's Fiduciary Net Position	\$ 29,444,285
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.61%
	Safety Risk Pool
	2015
Proportion of the Net Pension Liability	0.12751%
Proportionate Share of Net Pension Liability	\$ 7,934,448
Covered - Employee Payroll	\$ 2,643,230
Proportionate Share of the Net Pension Liability as a percentage of Payroll	300.18%
Plan's Fiduciary Net Position	\$ 28,753,254
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.37%

*Fiscal year 2015 is the first year of implementation, therefore only one year of information is available.

Notes to the Schedule of the City's Proportionate Share of the Net Pension Liability

Benefit Changes: None

Changes in Assumptions: None

**City of Santa Paula
Required Supplementary Information
For the Year Ended June 30, 2015**

SCHEDULE OF PLAN CONTRIBUTIONS
Last 10 Years*

		2015
Contractually Required Contributions (actuarially determined)	\$	1,707,545
Contributions in Relation to the Actuarially Determined Contributions		(1,707,545)
Contribution Deficiency (Excess)	\$	-
Covered-Employee Payroll	\$	5,991,638
Contributions as a Percentage of Covered Employee Payroll		28.50%

*Fiscal year 2015 is the first year of implementation, therefore only one year of information is available

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2013

City of Santa Paula
Notes to Required Supplementary Information
June 30, 2015

Budgetary Information

Budgeted revenue and expenditure amounts shown represent the City's originally adopted legal budget adjusted for unanticipated revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, reported for the governmental funds of the City are adopted on a basis consistent with generally accepted accounting principles (GAAP).

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts and projects entered into by the City are subject to annual review by the City Council; hence, they legally are one-year contracts with an option for renewal for another fiscal year.

The City Council has the responsibility for adoption of the City's Budget. Budgets are adopted for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during each fiscal year. The City Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by City Council. The level at which expenditures may not legally exceed appropriations is therefore established at the department level. Budgeted amounts may be transferred between programs with City Manager approval.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

SUPPLEMENTARY INFORMATION

**City of Santa Paula
Nonmajor Governmental Funds
June 30, 2015**

Special Revenue Funds

Mobile Home Rent Review Fund - This fund is used to administer the Mobile Home Rent Review Program.

State Gas Tax Fund - This fund is to be used for street repairs and maintenance.

Local Transportation TDA Fund - This fund is to be used for local streets and roads.

Housing and Community Development I - This fund is to be used for housing needs.

HUD CDBG Fund - This fund is used to account for the CDBG program run through the County of Ventura.

CA Oil Museum Fund - Revenues from fundraising, membership and interest from endowment. Used to cover operating costs of museum.

Asset Forfeiture Fund - To account for money derived from police asset forfeitures and related law enforcement expenses.

Hillsborough Open Space Assessment Fund - This fund is used to account for the Maintenance Assessment District for Tract #4486-1 (except parcels D & E) and Tract 4486-2.

DOJ-BJA Local Law Enforcement Fund - This fund is used to account for law enforcement for specified purposes.

Local Transportation TDA Article 3 Fund - This fund is set aside for bicycle and pedestrian facilities.

SAFER Grant Fund - This fund is used to account for grants specific for Fire Department staffing.

Cal Home Grant Fund - This fund is used to account for funds received from the CA Housing and Community Development Department for assisting individuals with housing loans.

NPDES Storm Water Quality Fund - This fund is only for use in relation to storm water quality.

SLESF - COPS (State) Fund - This fund is used to account for law enforcement for additional public safety use.

Beverage Container Recycling Fund - This fund is used to account for the recycling program state grants.

Area Agency on Aging Fund - This fund is used to account or the Senior Citizen program.

State Homeland Security Grant Fund - This fund is used to account for grant proceeds from the state that are to be used to enhance public safety and security.

Federal STP Fund - This fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

CA Used Oil Block Grant Fund - This fund is used to account for grant proceeds from the State that are to be used for used oil collection projects.

**City of Santa Paula
Nonmajor Governmental Funds - Continued
June 30, 2015**

Special Revenue Funds - Continued

Cable Television Fund - This fund is used to account for cable television fees.

Stormwater Program Fund - This fund is used to account for storm water program activities.

Transportation Enhancement Grant Fund - This fund is used to account for Transportation Enhancement Grant activities.

BJA Vest Grant Fund - This fund is used to account for BJA Vest Grant activities.

Miscellaneous State Grants Fund - Used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

GHAD-GEO Hazardous Abatement District Fund - This fund is used to account for the Geological Hazard Abatement District #5606.

**City of Santa Paula
Nonmajor Governmental Funds
June 30, 2015**

Capital Project Funds

Congestion Management and Air Quality Fund - This fund is used to account for specific revenue sources that are restricted for congestion management and air quality.

Library Expansion Facilities Fund - This fund is used to account for developers fees collected to be used for Library Facility Expansion projects.

Law Enforcement Facilities Fund - This fund is used to account for developers fees collected to be used for Law Enforcement Facilities projects.

Water Distribution Facilities - This fund is used to account for developers fees collected to be used for Water Distribution Facilities projects.

Inclusionary Housing Ordinance Improvement - This fund is used to account for developers fees collected to be used for future Inclusionary Housing Ordinance Implementation Programs.

Fire Protection Facilities Fund - This fund is used to account for developers fees collected to be used for Fire Protection Facilities projects.

Public Meeting Facilities Fund - This fund is used to account for developers fees collected to be used for Public Meeting Facilities projects.

General Government Facilities Fund - This fund is used to account for developers fees collected to be used for General Government Facilities projects.

Traffic Impact Fees Fund - This fund is used to account for developers fees collected to be used for traffic related projects. This fund is legally restricted to capital acquisition or related debt service.

Parks and Recreation Facilities Fund - This fund is used to account for prior developer fees collected to be used for Parks and Recreation Facilities related projects. This fund is legally restricted to capital acquisition or related debt service.

Parkland Facilities Fund - This fund is used to account for developers fees collected to be used for Parkland Facilities projects.

Corporate Yard Facilities Fund - This fund is used to account for the funds for the Corporate Yard Facilities activities.

Sewer Collection Facilities Fund - This fund is used to account for developers fees collected to be used for Sewer Collection Facilities projects.

Storm Drain Facilities Fund - This fund is used to account for developers fees collected to be used for Storm Drain Facilities projects.

**City of Santa Paula
Nonmajor Governmental Funds
June 30, 2015**

Capital Project Funds - continued

Harding Park Improvements Fund - This fund is used to account for the funds used for the improvements to Harding Park from the Harding Park Trust Permanent fund.

Air Quality Impact Fee - This fund is used to account for developers fees collected to be used for air quality management.

Permanent Funds

Community Center Endowment Fund - This fund is used to account for principal trust amounts received and related investment earnings. Investment earnings may be used to support the Center.

Museum Endowment Fund - This fund is used to account for principal trust amounts received and related investment earnings. Investment earnings may be used to support the Museum.

Harding Park Trust Fund - This fund is used to account for principal trust amounts received and related investment earnings. Investment earnings may be used to support the Harding Park Trust Fund subject to the approval of the Harding Park Advisory Committee.

**City of Santa Paula
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Total</u>
ASSETS				
Cash and Investments	\$ 4,482,836	\$ 3,500,390	\$ 805,495	\$ 8,788,721
Receivables	191,907	2,214	508	194,629
Loans Receivable	457,945	-	-	457,945
Advances to Other Funds	-	112,036	-	112,036
Cash - Restricted	12,281	-	-	12,281
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 5,144,969</u>	<u>\$ 3,614,640</u>	<u>\$ 806,003</u>	<u>\$ 9,565,612</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 143,418	\$ 5,784	\$ 16,454	\$ 165,656
Due to Other Funds	220,342	-	-	220,342
Advances From Other Funds	-	-	112,036	112,036
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>363,760</u>	<u>5,784</u>	<u>128,490</u>	<u>498,034</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	41,579	-	-	41,579
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>41,579</u>	<u>-</u>	<u>-</u>	<u>41,579</u>
FUND BALANCE				
Nonspendable	-	-	753,591	753,591
Restricted	4,915,395	3,609,214	-	8,524,609
Unassigned	(175,765)	(358)	(76,078)	(252,201)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>4,739,630</u>	<u>3,608,856</u>	<u>677,513</u>	<u>9,025,999</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,144,969</u>	<u>\$ 3,614,640</u>	<u>\$ 806,003</u>	<u>\$ 9,565,612</u>

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

**City of Santa Paula
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2015**

	Mobile Home Rent Review	State Gas Tax	Local Transportation TDA	Housing and Community Development I	(CDBG) Housing and Community Development II
ASSETS					
Cash and Investments	\$ -	\$ 2,346,119	\$ 1,308,537	\$ 69,935	\$ -
Receivables	-	4,590	67,001	44	16,822
Loans Receivable	-	-	-	-	241,381
Cash - Restricted	-	-	-	-	12,281
Total Assets	\$ -	\$ 2,350,709	\$ 1,375,538	\$ 69,979	\$ 270,484
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ -	\$ 88,300	\$ 36,840	\$ -	\$ 3,034
Due to Other Funds	174,684	-	-	-	44,577
Total Liabilities	174,684	88,300	36,840	-	47,611
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Grants	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCE					
Restricted	-	2,262,409	1,338,698	69,979	222,873
Unassigned	(174,684)	-	-	-	-
Total Fund Balances	(174,684)	2,262,409	1,338,698	69,979	222,873
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 2,350,709	\$ 1,375,538	\$ 69,979	\$ 270,484

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

CA Oil Museum	Asset Forfeiture	Hillsborough Open Space Assessment	DOJ-BJA Local Law Enforecement 03/04	Local Transportation TDA Article 3	SAFER Grant	Cal Home Grant Dept. of HCD
\$ 5,961	\$ 26,907	\$ 3,176	\$ -	\$ 6,093	\$ -	\$ 8,087
-	4,059	152	-	2	-	-
-	-	-	-	-	-	216,564
-	-	-	-	-	-	-
<u>\$ 5,961</u>	<u>\$ 30,966</u>	<u>\$ 3,328</u>	<u>\$ -</u>	<u>\$ 6,095</u>	<u>\$ -</u>	<u>\$ 224,651</u>
\$ 5,961	\$ -	\$ 3,297	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
<u>5,961</u>	<u>-</u>	<u>3,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	30,966	31	-	6,095	-	224,651
-	-	-	-	-	-	-
<u>-</u>	<u>30,966</u>	<u>31</u>	<u>-</u>	<u>6,095</u>	<u>-</u>	<u>224,651</u>
<u>\$ 5,961</u>	<u>\$ 30,966</u>	<u>\$ 3,328</u>	<u>\$ -</u>	<u>\$ 6,095</u>	<u>\$ -</u>	<u>\$ 224,651</u>

CONTINUED

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

**City of Santa Paula
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2015**

	NPDES Storm Water Quality	SLESF-COPS State	Beverage Container Recycling	Area Agency on Aging	State Homeland Security Grant
ASSETS					
Cash and Investments	\$ 20,987	\$ 121,677	\$ 6,407	\$ 3,116	\$ -
Receivables	41,594	16,742	4	9,300	-
Loans Receivable	-	-	-	-	-
Cash - Restricted	-	-	-	-	-
Total Assets	\$ 62,581	\$ 138,419	\$ 6,411	\$ 12,416	\$ -
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 271	\$ 357	\$ -	\$ 1,383	\$ -
Due to Other Funds	-	-	-	-	-
Total Liabilities	271	357	-	1,383	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Grants	41,579	-	-	-	-
Total Deferred Inflows of Resources	41,579	-	-	-	-
FUND BALANCE					
Restricted	20,731	138,062	6,411	11,033	-
Unassigned	-	-	-	-	-
Total Fund Balances	20,731	138,062	6,411	11,033	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 62,581	\$ 138,419	\$ 6,411	\$ 12,416	\$ -

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

Federal STP	CA Used Oil Block Grant	Cable Television Fund	Stormwater Program	Transportation Enhancement Grant	BJA Vest Grant	Miscellaneous State Grants
\$ -	\$ 16,156	\$ 93,619	\$ 218,701	\$ -	\$ -	\$ -
-	12	8,336	22,397	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 16,168</u>	<u>\$ 101,955</u>	<u>\$ 241,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 87	\$ 1,522	\$ 2,320	\$ -	\$ -	\$ -
-	-	-	-	-	-	1,081
-	87	1,522	2,320	-	-	1,081
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	16,081	100,433	238,778	-	-	-
-	-	-	-	-	-	(1,081)
-	16,081	100,433	238,778	-	-	(1,081)
<u>\$ -</u>	<u>\$ 16,168</u>	<u>\$ 101,955</u>	<u>\$ 241,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CONTINUED

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

**City of Santa Paula
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2015**

	GHAD-GEO Hazardous Abatement Dist	Total
ASSETS		
Cash and Investments	\$ 227,358	\$ 4,482,836
Receivables	852	191,907
Loans Receivable	-	457,945
Cash - Restricted	-	12,281
	<u> </u>	<u> </u>
Total Assets	<u>\$ 228,210</u>	<u>\$ 5,144,969</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 46	\$ 143,418
Due to Other Funds	-	220,342
	<u> </u>	<u> </u>
Total Liabilities	<u>46</u>	<u>363,760</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenues - Grants	-	41,579
	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>-</u>	<u>41,579</u>
FUND BALANCE		
Restricted	228,164	4,915,395
Unassigned	-	(175,765)
	<u> </u>	<u> </u>
Total Fund Balances	<u>228,164</u>	<u>4,739,630</u>
	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 228,210</u>	<u>\$ 5,144,969</u>

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

**City of Santa Paula
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2015**

	Congestion Management and Air Quality	Library Expansion Facilities	Law Enforcement Facilities	Water Distribution Facilities	Inclusionary Housing Ordinance
ASSETS					
Cash and Investments	\$ -	\$ 231,878	\$ 22,377	\$ 797,631	\$ 11,462
Receivables	-	150	14	501	7
Advances to Other Funds	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 232,028</u>	<u>\$ 22,391</u>	<u>\$ 798,132</u>	<u>\$ 11,469</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Advances From Other Funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	-	232,028	22,391	798,132	11,469
Unassigned	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>232,028</u>	<u>22,391</u>	<u>798,132</u>	<u>11,469</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 232,028</u>	<u>\$ 22,391</u>	<u>\$ 798,132</u>	<u>\$ 11,469</u>

Fire Protection Facilities	Public Meeting Facilities	General Government Facilities	Traffic Impact Fees	Parks and Recreation Facilities	Parkland Facilities	Corp Yard Facilities
\$ 61	\$ 326,258	\$ 161,750	\$ 643,246	\$ -	\$ 1,067,135	\$ -
-	205	112	404	-	671	-
-	-	-	-	-	112,036	-
<u>\$ 61</u>	<u>\$ 326,463</u>	<u>\$ 161,862</u>	<u>\$ 643,650</u>	<u>\$ -</u>	<u>\$ 1,179,842</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,426	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	5,426	-
61	326,463	161,862	643,650	-	1,174,416	-
-	-	-	-	-	-	-
<u>61</u>	<u>326,463</u>	<u>161,862</u>	<u>643,650</u>	<u>-</u>	<u>1,174,416</u>	<u>-</u>
<u>\$ 61</u>	<u>\$ 326,463</u>	<u>\$ 161,862</u>	<u>\$ 643,650</u>	<u>\$ -</u>	<u>\$ 1,179,842</u>	<u>\$ -</u>

CONTINUED

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

**City of Santa Paula
Combining Balance Sheet
Nonmajor Capital Projects Funds - Continued
June 30, 2015**

	Sewer Collection Facilities	Storm Drain Facilities	Harding Park Improvements	Air Quality Impact Fee	Total
ASSETS					
Cash and Investments	\$ 98,528	\$ 136,627	\$ -	\$ 3,437	\$ 3,500,390
Receivables	62	86	-	2	2,214
Advances to Other Funds	-	-	-	-	112,036
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,036</u>
Total Assets	<u>\$ 98,590</u>	<u>\$ 136,713</u>	<u>\$ -</u>	<u>\$ 3,439</u>	<u>\$ 3,614,640</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued					
Liabilities:	\$ -	\$ -	\$ 358	\$ -	\$ 5,784
Advances From Other Funds	-	-	-	-	0
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>358</u>	<u>-</u>	<u>5,784</u>
Fund Balances:					
Restricted	98,590	136,713	-	3,439	3,609,214
Unassigned	-	-	(358)	-	(358)
	<u>-</u>	<u>-</u>	<u>(358)</u>	<u>-</u>	<u>(358)</u>
Total Fund Balances	<u>98,590</u>	<u>136,713</u>	<u>(358)</u>	<u>3,439</u>	<u>3,608,856</u>
Total Liabilities and Fund Balances	<u>\$ 98,590</u>	<u>\$ 136,713</u>	<u>\$ -</u>	<u>\$ 3,439</u>	<u>\$ 3,614,640</u>

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

**City of Santa Paula
Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2015**

	<u>Community Center Endowment</u>	<u>Museum Endowment</u>	<u>Harding Park Trust</u>	<u>Total</u>
ASSETS				
Cash and Investments	\$ 541,509	\$ 211,609	\$ 52,377	\$ 805,495
Receivables	340	133	35	508
	<u>541,849</u>	<u>211,742</u>	<u>52,412</u>	<u>806,003</u>
Total Assets	<u>\$ 541,849</u>	<u>\$ 211,742</u>	<u>\$ 52,412</u>	<u>\$ 806,003</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 16,454	\$ 16,454
Advances from Other Funds	-	-	112,036	112,036
	<u>-</u>	<u>-</u>	<u>128,490</u>	<u>128,490</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>128,490</u>	<u>128,490</u>
Fund Balances:				
Nonspendable	541,849	211,742	-	753,591
Unassigned	-	-	(76,078)	(76,078)
	<u>541,849</u>	<u>211,742</u>	<u>(76,078)</u>	<u>677,513</u>
Total Fund Balance	<u>541,849</u>	<u>211,742</u>	<u>(76,078)</u>	<u>677,513</u>
Total Liabilities and Fund Balances	<u>\$ 541,849</u>	<u>\$ 211,742</u>	<u>\$ 52,412</u>	<u>\$ 806,003</u>

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue	Capital Projects	Permanent Funds	Total
REVENUES				
Taxes	\$ 10,590	\$ 370,212	\$ -	\$ 380,802
Intergovernmental	2,143,100	500	-	2,143,600
Charges for Services	197,736	-	107,032	304,768
Fines and Forfeitures	28,482	-	-	28,482
Investment Earnings	30,134	8,848	1,963	40,945
Other Revenues	185,613	3,316	10,094	199,023
	<u>2,595,655</u>	<u>382,876</u>	<u>119,089</u>	<u>3,097,620</u>
EXPENDITURES				
General Government	182,440	85,890	-	268,330
Building and Safety	121,573	-	-	121,573
Community Services	80,755	110,205	68,156	259,116
Financial Services	4,320	-	-	4,320
Fire	140,588	33,190	-	173,778
Planning	-	10,377	-	10,377
Police	112,174	-	-	112,174
Public Works	1,207,240	39,560	-	1,246,800
Debt Service:				
Principal	34,550	-	-	34,550
Interest	13,780	-	-	13,780
	<u>1,897,420</u>	<u>279,222</u>	<u>68,156</u>	<u>2,244,798</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>698,235</u>	<u>103,654</u>	<u>50,933</u>	<u>852,822</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	123,460	29,355	-	152,815
Transfers Out	(100,690)	-	(29,355)	(130,045)
	<u>22,770</u>	<u>29,355</u>	<u>(29,355)</u>	<u>22,770</u>
Net Change in Fund Balances	721,005	133,009	21,578	875,592
Fund Balances - Beginning	3,654,078	3,475,847	655,935	7,785,860
Prior Period Adjustments	364,547	-	-	364,547
Fund Balances - Ending	<u>\$ 4,739,630</u>	<u>\$ 3,608,856</u>	<u>\$ 677,513</u>	<u>\$ 9,025,999</u>

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015

	Mobile Home Rent Review	State Gas Tax	Local Transportation TDA	Housing and Community Development I	(CDBG) Housing and Community Development II
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	869,441	651,692	-	170,266
Charges for Services	9,729	21,345	150	-	13,011
Fines and Forfeitures	-	-	-	-	200
Investment Earnings	-	5,376	2,644	171	6,882
Other Revenues	-	8,338	-	-	10,403
Total Revenues	9,729	904,500	654,486	171	200,762
EXPENDITURES					
General Government	11,475	-	-	-	-
Building and Safety	-	-	-	-	121,573
Community Services	-	-	-	-	20,644
Financial Services	-	-	4,320	-	-
Fire	-	-	-	-	-
Police	-	-	-	-	-
Public Works	-	891,331	67,912	-	72,671
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	11,475	891,331	72,232	-	214,888
Excess (Deficiency) of Revenues Over Expenditures	(1,746)	13,169	582,254	171	(14,126)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	123,460	-	-	-
Transfers Out	-	-	(100,690)	-	-
Total Other Financing Sources (Uses)	-	123,460	(100,690)	-	-
Net Change in Fund Balances	(1,746)	136,629	481,564	171	(14,126)
Fund Balances - Beginning	(172,938)	2,219,178	857,134	69,808	(4,382)
Prior Period Adjustments	-	(93,398)	-	-	241,381
Fund Balances - Ending	\$ (174,684)	\$ 2,262,409	\$ 1,338,698	\$ 69,979	\$ 222,873

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

CA Oil Museum	Asset Forfeiture	Hillsborough Open Space Assessment	DOJ-BJA Local Law Enforcement 03/04	Local Transportation TDA Article 3	SAFER Grant	CAL Home Grant Dept. of HCD
\$ -	\$ -	\$ 10,590	\$ -	\$ -	\$ -	\$ -
-	-	-	-	6,495	81,185	-
14,825	-	-	-	-	-	-
-	28,282	-	-	-	-	-
13,542	45	3	-	-	-	-
146,369	-	-	-	-	-	-
<u>174,736</u>	<u>28,327</u>	<u>10,593</u>	<u>-</u>	<u>6,495</u>	<u>81,185</u>	<u>-</u>
170,965	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	89,321	-
-	4,113	-	-	-	-	-
-	-	9,368	-	2,962	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>170,965</u>	<u>4,113</u>	<u>9,368</u>	<u>-</u>	<u>2,962</u>	<u>89,321</u>	<u>-</u>
3,771	24,214	1,225	-	3,533	(8,136)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,771	24,214	1,225	-	3,533	(8,136)	-
(3,771)	6,752	(1,194)	-	2,562	8,136	8,087
-	-	-	-	-	-	216,564
<u>\$ -</u>	<u>\$ 30,966</u>	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ 6,095</u>	<u>\$ -</u>	<u>\$ 224,651</u>

CONTINUED

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Continued
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015

	NPDES Storm Water Quality	SLESF-COPS State	Beverage Container Recycling	Area Agency on Aging	State Homeland Security Grant
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	97,897	8,132	25,394	50,608
Charges for Services	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Investment Earnings	75	301	25	25	-
Other Revenues	-	-	-	12,360	-
Total Revenues	75	98,198	8,157	37,779	50,608
EXPENDITURES					
General Government	-	-	-	-	-
Building and Safety	-	-	-	-	-
Community Services	-	-	7,554	39,034	-
Financial Services	-	-	-	-	-
Fire	-	-	-	-	50,166
Police	-	108,061	-	-	-
Public Works	30,379	-	3,327	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Expenditures	30,379	108,061	10,881	39,034	50,166
Excess (Deficiency) of Revenues Over Expenditures	(30,304)	(9,863)	(2,724)	(1,255)	442
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(30,304)	(9,863)	(2,724)	(1,255)	442
Fund Balances - Beginning	51,035	147,925	9,135	12,288	(442)
Prior Period Adjustments	-	-	-	-	-
Fund Balances - Ending	\$ 20,731	\$ 138,062	\$ 6,411	\$ 11,033	\$ -

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

Federal STP	CA Used Oil Block Grant	Cable Television Fund	Stormwater Program Fund	Transportation Enhancement Grant	BJA Vest Grant	Miscellaneous State Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	8,593	-	160,659	-	12,718	20
-	-	32,904	-	-	-	-
-	-	-	-	-	-	-
-	45	54	426	-	-	-
-	-	-	-	8,143	-	-
-	8,638	32,958	161,085	8,143	12,718	20
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	13,523	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,101
-	13,305	-	84,186	-	-	-
-	-	-	-	-	-	-
-	13,305	13,523	84,186	-	-	1,101
-	(4,667)	19,435	76,899	8,143	12,718	(1,081)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(4,667)	19,435	76,899	8,143	12,718	(1,081)
-	20,748	80,998	161,879	(8,143)	(12,718)	-
-	-	-	-	-	-	-
\$ -	\$ 16,081	\$ 100,433	\$ 238,778	\$ -	\$ -	\$ (1,081)

CONTINUED

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Continued
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2015

	GHAD-GEO Hazardous Abatement Dist	<u>Total</u>
REVENUES		
Taxes	\$ -	\$ 10,590
Intergovernmental	-	2,143,100
Charges for Services	105,772	197,736
Fines and Forfeitures	-	28,482
Investment Earnings	520	30,134
Other Revenues	-	185,613
	<u>106,292</u>	<u>2,595,655</u>
EXPENDITURES		
General Government	-	182,440
Building and Safety	-	121,573
Community Services	-	80,755
Financial Services	-	4,320
Fire	-	140,588
Police	-	112,174
Public Works	31,799	1,207,240
Debt Service:		
Principal	34,550	34,550
Interest	13,780	13,780
	<u>80,129</u>	<u>1,897,420</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>26,163</u>	<u>698,235</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	123,460
Transfers Out	-	(100,690)
	<u>-</u>	<u>22,770</u>
Net Change in Fund Balances	26,163	721,005
Fund Balances - Beginning	202,001	3,654,078
Prior Period Adjustments	-	364,547
Fund Balances - Ending	<u>\$ 228,164</u>	<u>\$ 4,739,630</u>

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Project Funds
For the Year Ended June 30, 2015

	Congestion Management and Air Quality	Library Expansion Facilities	Law Enforcement Facilities	Water Distribution Facilities	Inclusionary Housing Ordinance
REVENUES					
Taxes	\$ -	\$ 22,482	\$ 9,834	\$ 38,721	\$ -
Charges for Services	-	-	-	-	-
Other Revenues	-	-	1,323	-	-
Investment Earnings	-	585	53	1,935	33
Total Revenues	-	23,067	11,210	40,656	33
EXPENDITURES					
General Government	-	16,108	-	-	-
Building and Safety	-	-	-	-	-
Community Services	-	-	-	-	-
Fire	-	-	-	-	-
Planning	-	-	-	-	10,377
Police	-	-	-	-	-
Public Works	-	-	-	377	-
Economic Development	-	-	-	-	-
Total Expenditures	-	16,108	-	377	10,377
Excess (Deficiency) of Revenues Over Expenditures	-	6,959	11,210	40,279	(10,344)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	6,959	11,210	40,279	(10,344)
Fund Balances - Beginning	-	225,069	11,181	757,853	21,813
Fund Balances - Ending	\$ -	\$ 232,028	\$ 22,391	\$ 798,132	\$ 11,469

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

Fire Protection Facilities	Public Meeting Facilities	General Government Facilities	Traffic Impact Fees	Parks and Recreation Facilities	Parkland Facilities	Corp Yard Facilities
\$ 6,283	\$ 16,080	\$ 7,236	\$ 181,357	\$ -	\$ 63,402	\$ -
-	-	-	-	-	500	-
-	-	-	-	-	-	1,993
51	794	517	1,431	28	2,636	188
6,334	16,874	7,753	182,788	28	66,538	2,181
-	5,086	64,696	-	-	-	-
-	-	-	-	-	-	-
33,190	-	-	-	20,433	60,059	-
-	-	-	-	-	-	-
-	-	-	377	-	-	188
-	-	-	-	-	-	-
33,190	5,086	64,696	377	20,433	60,059	188
(26,856)	11,788	(56,943)	182,411	(20,405)	6,479	1,993
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(26,856)	11,788	(56,943)	182,411	(20,405)	6,479	1,993
26,917	314,675	218,805	461,239	20,405	1,167,937	(1,993)
<u>\$ 61</u>	<u>\$ 326,463</u>	<u>\$ 161,862</u>	<u>\$ 643,650</u>	<u>\$ -</u>	<u>\$ 1,174,416</u>	<u>\$ -</u>

CONTINUED

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Continued
Nonmajor Capital Project Funds
For the Year Ended June 30, 2015

	Sewer Collection Facilities	Storm Drain Facilities	Harding Park Improvements	Air Quality Impact Fee	Total
REVENUES					
Taxes	\$ 12,426	\$ 12,391	\$ -	\$ -	\$ 370,212
Intergovernmental	-	-	-	-	500
Other Revenues	-	-	-	-	3,316
Investment Earnings	260	329	-	8	8,848
	<u>12,686</u>	<u>12,720</u>	<u>-</u>	<u>8</u>	<u>382,876</u>
EXPENDITURES					
General Government	-	-	-	-	85,890
Building and Safety	-	-	-	-	-
Community Services	-	-	29,713	-	110,205
Fire	-	-	-	-	33,190
Planning	-	-	-	-	10,377
Police	-	-	-	-	-
Public Works	37,864	377	-	377	39,560
Economic Development	-	-	-	-	-
	<u>37,864</u>	<u>377</u>	<u>29,713</u>	<u>377</u>	<u>279,222</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(25,178)</u>	<u>12,343</u>	<u>(29,713)</u>	<u>(369)</u>	<u>103,654</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	29,355	-	29,355
Transfers Out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>29,355</u>	<u>-</u>	<u>29,355</u>
Net Change in Fund Balances	(25,178)	12,343	(358)	(369)	133,009
Fund Balances - Beginning	123,768	124,370	-	3,808	3,475,847
Fund Balances - Ending	<u>\$ 98,590</u>	<u>\$ 136,713</u>	<u>\$ (358)</u>	<u>\$ 3,439</u>	<u>\$ 3,608,856</u>

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)

City of Santa Paula
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Funds
For the Year Ended June 30, 2015

	Community Center Endowment	Museum Endowment	Harding Park Trust	Total
REVENUES				
Investment Earnings	\$ 1,315	\$ 518	\$ 130	\$ 1,963
Charges for Services	-	-	107,032	107,032
Other Revenues	10,044	-	50	10,094
Total Revenues	<u>11,359</u>	<u>518</u>	<u>107,212</u>	<u>119,089</u>
EXPENDITURES				
Community Services	1,184	466	66,506	68,156
Public Works	-	-	-	-
Total Expenditures	<u>1,184</u>	<u>466</u>	<u>66,506</u>	<u>68,156</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,175</u>	<u>52</u>	<u>40,706</u>	<u>50,933</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(29,355)	(29,355)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(29,355)</u>	<u>(29,355)</u>
Net Change in Fund Balances	10,175	52	11,351	21,578
Fund Balances - Beginning	<u>531,674</u>	<u>211,690</u>	<u>(87,429)</u>	<u>655,935</u>
Fund Balances - Ending	<u>\$ 541,849</u>	<u>\$ 211,742</u>	<u>\$ (76,078)</u>	<u>\$ 677,513</u>

Attachment: Financial Statements 6/30/15 (1061 : Annual Audit)



February 1, 2016

City Council
 City of Santa Paula
 Santa Paula, CA

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Paula for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 4, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note I to the financial statements. As described in Note IV C, the City changed accounting policies by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68, *Accounting and Financial Reporting for Pensions*. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life. We evaluated key factors and assumptions used to develop the estimated useful lives in determining that they are reasonable in relation to the financial statements as a whole.

Management's estimate of the net pension liability is based on actuarial information provided by the California Public Employee Retirement System's (CalPERS) actuarial office. We evaluated the key factors and assumptions to develop the net pension liability in determining that it is reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the fair value of investments in Note III A to the financial statements represents amounts susceptible to market fluctuation.

The disclosure of accumulated depreciation in Note III C to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosure of the net pension liability in Note IV C to the financial statements is based on the City's proportionate share of the total pension liability of the pool and includes assumptions for discount rates, which could differ from actual discount rates. Note IV C discloses the differences in the net pension liability assuming different discount rates.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 1, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In addition, we reported concerns regarding the City’s financial condition, similar to the prior year, in a letter to management.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

New Accounting Pronouncements

As described in Note 1 to the financial statements, in February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 will be required to be implemented for the fiscal year ending June 30, 2016.

Restriction on Use

This information is intended solely for the use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Van Lant & Fankhaed, LLP



**INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES
APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS**

City Council
City of Santa Paula
Santa Paula, California

We have performed procedures enumerated below to be the accompanying Appropriations Limit worksheet of the City of Santa Paula, for the year ended June 30, 2015. These procedures, which were agreed to by the City of Santa Paula and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII B of the California Constitution*), were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The City's management is responsible for the Appropriations Limit worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested of for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned documents to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit worksheet, we added last year's limit to total adjustments and agreed the resulting amount to this year's limit.

Finding: The adjustments added to last year's limit do not agree with the limit adopted by resolution of the City Council. The limit adopted by City Council resolution was \$18,871,006 as shown on the attached worksheet. The actual calculation, based on the factors adopted by City Council, should have been \$18,086,451. The limit adopted by City Council was higher than this by \$784,555. It should be noted, the City Council adopted Resolution No. 6938 on June 22, 2015 to correct this error.

3. We agreed the current year information presented in the accompanying Appropriations Limit worksheet to the other documents referenced in #1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit worksheet to the prior year appropriations limit adopted by the City Council during the prior year.

Finding: No exceptions were noted as a result of our procedures

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by the League publication entitled *Article XIII B of the California Constitution*.

This report is intended solely for the use of the City Council and management of the City of Santa Paula and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Van Lant + Fankhanel, LLP

February 1, 2016

CITY OF SANTA PAULA
APPROPRIATIONS LIMIT COMPUTATION
2014 – 2015

		<u>2014 - 2015</u>
Change in Per Capital Personal Income		-0.23%
Population Change		
City Population Growth		1.56%
Change in Per Capita Personal Income Converted to a Ratio		0.9977
Population Change Converted to a Ratio		1.0156
Calculation of Growth Factor		1.0133
2013 - 2014 Appropriations Limit	<u>\$ 17,849,059</u>	
2014 - 2015 Appropriations Limit (\$17,849,059 X 1.0133)	<u>\$ 18,871,006</u>	

Attachment: Appropriations Limit Report 2-1-16 (1061 : Annual Audit)



February 1, 2016

Ms. Sandy Easley, Finance Director
City of Santa Paula
970 Ventura Street, P.O. Box 569
Santa Paula, CA 93060

Dear Ms. Easley:

In planning and performing our audit of the financial statements of the City for the year ended June 30, 2015, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

During our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration below. We will review the status of these comments during our next audit engagement.

This letter by its very nature is critical and does not highlight the many positive features of the City's internal control. These comments and recommendations are intended to improve the internal control or result in other operating efficiencies and are summarized as follows:

(1)
Fraud Prevention and Detection Program

The following is a continuation from prior years:

Management of the City is responsible for designing and implementing systems and procedures for the prevention and detection of fraud, and for ensuring a culture and environment that promotes honesty and ethical behavior. Fraud can range from minor employee theft and unproductive behavior to misappropriation of assets and fraudulent financial reporting.

The risk of fraud can be reduced through a combination of prevention, deterrence, and detection measures. However, fraud can be difficult to detect because it often involves concealment through falsification of documents or collusion among management, employees, or third parties. Therefore, it is important to place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals that they should not commit fraud because of the likelihood of detection and punishment. Moreover, prevention and deterrence measures are much less costly than the time and expense required for fraud detection and investigation.

While the City has taken steps to address the risk of fraud in certain areas, such as segregation of duties and other internal controls, we recommend the City consider taking a more formal, proactive approach to fraud prevention and deterrence. This would involve establishing an ongoing program of formally identifying and measuring fraud risks, taking steps to mitigate identified risks, and implementing and monitoring any necessary preventive and deterrent measures.

For example, the City should consider establishing a more formal training program for its employees regarding fraud. New employees should be trained at the time of hiring about the entity's values and its code of conduct. This training should explicitly cover expectations of all employees regarding (1) their duty to communicate certain matters; (2) a list of the types of matters, including actual or suspected fraud, to be communicated along with specific examples; and (3) information on how to communicate those matters. In addition to the training at the time of hiring, employees should receive refresher training periodically thereafter.

As mentioned above, management needs to provide information to employees on how to communicate fraud related matters. Research has shown that the majority of fraud is detected by fellow employees, and not outside auditors or internal controls. It is important for the City to establish and communicate to employees a reporting system that is appropriate for the City. The City should consider establishing a confidential reporting mechanism, which may include a combination of internal reporting and an anonymous tip hotline, not only for employees, but also for vendors and customers of the City.

In summary, the City has established controls over fraud in many areas. However, the City should evaluate whether a more formal, proactive approach to preventing fraud would be appropriate. The above comments do not address all components of a strong antifraud program. Additional information can be provided to the City's management regarding this issue.

(2)
Financial Condition

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* in the 2014-15 fiscal year. The effect of implementing this GASB statement resulted in a deficit unrestricted net position in the Statement of Net Position – Governmental Activities of approximately \$17.6 million. In addition, the contributions for the CalPERS retirement plans have increased significantly for the fiscal years subsequent to the June 30, 2015, which will increase retirement costs in future fiscal years.

Also, the City is not currently funding its obligations for Other Post-Employment Benefits (OPEB), but is instead paying these costs on a pay-as-you-go basis. As of June 30, 2015, the City’s financial statements report an OPEB liability of approximately \$500,000. This liability increased by approximately \$75,000 during the 2014-15 fiscal year, and will continue to increase in future years unless funded. The above liability represents contributions that the City should have made for OPEB, similar to pension contributions, but did not. This results in the City having to make up for past contribution deficiencies at some point in the future.

The City’s General Fund decreased by \$387,723 in the fiscal year ended June 30, 2015. The increases in future costs, as mentioned above, may cause the City’s General Fund to experience increased deficits in the future. Unrestricted fund balance in the City’s General Fund was \$1.86 million. This would indicate the City cannot afford to experience many more years of deficit spending, under current revenue and expenditure levels.

In light of the above information, we recommend that the City consider its current financial position and related policies, including revenue and expenditure levels in the General Fund, to determine if financial policy and budget revisions are necessary. Financial policies should be established to ensure continued financial solvency in the long term, while maintaining necessary services for the citizens of Santa Paula.

The Government Finance Officers Association (GFOA) has issued “Best Practices” regarding appropriate levels of fund balance in the general fund. GFOA states that, “It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates.” The recommendations by GFOA include that, “governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund for GAAP and budgetary purposes.” More detailed information on GFOA’s recommendations can be found on their website. We recommend the City refer to GFOA’s Best Practices in evaluating and developing fund balance policies.

Summation

We would like to take this opportunity to express our appreciation for the assistance extended us during the course of our audit. If we can be of further assistance, or if you have any questions regarding our recommendations, please call our office. This letter is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Van Lant + Fankhanel, LLP

For the City Council Regular Meeting of February 16, 2016

Agenda Item #

**CITY OF SANTA PAULA
MEMORANDUM**

To: Honorable Mayor and Members of the City Council
From: Jaime Fontes, City Manager
Subject: California Department of Transportation (Caltrans) State Route 126
Date: February 16, 2016

Recommendation: It is recommended that the City Council: (1) Continue to review and monitor the progress of Caltrans State Route 126 Project; (2) recommend staff to incorporate Council's comments and priorities into a written response to Caltrans regarding the State Route 126 Project; and (3) take such additional, related action that may be desirable.

Report by: City Manager Jaime M. Fontes

Fiscal Impacts: None.

Personnel Impacts: None.

General Discussion: Caltrans has initiated studies for improvements to State Route 126. The purpose is to enhance safety throughout the corridor and reduce potential conflicting traffic movements. The proposed project is located on SR-126 between Hallock Drive in the City of Santa Paula and E Street in the City of Fillmore. The project length is approximately 7 miles.

The studies are proposing a No Build Alternative and a Build Alternative with two Design Options:

1. Concrete Median Barrier
2. Raised Median Island with Visual Markers

Common features to be included with the above alternatives are:

- Roundabouts
- Widen road curves
- Acceleration/deceleration lane at railroad crossings

For the City Council Regular Meeting of February 16, 2016**Agenda Item #**

- Construct retaining walls
- Improve existing highway access including driveways at various locations

On February 3, 2016, a public meeting was held at the Santa Paula Community Center to listen to the local agencies and public concerns about the State Route 126 Project. Mayor Hernandez, Vice Mayor Crosswhite, Councilmembers Gherardi and Procter were in attendance. Caltrans is currently soliciting written comments from elected officials, public agencies, private entities, any interested individuals who may want to express their opinions, concerns, and/or support for the project.

Given the potential importance of the project to the future of the Heritage Valley this item is brought before the Council to determine what input if any the City Council may want to provide at this preliminary stage in the process. Written comments are due back to Caltrans by March 4, 2016.

Alternatives:

- A. Recommend staff to incorporate Council's comments and priorities into a written response to Caltrans regarding State Route 126 Project.
- B. Take such additional, related action that may be desirable.

DEPARTMENT OF TRANSPORTATION

DISTRICT 7

100 S. MAIN STREET, SUITE 100

LOS ANGELES, CA 90012

PHONE (213) 897-0309

FAX (213) 897-0685

TTY 711

www.dot.ca.gov

CITY OF SANTA PAULA
DEPUTY CITY CLERK

JAN 14 2016

RECEIVED



Serious Drought.
Help save water!

January 5, 2016

To: Agency Representatives and Interested
Individuals

File: VEN-126
EA: 27360
State Route 126 Project

The California Department of Transportation (Caltrans) is formally initiating studies for improvements to State Route 126 (SR-126). The purpose of the effort is to enhance safety throughout the corridor and reduce potential conflicting traffic movements. The proposed project is located on SR-126 between Hallock Drive (PM 13.14) in the City of Santa Paula and E Street (PM 20.11) in the City of Fillmore in Ventura County. SR-126 provides an east-west connection between US Highway 101 in Ventura County and Interstate 5 in Los Angeles County and the project length is approximately 7 miles.

There are currently two alternatives for this project: a No Build Alternative and a Build Alternative with two Design Options.

Design Option 1: Concrete Median Barrier

Design Option 2: Raised Median Island with Visual Markers

Common Features of Both Design Options:

- Construct roundabouts
- Widen road curves
- Acceleration/deceleration lane at railroad crossings
- Construct retaining walls
- Improve existing highway access including driveways at various locations

Based on preliminary environmental studies, Caltrans anticipates the resulting environmental document to be an Environmental Impact Report/Environmental Assessment (EIR/EA). Caltrans is currently soliciting written comments from elected officials, public agencies, private entities, and any interested/affected individuals who may want to express their opinions, concerns, and/or support for the project. Topics of concern regarding the proposed project may include social, economic, community, traffic, safety and other environmental issues. Any opinions pertaining to these issues are welcome and will be carefully considered. We would also appreciate if you inform us of any existing facilities or planned developments that may be directly or indirectly impacted by this project.

Two scoping meetings will be held to disseminate information about the proposed project and the environmental process for all interested parties at the following dates and locations:

January 27, 2016

**The City of Fillmore Council Chambers
250 Central Ave, Fillmore, CA 93015
6:00pm – 8:00pm**

and

February 3, 2016

**The City of Santa Paula Community Center
530 W. Main Street, Santa Paula, CA 93060
6:00pm – 8:00pm**

The primary purpose of these meetings is to listen to agency and public concerns, and learn about the environmental issues of importance to the community.

Caltrans strives to work cooperatively with all pertinent parties in an effort to exchange ideas, to ensure that all factors are considered, and a mutually acceptable project is constructed. Caltrans is pleased to have your ongoing participation in this endeavor.

Please send any written comments by March 4, 2016 to:

Tami Podesta, Branch Chief
Division of Environmental Planning (SR-126 Safety Enhancement Project)
California Department of Transportation, District 7
100 South Main Street- Mail Stop 16A
Los Angeles, CA 90012

If you have any questions, please contact Tami Podesta at (213) 897-0309. Thank you for your interest and participation in this transportation project study.

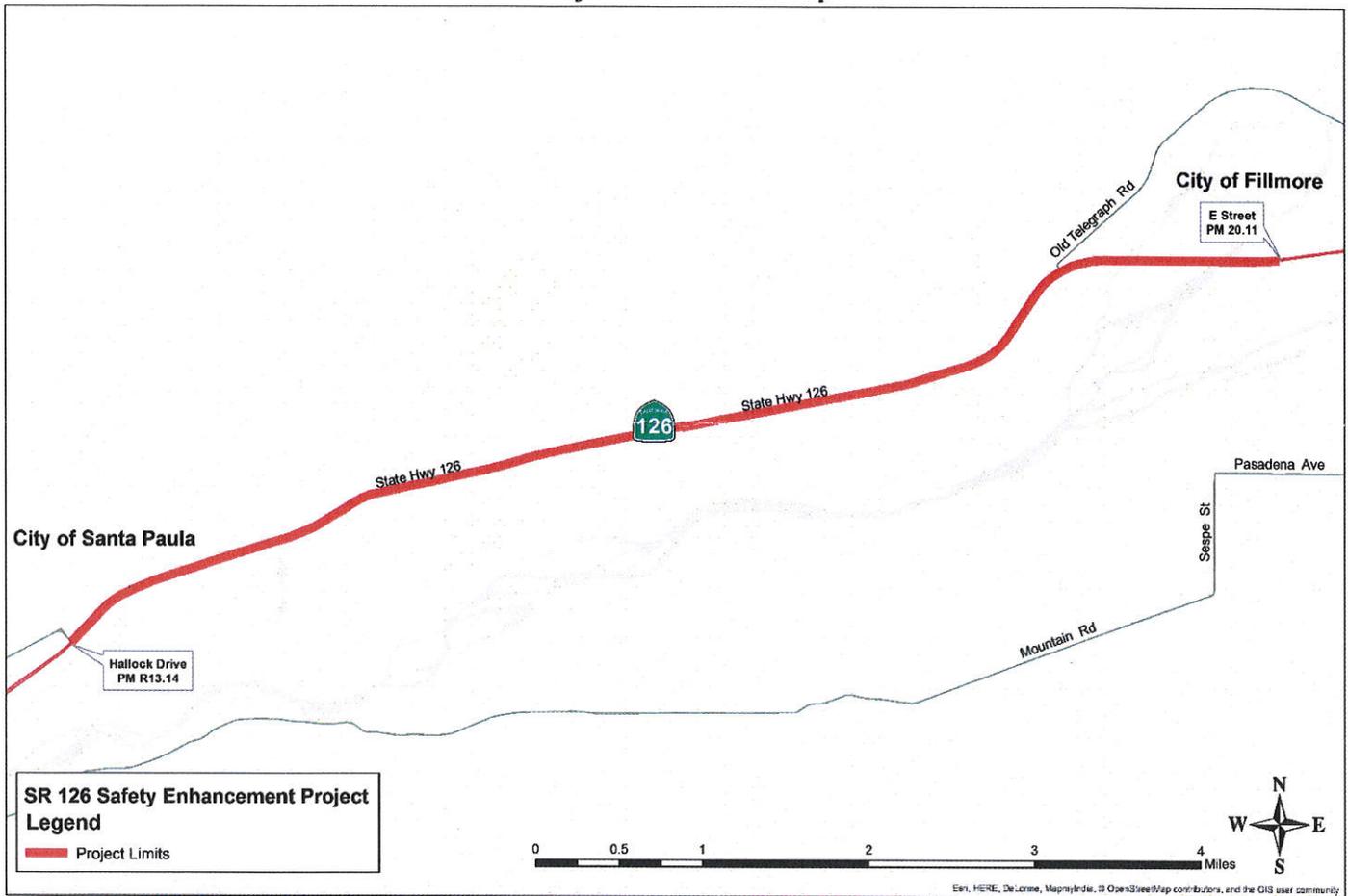
Sincerely,



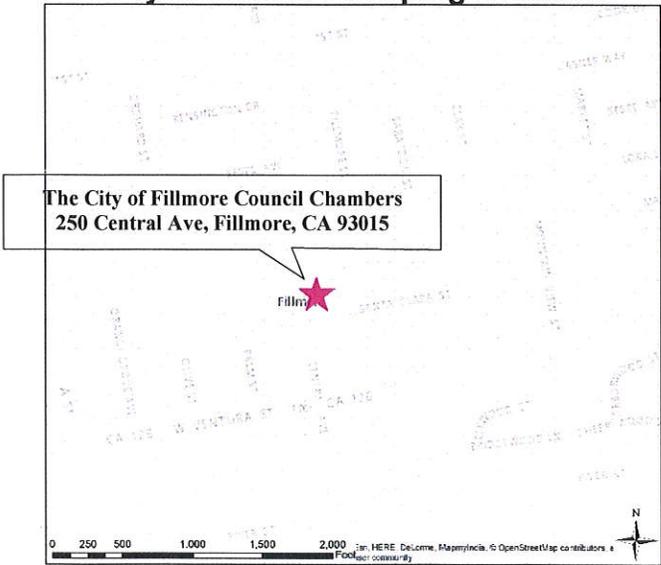
Ronald Kosinski
Deputy District Director, Environmental Planning

Attachment: State Route 126 Project (1065 : State Route 126)

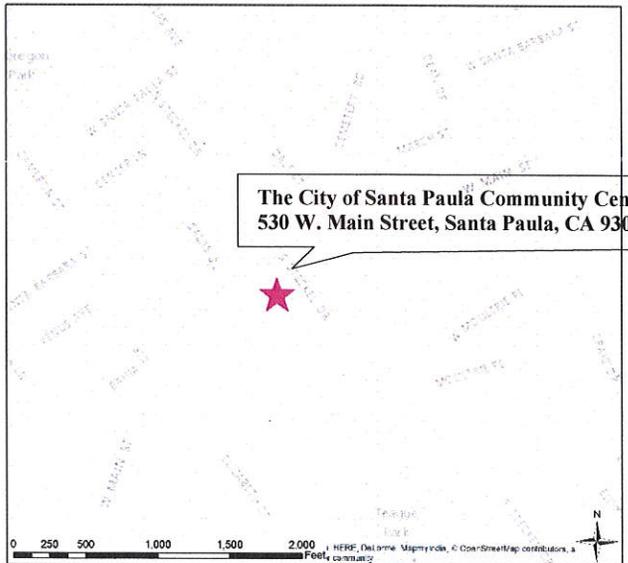
Project Location Map



City of Fillmore Scoping Location



City of Santa Paula Scoping Location



Attachment: State Route 126 Project (1065 : State Route 126)

"Provide a safe, sustainable, integrated and efficient transportation system to enhance California's economy and livability"

For the City Council Regular Meeting of February 16, 2016

Agenda Item #

**CITY OF SANTA PAULA
MEMORANDUM**

To: Honorable Mayor and Members of the City Council

From: Elisabeth Paniagua, Assistant to the City manager

Subject: 2016-2017 Community Development Block Grant Program Applications

Date: February 16, 2016

Recommendation: It is recommended that the City Council: (1) Receive the report; (2) Approve Resolution No.6965 adopting the 2016-2017 CDBG funding recommendations; (3) take such additional, related, action that may be desirable.

Report by: Building Official Michael Leach for Elisabeth Paniagua

Fiscal Impacts: Funding from Community Development Block Grant Funds.

Personnel Impacts: Administration and management of projects.

General Discussion: The City is approaching its 31st year of participation in the Community Development Block Grant Entitlement (CDBG) program for Ventura County. The program is a cooperative effort between the County of Ventura and five smaller cities within the County. Under the entitlement program, the County is granted a specific amount of money each year from the U.S. Department of Housing and Urban Development (HUD) and distributes it among the various cities and the County itself. The estimated Santa Paula's total allocation for the 2016-17 program year is in the \$200,000 range. The annual allocation of CDBG funds to specific projects is recommended by the City Council to the Board of Supervisors, who provides the final approval of all CDBG countywide allocations.

The maximum public service (social service projects) funding that can be allocated for any one program year is 15% of the total allocation. The City is not required to recommend funding of public service projects and may use funding for non-public service (infrastructure/ housing/ economic development programs) projects.

In order to best consolidate the administrative work of the CDBG program and better provide sufficient funding to the proposed programs, the County of Ventura is requiring that public service programs be awarded a minimum of \$5,000.00 if servicing only one

For the City Council Regular Meeting of February 16, 2016**Agenda Item #**

community like Santa Paula. Applications that service several areas can be combined with other county allocations. City staff has reviewed the submitted applications along with feedback from County staff and prepared the attached summary list of recommended funding for your consideration (Exhibit A of Resolution).

All funding recommendations for CDBG FY 2016-17 are due back to the County by February 17, 2016. The County expects to post final funding recommendations to the Board of Directors and on the County website by February 24th. The Board of Director's will hold its final HUD Public Hearing to review funding recommendations from each city on March 2, 2015. All applicants are required to attend this public hearing at the County, but are no longer required to attend any City meetings.

Alternatives:

- A. Approve Resolution No. 6965
- B. Direct staff as appropriate

RESOLUTION NO. 6965

A RESOLUTION APPROVING EXPENDITURE OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR CERTAIN PROJECTS AND SERVICES IN ACCORDANCE WITH THE VENTURA COUNTY 2016-17 CDBG ENTITLEMENT PROGRAM.

BE IT RESOLVED by the Council of the City of Santa Paula as follows:

SECTION 1: The City Council finds as follows:

- A. The City participates in the Ventura County CDBG Program along with five other cities and the County of Ventura;
- B. It is in the public interest for the City, while participating in this Program, to generally allocate CDBG funds to projects and services that promote low and moderate income housing, public facilities, and economic development within the City’s jurisdictional boundaries;
- C. In accordance with applicable law, the City Council held a meeting on February 16, 2016 to determine how CDBG funds should be distributed and which services and projects should benefit from such funding; and
- D. This Resolution is adopted based on the documentary and testimonial evidence received during the public hearing in addition to all other relevant information in the administrative record including the staff report and presentation.

SECTION 2: The City’s CDBG funds are to be used for the projects and services identified in Exhibit “A,” which is attached hereto and incorporated by this reference. Funding amounts for each project or service are also designated in Exhibit “A.”

SECTION 3: The City Manager, or designee, is authorized to execute all documents needed to implement this Resolution in a form approved by the City Attorney. This authority includes the ability to reprogram CDBG funding in the amount of \$25,000 or less.

SECTION 6: This Resolution will become effective immediately upon adoption and will remain effective unless repealed or superseded.

SECTION 7: The City Clerk will certify to the passage and adoption of this Resolution; will enter the same in the book of original Resolutions of said City; and will make a minute of the passage and adoption thereof in the record of

Attachment: Reso. 6965 CDBG funding 16-17 (1064 : 2016-2017 Cdbg)

proceedings of the City Council of said City, in the minutes of the meeting at which the same is passed and adopted.

PASSED, AND ADOPTED, this 16th day of February 2016.

Martin F. Hernandez, Mayor
City of Santa Paula

ATTEST:

Judy Rice,
City Clerk

Approved as to form:

John C. Cotti,
City Attorney

Approved as to content:

Jaime M. Fontes,
City Manager

Attachment: Reso. 6965 CDBG funding 16-17 (1064 : 2016-2017 Cdbg)

No.	Project Name	Project Description	Type of Service	Organization	Countywide Request 2016-17	Amount Requested 2016-17	Amount Recommended 2016-17
Public Service							
7	Senior Center Coordinator Santa Paula Only	Provide funding for the Senior Center Coordinator position, which provides information and referrals to social services, coordinates all Senior programs and activities Mon.-Fri, 9am-2pm. The Senior Coordinator is responsible for day-today operations; referrals and all walk ins for the Senior Center. This year's request would expand Senior Center Office Hours to a more full time basis. Serve 1,150 Santa Paula seniors.	Public Service	City of Santa Paula	0	25,500.00	25,500
8	Meals on Wheels Santa Paula Only	AIM operates Meals-on-Wheels, providing seniors and homebound residents of the Santa Paula Metro area with once-per-weekday delivered hot meal service. Serve 100 Santa Paula seniors.	Public Service	Assistance Interest Meals Council Inc	0	10,000.00	0
9	Homeless Services Program Fillmore, Moorpark, Ojai, Port Hueneme, Santa Paula Unincorporated	This program provides countywide outreach and case management services for homeless and at-risk of homelessness persons, assisting them to move from crisis situations into housing. The Agency's 12 service centers located throughout Ventura County are well positioned to cross refer homeless persons to a variety of financial benefits and to problem solve their particular situation. Serve 50 Santa Paula persons/ out of 360 persons countywide.	Public Service	County of Ventura Human Services Agency	40,500.00	5,625.00	5625
11	Housing the Homeless, El Patio Hotel Fillmore, Moorpark, Ojai, Port Hueneme and Santa Paula	Provides a combination of supportive services along with permanent affordable housing. Facility offers a 41 single room, furnished studios for individuals who are disabled, chronically homeless and/or very low income. Serve 4 Santa Paula persons/ out of 27 persons countywide.	Public Service	People's Self Help Housing	20,000.00	2,963.00	2,963
13	Ombudsman Program- Fillmore, Moorpark, Ojai, Port Hueneme, Santa Paula, and Unincorporated	Provides ombudsman advocacy for elderly persons in long term care facilities. Investigates complaints, visits working on the clients behalf. Meets high priority. Serve 115 Santa Paula seniors/ out of 750 seniors countywide.	Public Service	Long Term Care Services of Ventura County	50,000.00	7,666.00	7,666
Subtotal							41,754.00

For the City Council Regular Meeting of February 16, 2016

Agenda Item #

**CITY OF SANTA PAULA
MEMORANDUM**

To: Honorable Mayor and Members of the City Council

From: Jaime Fontes, City Manager
John Cotti, City Attorney

Subject: First Amendment to Agreement with SPARC for Animal Sheltering Services

Date: February 16, 2016

Recommendation: It is recommended that the City Council: (1) Authorize the City Manager or his designee to enter into a contract amendment with Santa Paula Animal Rescue Center for the continued provision of animal control services in a form approved by the City Attorney; and (2) take such additional, related action that may be desirable.

Report by: City Manager Jaime M. Fontes, City Attorney John C. Cotti and Police Commander Ismael Cordero

Fiscal Impacts: Animal control services are funded through the general fund. While the proposed contract will not result in an increase in animal sheltering services in the current fiscal year, executing a contract amendment with Santa Paula Animal Rescue Center ("SPARC") will increase the cost of animal sheltering services in subsequent fiscal years. The City can offset these costs by increasing revenue in dog licensing and related fees.

Personnel Impacts: There are no personnel impacts associated with this item.

General Discussion: On May 23, 2012, the City and the Santa Paula Animal Rescue Center ("SPARC") entered into an agreement for the provision of animal sheltering services. The genesis of the agreement was two-fold: (1) to provide a first-of-its-kind "no-kill" shelter in the City; and (2) to greatly reduce the animal sheltering costs paid by the City to the County. The agreement includes provisions addressing sheltering protocols, animal welfare-related issues, and shelter facility operations. The term of the agreement expired on June 1, 2015 and SPARC has been operating on a monthly basis pursuant to the terms of the original agreement.

SPARC's Performance under the Initial Agreement

For the City Council Regular Meeting of February 16, 2016**Agenda Item #**

During the three-year contract term, SPARC impounded over 4,000 animals and has maintained a "live release rate" of 99%, which means that just 1% of impounded animals were euthanized. According to SPARC, not one animal has been euthanized on account of behavior or temperament or lack of space or resources.

In the last calendar year, SPARC took in over 1400 animals through pet surrenders from Santa Paula residents, strays brought in by members of the public and animals brought in by the City's Animal Control Officer. SPARC returned nearly 200 pets to their owners, placed nearly 950 in new adoptive homes and transferred over 200 to outside rescue agencies. After opening, the actual number of impounded animals was approximately triple what it had been in the last year of the City's contract with Ventura County. SPARC attributes this to the facts that people throughout the County (not just Santa Paula) were taking advantage of the "no kill" shelter.

As a result of the increased impoundments, the shelter facility generated several noise complaints from neighbors living near the shelter, which is located at 705 East Santa Barbara Street. To address the problem, SPARC installed noise dampening materials at various points in the facility. SPARC also installed cameras in all exterior and interior spaces, installed soundproofing in ceiling of the "car port," increased staff to provide a full time "bark monitor," and installed an off-site kennel to house the excessive barkers, among other facility improvements.

Since the installation of these improvements, noise complaints have dropped considerably at the facility. In the past six months, the City has not received a noise complaint.

According to SPARC representatives, it is still actively seeking a larger space in the City for its shelter operations.

Cost of Service

The operative contract requires the City to pay SPARC \$6,000 on a monthly basis for animal sheltering and regulation services. Prior to the City's 2012 contract with SPARC, the City's animal sheltering services were provided by Ventura County Animal Services ("VCAS") under an agreement going back to 1987. VCAS provides services to several cities. The City paid VCAS approximately \$9,000 a month based on the percentage of dogs coming from the City.

In 2015, VCAS renegotiated the decades-old contract with its member cities in an effort to recoup the increased costs associated with the conversion of its shelter to a "no kill" shelter. Under the new agreement, the cities of Port Hueneme and Oxnard's cost of animal services rose by as much as 50%. Animal services costs rose approximately 20% in Camarillo and Fillmore. Ojai, Simi Valley and Ventura's fee went down minimally. Moorpark, which took on several shelter services (including animal quarantine and certain regulatory roles), saw a significant decrease in its fees.

For the City Council Regular Meeting of February 16, 2016**Agenda Item #**

SPARC's profit and loss statement is attached. The statement shows operating expenses \$1,470,108 (including rent, payroll utilities, among others) and income of \$1,451,016 of which the City pays \$72,000.

Contract Terms

Both the original agreement and the proposed amendment are attached. The original agreement requires SPARC to provide animal sheltering services, veterinary care, and other services involving the care of sheltered animals. SPARC must also provide a public counter for purposes of pet redemption, adoption and license sales.

The proposed amendment does two things, both of which are subject to the Council's input and direction. The amendment extends the term of the original agreement until May 31, 2019. Relative to the rate, SPARC proposed a rate of \$11,500 per month based on the 1400 animals presented to SPARC at a rate of \$99.00 per animal. The national average is between \$250 to \$300 per animal. The amendment proposes a fee increase for animal services to \$9,000 for fiscal year 2016/2017 and \$11,000 for fiscal year 2017/2018, and \$12,500 for fiscal year 2018/2019 through the end of the contract term. As proposed, the rate would remain \$6,000 until June 31, 2016.

Available Options

The Council has several options available to it relative to both price and term. Subject to negotiation with SPARC, the term can be extended in exchange for enhanced services or decreases in fees.

The rate structure can be structured as a graduating flat fee, as proposed in the attached amendment. Alternatively, a per-animal impounded fee can be utilized whereby the City is charged for each dog presented to SPARC. The rate proposed by SPARC-- \$11,500—is really a projection. It is based on SPARC's proposal to charge a \$99 impoundment fee per dog which, according to last year's numbers, would equate to approximately \$11,500. A per dog charge might end up saving the City money over time. With VCAS's conversion to a "no kill" shelter, the City may experience a decrease in animals presented to SPARC as people from outside of Santa Paula, who we believe are surrendering dogs to SPARC because it is "no kill" will now be able to surrender dogs to VCAS. The City implementation of a spay/neuter program could in future years decrease the amount of dogs taken to SPARC.

Additionally, SPARC is actively seeking space to create a state-of-the art animal shelter within the boundaries of the City of Santa Paula. SPARC intends to develop the shelter to include an educational facility to be built for the benefit of educating school-age children and those in the sheltering industry to learn about the no-kill concept, care of animals and other animal-related educational programs. SPARC would be willing to lower the City's monthly expenses in exchange for a low-cost lease of a City parcel on which SPARC would construct this type of shelter facility.

For the City Council Regular Meeting of February 16, 2016**Agenda Item #**

At the direction of the Council, City staff is willing to explore any other funding mechanisms or contract terms the Council deems warranted.

Alternatives:

1. Approve the proposed amendment for Shelter Services and authorize its execution.
2. Direct City staff to negotiate additional changes to the proposed amendment.
3. Take any additional, related action as may be desired.

**AGREEMENT FOR ANIMAL SHELTERING SERVICES
BETWEEN
THE CITY OF SANTA PAULA AND THE SANTA PAULA ANIMAL RESCUE
CENTER**

THIS AGREEMENT ("Agreement") is made and entered into this 23 day of May, 2012, by and between the CITY OF SANTA PAULA, a general law city and municipal corporation ("CITY") and the Santa Paula Animal Rescue Coalition, a California corporation ("SPARC").

1. **RECITALS.** The Agreement is made with reference to the following facts:

- A. The City enforces local regulations and State laws governing housing, licensing and impounding of dogs and other domesticated animals;
- B. The City currently contracts with the County of Ventura for providing Shelter and Animal Regulation services;
- C. The City and SPARC desire to enter into a contract for the performance by SPARC of Shelter and Animal Regulation Services within the City's jurisdictional boundaries.

2. **CONSIDERATION.**

- A. As partial consideration, SPARC agrees to perform the work listed in the SCOPE OF SERVICES, below;
- B. As additional consideration, SPARC and CITY agree to abide by the terms and conditions contained in this Agreement;
- C. As additional consideration, CITY agrees to pay SPARC an initial payment of nineteen thousand dollars (\$19,000) for startup costs. In addition, CITY will pay SPARC a monthly amount of five thousand dollars (\$5,000) per month for the first nineteen months of the term for this Agreement. Beginning in the 20th month, and every month thereafter, CITY will pay six thousand dollars (\$6,000) for SPARC's services. Payment should be prompt and made within thirty (30) days after CITY receives SPARC's invoice.

3. **PERMITS AND LICENSES.** SPARC, at its sole expense, will obtain and maintain during the term of this Agreement, all necessary permits, licenses, and certificates that may be required in connection with the performance of services under this Agreement.

4. **TERM.** The term of this Agreement will be from June 1, 2012, to May 31, 2015. The Agreement may be renewed upon mutual consent of the parties.

5. **SCOPE OF SERVICES.**

Attachment: Contract btwn City and SPARC (1067 : First Amendment to Agreement with SPARC for Animal Sheltering Services)

- A. SPARC will perform services listed in the attached Exhibit A.
- B. SPARC will, in a workmanlike manner, furnish all of the labor, technical, administrative, professional and other personnel, all supplies and materials, equipment, printing, vehicles, transportation, office space and facilities, and all tests, testing and analyses, calculation, and all other means whatsoever, except as herein otherwise expressly specified to be furnished by CITY, necessary or proper to perform and complete the work and provide the professional services required of SPARC by this Agreement.
- C. SPARC will, in performing the services list in Exhibit A, comply with the *Guidelines for Standards of Care in Animal Shelters*, published by the Association of Shelter Veterinarians in 2010, which is incorporated herein by this reference.

6. LICENSING, CAPTURE AND IMPOUNDMENT FEES. SPARC is responsible for collecting and remitting licensing and capture fees to the City on a monthly basis as follows:

- A. Upon the renewal of a dog license, SPARC must collect and remit to the City the license fee.
- B. Upon the issuance of a new dog license, SPARC must collect the license fee and remit to the City 50% of the license fee collected.
- C. SPARC must collect and remit to the City the fee collected as a result of the capture of any lost or stray animal. Any impounding fee collected for the daily maintenance of the captured animal may be retained by SPARC.

7. PREVAILING WAGES. If required by applicable state law including, without limitation Labor Code §§ 1720 (as amended by AB 975 (2001)), 1771, 1774, 1775, and 1776, SPARC must pay its workers prevailing wages. It is SPARC’s responsibility to interpret and implement any prevailing wage requirements and SPARC agrees to pay any penalty or civil damages resulting from a violation of the prevailing wage laws. In accordance with Labor Code § 1773.2, copies of the prevailing rate of per diem wages are available upon request from CITY’s Engineering Division or the website for State of California Prevailing wage determination at <http://www.dir.ca.gov/DLSR/PWD>. A copy of the prevailing rate of per diem wages must be posted at the job site.

8. FAMILIARITY WITH WORK.

- A. By executing this Agreement, SPARC represents that SPARC has
 - i. Thoroughly investigated and considered the scope of services to be performed;

Attachment: Contract btwn City and SPARC (1067 : First Amendment to Agreement with SPARC for Animal Sheltering Services)

- ii. Carefully considered how the services should be performed; and
- iii. Understands the facilities, difficulties, and restrictions attending performance of the services under this Agreement.

B. If services involve work upon any site, SPARC warrants that SPARC has or will investigate the site and is or will be fully acquainted with the conditions there existing, before commencing the services hereunder. Should SPARC discover any latent or unknown conditions that may materially affect the performance of the services, SPARC will immediately inform CITY of such fact and will not proceed except at SPARC’s own risk until written instructions are received from CITY.

9. INSURANCE.

A. Before commencing performance under this Agreement, and at all other times this Agreement is effective, SPARC will procure and maintain the following types of insurance with coverage limits complying, at a minimum, with the limits set forth below:

<u>Type of Insurance</u>	<u>Limits (combined single)</u>
Commercial general liability:	\$1,000,000
Business automobile liability	\$1,000,000
Workers compensation	Statutory requirement.

B. Commercial general liability insurance will meet or exceed the requirements of ISO-CGL Form No. CG 00 01 11 85 or 88. The amount of insurance set forth above will be a combined single limit per occurrence for bodily injury, personal injury, and property damage for the policy coverage. Liability policies will be endorsed to name City, its officials, and employees as “additional insureds” under said insurance coverage and to state that such insurance will be deemed “primary” such that any other insurance that may be carried by City will be excess thereto. Such insurance will be on an “occurrence,” not a “claims made,” basis and will not be cancelable or subject to reduction except upon thirty (30) days prior written notice to City.

C. Automobile coverage will be written on ISO Business Auto Coverage Form CA 00 01 06 92, including symbol 1 (Any Auto).

D. SPARC will furnish to City duly authenticated Certificates of Insurance evidencing maintenance of the insurance required under this Agreement, endorsements as required herein, and such other evidence of insurance or copies of policies as may be reasonably required by City from time to time. Insurance must be placed with insurers with a current A.M. Best Company Rating equivalent to at least a Rating of “A:VII.” Certificate(s) must reflect that the

Attachment: Contract btwn City and SPARC (1067 : First Amendment to Agreement with SPARC for Animal Sheltering Services)

insurer will provide thirty (30) day notice of any cancellation of coverage. SPARC will require its insurer to modify such certificates to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions.

- E. Should SPARC, for any reason, fail to obtain and maintain the insurance required by this Agreement, City may obtain such coverage at SPARC's expense and deduct the cost of such insurance from payments due to SPARC under this Agreement or terminate.

10. TIME FOR PERFORMANCE. SPARC will not perform any work under this Agreement until:

- A. SPARC furnishes proof of insurance as required under Section 9 of this Agreement; and
- B. CITY gives SPARC a written Notice to Proceed.
- C. Should SPARC begin work in advance of receiving written authorization to proceed, any such professional services are at SPARC's own risk.

11. TERMINATION.

- A. Except as otherwise provided, CITY may terminate this Agreement at any time with or without cause. Notice of termination will be in writing.
- B. SPARC may terminate this Agreement upon providing written notice to CITY at least thirty (30) days before the effective termination date.
- C. Should the Agreement be terminated pursuant to this Section, CITY may procure on its own terms services similar to those terminated.
- D. By executing this document, SPARC waives any and all claims for damages that might otherwise arise from CITY's termination under this Section.

12. INDEMNIFICATION.

- A. **SPARC indemnifies and holds CITY harmless from and against any claim, action, damages, costs (including, without limitation, attorney's fees), injuries, or liability, arising out of this Agreement, or its performance, except for such loss or damage arising from CITY's sole negligence or willful misconduct. Should CITY be named in any suit, or should any claim be brought against it by suit or otherwise, whether the same be groundless or not, arising out of this Agreement, or its performance, SPARC will defend CITY (at CITY's request and with counsel satisfactory to CITY) and will**

Attachment: Contract btwn City and SPARC (1067 : First Amendment to Agreement with SPARC for Animal Sheltering Services)

other term, covenant, or condition contained in this Agreement, whether of the same or different character.

17. CONSTRUCTION. The language of each part of this Agreement will be construed simply and according to its fair meaning, and this Agreement will never be construed either for or against either party.

18. SEVERABLE. If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, then such portion will be deemed modified to the extent necessary in the opinion of the court to render such portion enforceable and, as so modified, such portion and the balance of this Agreement will continue in full force and effect.

19. CAPTIONS. The captions of the paragraphs of this Agreement are for convenience of reference only and will not affect the interpretation of this Agreement.

20. WAIVER. Waiver of any provision of this Agreement will not be deemed to constitute a waiver of any other provision, nor will such waiver constitute a continuing waiver.

21. INTERPRETATION. This Agreement was drafted in, and will be construed in accordance with the laws of the State of California, and exclusive venue for any action involving this agreement will be in Ventura County.

22. AUTHORITY/MODIFICATION. This Agreement may be subject to and conditioned upon approval and ratification by the Santa Paula City Council. This Agreement is not binding upon CITY until executed by the City Manager. The Parties represent and warrant that all necessary action has been taken by the Parties to authorize the undersigned to execute this Agreement and to engage in the actions described herein. This Agreement may be modified by written agreement. CITY's city manager may execute any such amendment on behalf of CITY.

23. ACCEPTANCE OF FACSIMILE SIGNATURES. The Parties agree that this Agreement, agreements ancillary to this Agreement, and related documents to be entered into in connection with this Agreement will be considered signed when the signature of a party is delivered by facsimile transmission. Such facsimile signature will be treated in all respects as having the same effect as an original signature.

24. EFFECT OF CONFLICT. In the event of any conflict, inconsistency, or incongruity between any provision of this Agreement, its attachments, the purchase order, or notice to proceed, the provisions of this Agreement will govern and control.

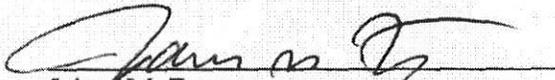
25. CAPTIONS. The captions of the paragraphs of this Agreement are for convenience of reference only and will not affect the interpretation of this Agreement.

26. FORCE MAJEURE. Should performance of this Agreement be prevented due to fire, flood, explosion, war, terrorist act, embargo, government action, civil or military authority, the natural elements, or other similar causes beyond the Parties' control, then the Agreement will immediately terminate without obligation of either party to the other.

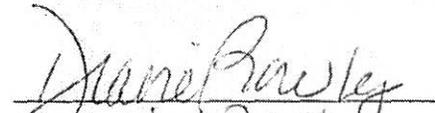
27. ENTIRE AGREEMENT. This Agreement and its one attachment constitutes the sole agreement between SPARC and CITY respecting the provision of Animal Sheltering Services. To the extent that there are additional terms and conditions contained in Exhibit "A" that are not in conflict with this Agreement, those terms are incorporated as if fully set forth above. There are no other understandings, terms or other agreements expressed or implied, oral or written.

IN WITNESS WHEREOF the parties hereto have executed this contract the day and year first hereinabove written.

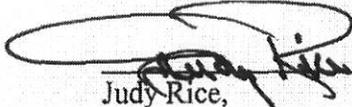
CITY OF SANTA PAULA

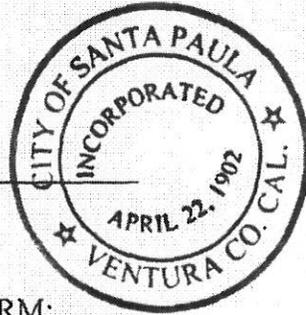

Jaime M. Fontes,
City Manager

SPARC


Diane Rawley
President,
Santa Paula Animal Rescues
Center, Inc

ATTEST:


Judy Rice,
City Clerk



Taxpayer ID No. 4432878111219

APPROVED AS TO FORM:


John C. Cotti,
Assistant City Attorney

Attachment: Contract btwn City and SPARC (1067 : First Amendment to Agreement with SPARC for Animal Sheltering Services)

EXHIBIT A – SCOPE OF SERVICES

Shelter Services

Shelter services include the general care, cleaning and nourishment of owner-released, lost or stray dogs, cats, and other animals. Such services must be provided 7-days per week, 365 days per year at the SPARC animal shelter (the “Shelter”), including related services described in this section.

1. Shelter Services

- a. Services provided to sheltered animals will include exercise, care and feeding, and reasonable medical attention.
- b. The Public Services Counter at the Shelter will be open to the public not less than 30 hours per week and not less than 5 days per week for purposes of pet redemption, adoption, license sales services and (as maybe offered from time to time) pet surrenders. The Public Services Counter at the Shelter may be open for additional hours if practicable within available resources.
- c. The Shelter will maintain a volunteer/foster care coordinator to encourage use of volunteers working at the shelter and use of foster families to provide fostering/transitional care between the Shelter and the finding of permanent homes for adoption animals.
- d. One veterinarian technician will be scheduled to work at the Shelter six-days per week, during normal business hours. Veterinary services provided include animal exams, treatment and minor procedures, spay/neuter and other surgeries. Limited emergency veterinary services will be available in non-business hours, through third-party contracts, and engaged if and when the County determines necessary.
- e. SPARC must provide for the emergency veterinary medical treatment of all animals taken up within the jurisdictional boundaries of the City and delivered to SPARC in a condition as would warrant such care.
- f. SPARC must operate the Shelter facility in compliance with all applicable laws and regulations including those related to noise abatement, nuisance and refuse management. Prior to operations SPARC must secure all necessary permits as may be required by CITY or any of its departments.
- g. No person can handle or have direct contact with any shelter animals except under the direct supervision of a staff member or experienced volunteer who has received proper instruction in animal management.
- h. No animal can be left unattended for longer than 12 hours. No animal can be caged or kenneled outdoors overnight. No animal can be left unattended in the exercise yard without a staff person or volunteer on site to monitor noise and safety.

- i. SPARC facilities are subject to random inspection by a designated official of the City or a veterinarian of City's choice. SPARC must provide to the City's animal control officer a key to the facility for access to the facility to leave animals during non-business hours.
- j. All staff and volunteers must receive proper training and execute hold harmless agreements in favor of the City prior to employment or volunteer service.
- k. The perimeter of the SPARC facility must be fenced and contained in such a manner that NO shelter animal can have direct access to the exterior public spaces. This may be accomplished by the installation of a solid wood perimeter fence, a secondary chain link fence 1-2 feet interior of the existing fence, or other means designed to prevent direct access to the exterior public spaces.
- l. SPARC must provide high quality feed no less than two times per day. All kennel and cages must be cleaned no fewer than 2 times per day and disinfected daily. All animals must receive daily exercise and socialization consistent with the *Guidelines for Standards of Care in Animal Shelters*, published by the Association of Shelter Veterinarians in 2010. All cages, kennels, exercise yards and catteries must provide adequate space, ventilation and bedding as appropriate.

Animal Regulation Services

Animal Regulation services include the compliance with and enforcement of all State laws, County ordinances and City ordinances, including the Santa Paula Municipal Code.

1. Animal Regulation Services

- a. SPARC must investigate and subsequently quarantine or clinically test all reports of suspected rabid animals.
- b. SPARC must enforce all applicable state laws and County and City ordinances relating to the investigation and quarantine of potentially dangerous dogs and vicious dogs (as defined by Food & Agriculture Code §§31602 and 31603), other dangerous animals and rabies hazards, including testifying at hearings, impounding all dangerous and vicious animals posing a threat to the public safety and welfare, and euthanizing vicious animals when required by law.
- c. Employ sufficient staff and/or volunteers to provide the level of service guaranteed in this Agreement.

FIRST AMENDMENT TO THE AGREEMENT FOR ANIMAL SHELTERING SERVICES BETWEEN THE CITY OF SANTA PAULA AND THE SANTA PAULA ANIMAL RESCUE CENTER

THIS FIRST AMENDMENT (“Amendment”) is made and entered into this _____ day of _____ 2016, by and between the CITY OF SANTA PAULA, a general law city and municipal corporation (“CITY”), and SANTA PAULA ANIMAL RESCUE CENTER, INC., a California Nonprofit corporation (“SPARC”).

1. **RECITALS.** This Amendment is made with reference to the following facts and objectives:
 - A. On May 23, 2012, the CITY and SPARC entered into an agreement for Shelter and Animal Regulation Services within the City’s jurisdictional boundaries (the “Agreement”);
 - B. The term of the Agreement expired on May 31, 2015, and SPARC has been performing under the Agreement on a monthly basis;
 - C. CITY and SPARC now mutually desire by this First Amendment to the Agreement (“Amendment”) to amend the terms of the Agreement.

2. **AMENDMENT.** In consideration of the foregoing, the Agreement is amended as follows:
 - A. Subparagraph C of Paragraph 2 of the Agreement, entitled “Consideration,” is amended as follows:

“CONSIDERATION.

 - A. As partial consideration, SPARC agrees to perform the work listed in the SCOPE OF SERVICES, below;
 - B. As additional consideration, SPARC and CITY agree to abide by the terms and conditions contained in this Agreement;
 - C. As additional consideration, CITY agrees to pay SPARC a monthly amount of six thousand dollars (\$6,000) per month until June 30, 2016. From July 1 2016 through June 30, 2017, CITY will pay a monthly amount of nine thousand dollars (\$9,000) for SPARC’s services. From July 1, 2017 through 30, 2018, CITY will pay a monthly amount of eleven thousand dollars (\$11,000) for SPARC’s services. Beginning July 1, 2018, and every month thereafter, CITY will pay twelve thousand five hundred dollars (\$12,500.00) for SPARC’s services. Payment should be prompt and made within thirty (30) days after CITY receives SPARC’s invoice.”

B. Section 4 of the Agreement, entitled "Term," is is amended to read as follows:

"TERM. The term of the Agreement is extended from June 1, 2015 to May 31, 2019. The Agreement may be renewed upon mutual consent of the parties.

- 3. **COUNTERPARTS.** This Amendment may be executed in any number or counterparts, each of which will be an original, but all of which together constitutes one instrument executed on the same date.
- 4. **LIMITED AMENDMENT.** Except as modified by this Amendment, all other terms and conditions of the Agreement, as amended by Amendment No. 1, remain in full force and effect.

This Amendment is executed on and shall become effective this _____ day of _____, 2015, at Palos Verdes Estates, California.

CITY OF PALOS VERDES ESTATES

Martin F. Hernandez, Mayor

ATTEST:

Judy Rice, City Clerk

SANTA PAULA ANIMAL RESCUE
CENTER, INC., a Nonprofit Corporation

APPROVED AS TO FORM:

John C. Cotti,
Assistant City Attorney

By: _____

Its: _____

Attachment: First amendment to SPARC contract (1067 : First Amendment to Agreement with SPARC for Animal Sheltering Services)

SPARC
Profit and Loss
January 1 - December 31 2015

Total Income	\$ 1,451,016.75
Expenses	
4510 Reimbursement	14,013.45
4530 Store Supplies	
5000 Advertising	28,219.85
5010 Animal Supplies	43,672.36
5020 Animal Transport	13,725.00
5030 Bank Fees	5,613.06
5042 Charitable Contribution	2,190.00
5047 Disposal	2,555.73
5060 Fees and Permits	461.71
5062 Insurance	42,913.28
5067 Labor	4,271.91
5070 Licenses Collection	18,306.91
5075 Legal and Professional Fees	46,861.61
5077 Microchips	399.00
5078 Medical	180.00
5090 Office Supplies	18,412.25
5100 Office Equipment	2,874.76
5120 Payroll	581,323.43
5130 Payroll Taxes	116,359.00
5140 Payroll Garnishment	4,098.66
5160 Rent	47,585.61
5180 Repairs and Maintenance	14,902.70
5240 Security	2,875.00
5250 Shelter Supplies	15,519.96
5253 Training	2,890.00
5254 Spay Neuter	1,925.00
5260 Utilities	39,710.96
5265 Vehicle	4,312.85
5270 Veterinarian	393,934.59
Total Expenses	\$ 1,470,108.64
Net Operating Income	\$ 1,451,016.75
Net Income	-\$ 19,091.89

For the City Council Regular Meeting of February 16, 2016

Agenda Item #

**CITY OF SANTA PAULA
MEMORANDUM**

To: Honorable Mayor and Members of the City Council

From: Brian Yanez, Interim Public Works Director
John Ilasin, Capital Projects Engineer

Subject: Adoption of Resolution No. 6964 - Approving the Plans and Specifications for the Citywide Street Improvements Project FY 2015-2016

Date: February 16, 2016

Recommendation: It is recommended that the City Council: (1) Adopt Resolution No. 6964 approving the plans and specifications for the Citywide Street Improvements Project – Fiscal Year 2015-2016; (2) Authorize staff to advertise for bids; and (3) take such additional, related action that may be desirable.

Report by: Interim Public Works Director Brian J. Yanez

Fiscal Impacts: This Project will be funded from the approved FY15/16 Capital Improvement Program budgets and additional allocations from bond funds. Final accounting will be determined upon award of contract.

Personnel Impacts: Staff time will consist of reviewing design plans, specifications and administering the project.

General Discussion: On June 1, 2015, City Council approved a Professional Services Agreement with Kennedy Jenks Consultant to provide consulting design services for a Citywide Pavement Rehabilitation Project. This project also includes the replacement of approximately 12,900 linear feet of water mains and 2,400 linear feet of sewer mains. It has been determined that these systems are in need of replacement due to their poor condition. The water and sewer mains have been identified for replacement in the Potable Water System Master Plan and Wastewater System Master Plan, respectively.

The general scope of work consists of street improvements including pavement rehabilitation and slurry seal, water mains, service line replacements, sewer mains, maintenance hole replacements, curb ramp upgrades, and sidewalk repairs. In no particular order of priority, the following streets will be involved:

1. Anacapa Terrace

For the City Council Regular Meeting of February 16, 2016

Agenda Item #

2. Blanchard Avenue
3. Cameron Street
4. Eighth Street
5. Fourteenth Street
6. Hobbs Circle
7. Howie Court
8. Main Street
9. Mill Street
10. Mill Street Alley
11. Mupu Street
12. North Alley
13. Pamela Lane
14. Pleasant Street
15. Rhame Terrace
16. Salas Street
17. Santa Barbara Street
18. Seventh Street
19. South Alley
20. Steckel Drive
21. Vela Court
22. Venus Avenue
23. Virginia Terrace

Due to the size and scope of this project, City residents and the traveling public will experience some inconvenience during construction. To minimize exposure of cars to the work, staff will limit access and use of the roadways during construction. Individual traffic lanes and, if necessary, project street sections will be closed to traffic in order to perform the necessary work. To mitigate the impact of traffic delays on the public, staff will require detailed traffic control plans from the contractor. City staff will review and approve all traffic control plans prior to construction and will monitor traffic control work during construction to minimize the impact to the public. Nearby businesses and residences will also receive notices informing them of the work and any parking restrictions that may be implemented. The contractor will be required to post signs for parking restrictions on project streets no less than 48 hours before the start of work. During construction temporary construction signs will be positioned in advance of the construction work zone at major cross streets alerting the public of the roadwork ahead and potential delays.

The engineer's cost estimate is \$9,051,574 and estimated construction time to complete the work is 360 working days or approximately 18 months. Plans and specifications are located in the City Council office for review. Upon approval of the plans and specifications the design will go out to bid; below is a tentative schedule:

Release/Advertisement	February 29, 2016
Bids due	March 31, 2016

For the City Council Regular Meeting of February 16, 2016**Agenda Item #**

Review of bids	April 4, 2016 – April 8, 2016
Award contract by City Council	April 18, 2016

Alternatives:

- A. Approve Staff recommendations.
- B. Deny Staff recommendations.
- C. Provide Staff with direction.

RESOLUTION NO. 6964**A RESOLUTION APPROVING THE PLANS AND SPECIFICATIONS FOR THE CITYWIDE STREET IMPROVEMENTS PROJECT- FISCAL YEAR 2015-2016 PURSUANT TO GOVERNMENT CODE SECTION 830.6.**

The City Council for the City of Santa Paula does resolve as follows:

SECTION 1: The City Council finds and declares as follows:

- A. The City Engineer reviewed the completed plans and specifications for the project, and finds said plans and specifications complete, and the Project may be constructed;
- B. The City Council wished to obtain the immunities set forth in Government Code § 830.6 with regard to the plans, specifications, and construction of the Project.

SECTION 2: The plans and specifications for the Project are determined to be consistent with the City standards and are approved by the Planning Department, Fire Department, and Building and Safety Department.

SECTION 3: The design approval set forth in this Resolution occurred before actual work on the Project construction commenced.

SECTION 4: The approval granted by this Resolution conforms to the City's General Plan and the City Standards.

SECTION 5: The City Engineer, or designee, is authorized to act on the City's behalf in approving any alterations or modifications of the plan approved by this Resolution.

SECTION 6: The approval and authorization granted by this Resolution is intended to avail the City of the immunities set forth in Government Code § 830.6.

SECTION 7: The City Clerk is directed to certify the adoption of this Resolution.

SECTION 8: This Resolution will become effective immediately upon adoption.

PASSED AND ADOPTED this 19th day of January, 2016

Martin F. Hernandez, Mayor

ATTEST:

Judy Rice, City Clerk

APPROVED AS TO FORM:

John C. Cotti, City Attorney

APPROVED AS TO CONTENT:

Jaime M. Fontes, City Manager

For the City Council Regular Meeting of February 16, 2016

Agenda Item #

**CITY OF SANTA PAULA
MEMORANDUM**

To: Honorable Mayor and Members of the City Council

From: Caesar Hernandez, Regulatory Compliance Specialist
Brian Yanez, Interim Public Works Director

Subject: RFP for O&M of WRF

Date: February 16, 2016

Recommendation: It is recommended that the City Council: (1) Approve a Request for Proposal (RFP) for Operation and Maintenance of the Water Recycling Facility; and (2) take such additional, related action that may be desirable.

Report by: Interim Public Works Director Brian J. Yanez

Fiscal Impacts: The new Operation and Maintenance Contract will be funded from the Wastewater Enterprise Fund. No fiscal impact can be ascertained at this time until the Request for Proposal (RFP) process is completed.

Personnel Impacts: None

General Discussion: The attached Request for Proposal (RFP) represents the next step in the City's purchase of the water recycling facility (WRF), which occurred on April 30, 2015. As the Council knows, the City purchased the WRF and assumed the obligations under the original Design Build Operate and Finance (DBOF) contract including the operations and maintenance efforts. As a result of the revenue bond used to purchase the plant, the City must solicit for wastewater treatment operators. The City's goal is to award a contract to a private operator for the operation and maintenance of Santa Paula's Water Recycling Facility by October 2016. The City's WRF has been successfully operated and maintained through a privatized contract services agreement since May 2010. The current contract with PERC Water, LLC. will terminate in October 2016, although PERC is free to propose.

The RFP lays out the criteria/expectations of the City to ensure that the Water Recycling Facility is managed responsibly and in compliance with the Waste Discharge Requirements. With the RFP, the City of Santa Paula (City) is soliciting proposals from qualified wastewater treatment operators that include but are not limited to the following:

For the City Council Regular Meeting of February 16, 2016

Agenda Item

- 1) An experienced operation and management team that is staffed seven days per week, 24 hours per day.
- 2) A robust O & M and asset management approach with full transparency.
- 3) A very reliable SCADA alarm system.
- 4) Create a contingency plan (to address spills, overflows, system failures, etc.).
- 5) Focus on continuous improvement including opportunities for cost savings for the City.
- 6) Proven leader in the O & M industry with an excellent environmental compliance and safety record.
- 7) Cooperation and coordination with the local jurisdiction & public safety for emergencies.
- 8) Commitment to local community engagement and involvement.

The attached draft RFP was prepared for the City Council's review and approval, see EXHIBIT A.

Proposals will be reviewed, evaluated and scored by a three-member proposal evaluation committee in accordance with criteria established in the RFP including qualifications, experience, capability, technical aspects, scope of work; and financial/cost proposal. The evaluation and review process will require the applicants to schedule a mandatory pre-proposal meeting, conduct a site visit to the plant, provide a structured presentation; and be formally interviewed by the committee. Below is the tentative schedule for consultant selection:

Approval of RFP	February 16, 2016
Release/advertisement	February 23 through April 7, 2016
Proposal due	April 7, 2016 at 3:00 P.M.
Proposal review	April 8 to April 22, 2016
Interview schedule	Week of April 25, 2016
Contract and scope negotiation	April to May 2016
Contract approval by City Council	May 2016

Staff believes that the RFP clearly states the criteria and expectations of the City of Santa Paula that ensures the Water Recycling Facility will be managed properly and comply with the required standards for wastewater treatment.

For the City Council Regular Meeting of February 16, 2016**Agenda Item #****Alternatives:**

- A. Approve staff recommendation.
- B. Deny staff recommendation.
- C. Provide staff with additional information.



CITY OF SANTA PAULA

REQUEST FOR PROPOSAL TO PROVIDE SERVICES

PROPOSALS ARE DUE: Not later than 3:00 P.M. Thursday, April 7, 2016, at the City Clerk's office at 970 E. Ventura Street, Santa Paula, CA 93060.

The City of Santa Paula (City) is requesting proposals from qualified companies to provide contract operation and maintenance services for the City Water Reclamation Facility. The Request for Proposal (RFP) is enclosed. The RFP provides an introduction, schedule, City background, scope of services, deliverables, proposal requirements, insurance requirements, and evaluation criteria among other information.

The successful company shall execute a Professional Services Agreement with the City to perform the services.

One (1) original and three (3) copies of the proposal shall be submitted to the following address:

City of Santa Paula
City Clerk
970 E. Ventura Street
Santa Paula, CA 93060

Proposal shall include a copy of this form and be signed by the company's authorized representative.

I have read, understood, and agree to the terms and conditions on all pages of the RFP. The undersigned agrees to furnish the services stipulated in this RFP.

Company

Address

Name (Print)

Signature

Company Phone No.

Title

Attachment: RFP Santa Paula WWTP Operation 012916 Clean (1060 : RFP for O&M)

City of Santa Paula



REQUEST FOR PROPOSAL TO PROVIDE SERVICES

Water Reclamation Facility Contract Operation and Maintenance

February 23, 2016

A mandatory Pre-proposal Conference is scheduled at 10:00 A.M. on Tuesday March 8, 2016, at:

City of Santa Paula
City Hall, Council Chambers
970 Ventura St.
Santa Paula, CA 93060

A site inspection shall be scheduled following the Pre-proposal meeting.

Requests for clarification are due by 4:00 P.M. on Tuesday March 22, 2016, and shall be submitted in writing to Caesar Hernandez at chernandez@spcity.org.

Proposals are due at the City Clerk's office by 3:00 P.M. Thursday April 7, 2016, at:

City of Santa Paula
City Clerk's Office
970 E. Ventura Street
Santa Paula, CA 93060

With this Request for Proposal (RFP), the City of Santa Paula (City, OWNER) is requesting proposals from qualified operations companies (OPERATOR) to provide contract operation and maintenance services for the City Water Reclamation Facility.

Introduction

The City of Santa Paula completed construction of the Water Reclamation Facility (WRF, Project) in 2010 within a design-build-operation-finance (DBOF) contract. The existing WRF is designed to treat 3.4 MGD and be phased to handle 4.2 million gallons per day (MGD) average dry weather flow in the future. The City is required to comply with the Waste Discharge Requirements as described in the Order No. R4-2007-0028-R2.

The WRF includes the following major facilities and processes:

- Influent lift station
- Primary screening
- Grit removal
- Influent equalization basins
- Fine screening
- Secondary biological nutrient removal (BNR) process
- Membrane separation process
- Aerobic sludge digestion
- Screw-type solids dewatering facilities
- Backup generator
- 14.2 acres of percolation basins for effluent disposal
- Operations building with laboratory, restroom, workshop, break room, and administrative offices located over the treatment basins
- Odor control
- Associated mechanical piping and appurtenances, electrical systems, instrumentation and controls systems

In April of 2015, the City arranged to terminate the original DBOF contract including the operations and maintenance efforts.

Project Schedule

The duration of the contract will be four years and is anticipated to begin in the summer of 2016 with the ability to extend the contract annually based on performance and satisfactory terms for the extension.

City Background

The City is located 65 miles northwest of Los Angeles and 14 miles east of Ventura and the coastline of the Pacific Ocean. The City is the geographical center of Ventura County, situated in the rich agricultural Santa Clara River Valley. The City is surrounded

by rolling hills and rugged mountain peaks in addition to orange, lemon and avocado groves. In fact, the City is referred to as the “Citrus Capital of the World.”

The City was incorporated on April 22, 1902, as a general law city. The City Council is made up of five members, elected at-large, serving four year terms. The Mayor is selected for a one-year term from among the members of the City Council. The City operates under a council-manager form of government. The City Council appoints the City Manager and City Attorney. The City Clerk and City Treasurer are elected and serve four year terms.

The City covers an area of 5.4 square miles and has a population of 30,556, as of January 1, 2014, based on estimates from the State of California. The square miles will change slightly with the recent annexation of property to the East of Santa Paula. The City delivers municipal services through six departments- Administration (City Council, City Manager, City Attorney, City Clerk, Personnel, Risk Management, Information Technology, Mobile Home Rent Review and California Oil Museum), Community Services (Community Center, Recreation, Parks, Senior Services, Cable Television, Buildings and Grounds Maintenance), Finance (City Treasurer, Utility Billing and Payments, Accounting and Payroll), Fire (Fire Emergency Services and Building-Code Enforcement), Police, Public Works (Streets, Water, Wastewater, Solid Waste, Transit and Engineering). Wastewater, Transit and Solid Waste services are provided under contract. Library services in Santa Paula are provided by the Blanchard/Santa Paula Library District.

Scope of Services

The services to be provided include those listed below for operations and maintenance of the City’s Water Recycling Facility (WRF). The services include specific tasks, as well as goals, which are expected to be achieved. Services shall be in accordance with State, Federal and Local regulations governing the operations and maintenance of domestic wastewater treatment systems in the City of Santa Paula (“City”). Company shall provide all labor, materials, and supplies.

1. Operations

- Develop and implement Best Management Practices (BMP’s) for the Project. At a minimum, this shall include operating the plant to comply with all regulatory requirements.
- Operate, maintain, and/or monitor the WRF such that the WRF is staffed seven days per week, 24 hours per day.
- Be responsive to alarms and emergency calls 24 hours per day, 7 days per week.

- Guarantee and provide certified operations staff including, at a minimum:
 - 1) One Grade IV Operator as Chief Plant Operator,
 - 2) Grade III Operator as Operator-in-Charge at all times the plant is operating.
- Provide computerized maintenance, process control, and laboratory management systems.
- Provide proper residuals management including maintaining an active approach for odor control and abatement.
- Assure that all produced biosolids are scheduled to be removed from the premises as required to minimize odors while maintaining cost efficiency. Provide copy of biosolids report to the Public Works Department.
- Assist the City in applying for, acquiring, and maintaining all governmental approvals required for the disposal or beneficial use of sewage sludge.
- Add or replace necessary chemicals to maintain acceptable quality levels necessary for operations.
- Maintain and update Emergency Response Plan (ERP).
- Create a Contingency Plan to address spills, overflows, and system failures for the Water Recycling Facility and provide a copy to the City of Santa Paula Public Works Department. Update plan annually.
- Maintain Site Specific Safety Plan and adhere to all OSHA requirements.
- Adopt and implement an OSHA compliance program for all personnel employed or managed by OPERATOR who are involved with the WRF. Prepare and maintain a list of all equipment with maintenance records.
- Cooperate with the City in enforcing all equipment warranties and guarantees. Administer and comply with all warranty and guarantee requirements.
- Ensure that building is locked, alarm is set & properly working; and all gates are secured. If plant is staffed 24/7, alarms should be tested at least quarterly. Operator shall provide report to City.
- Make access to the WRF available to City personnel at all times. Provide Public Works Staff with access codes and keys to facilities and provide updated codes and keys to Public Works Staff within four (4) hours of making any changes.

- Update and maintain Operations and Maintenance (O&M) Manual and Standard Operating Procedures (SOPs) for the Project and make all documents visible and readily available for review at the Operations Building.
- All materials, labor, equipment required for implementation of capital expenditure projects (CapEx) will be provided, developed, and maintained by the operator. Any requests for repairs and replacements to the WRF must be submitted to the City with the proper documentation prior to performing the work, unless emergency conditions arise and action must be taken to prevent damage, injury, or system overflows. Any repairs and replacements will be approved by the City of Santa Paula. The City requests the proposer provide recommended guidelines for responding to this requirement (including a specific, reasonable amount of time for advance notice) as part of the proposal. These conditions will be negotiated between the City and successful proposer.
- Repair or replace up to \$10,000 (“Replacement Cap”) within the proposed OPERATOR budget.
- Invoice up to \$50,000 to OWNER replacement budget (“Repairs Limit”) past “replacement cap”.
- Perform preventative maintenance and repairs for the Project, subject to the Repairs Limit.
- Participate in annual City budget process, providing input for operations, repair, replacement, and capital improvements related to the WRF.
- Provide out of scope (OOS) capital improvements above the Repairs Limit as mutually agreed upon OOS Cost based on a maximum 10% administrative fees.

2. Monitoring, Reporting & Compliance

- Arrange for sample collection and analysis of any parameters required for process monitoring or regulatory compliance that cannot be tested in the plant laboratory. At this time, the only water quality parameters from the WDRs that can be tested at the facility are pH and dissolved oxygen.
- Record daily activities in a Log Book that is maintained at the WRF.
- Update and maintain laboratory Quality Control program.
- Provide monthly plant operations report to the City including all repairs and preventative maintenance activities.

- Prepare and submit monthly and annual regulatory reports in accordance with the current WDR and MRP. Meet all reporting and monitoring requirements of LARWQCB during the contract period. Upload the aforementioned reports to Geotracker.
- Comply with all permitting and monitoring requirements of the Air Pollution Control District (APCD).
- Provide alarm monitoring and response as required for operations.
- Prepare and submit quarterly and annual laboratory reports required by law.
- Maintain monthly logs of operations, maintenance, and laboratory analysis.
- Maintain monthly odor and monthly call-out complaint log.
- Provide any other report required by law.
- Upon request, provide any report required by the City
- Provide maintenance and operation of all monitoring equipment.
- Perform maintenance, operation, and monitoring of all monitoring wells.
- Provide calibration and verification of all monitoring equipment once each calendar year, at a minimum.
- Provide verification of accuracy of analytic monitoring equipment in accordance with EPA, State, and Laboratory QA/QC Program.
- Provide within six months from the Notice to Proceed, a comprehensive assessment of plant equipment condition, projected life expectancy, and estimated replacement cost of key equipment and components for each system. Subsequent assessments will be required on an annual basis, due at the end of the calendar year.

3. Maintenance

- Provide equipment maintenance, at a minimum per the Manufacturer's O&M Manuals and as described above to perform adequate operations and monitoring.
- Landscape, Irrigation & Maintenance: Install landscaping and cover on the banks of all percolation ponds. Landscaping plan to be provided by City.

- Rip the infiltration basins(each pond once per year)
- Remove and dispose of trash and debris within the site, including parking areas
- Maintain all existing landscaping including decorative pond.
- Minimize presence of mosquitoes at the infiltration basins within all applicable state, federal, and local requirements
-
- Maintain and staff existing recreational vehicle dumping station. Provide a fee schedule and recommended hours of operation. Prior to submittal of any invoices for equipment repair or replacement, attach the manufacturer inspection report or third party inspection report for review and consideration by the City. Provide advance notice where reasonable to do so.

Proposal Requirements

The proposal shall demonstrate the qualifications, competence, and capacity of the company to provide the services in accordance with the requirements of the RFP. The proposal shall specify an approach that will meet the RFP requirements.

The proposal shall contain the information as set forth in this section at a minimum. Failure to include this information, or an incomplete response, may be cause for disqualification. The proposals will be used to evaluate and select the most qualified firm or firms.

The proposal shall include the following information as a minimum:

1. Transmittal cover letter signed by the person or persons authorized to represent the company.
2. Executive summary.
3. Company's name, background, and contact person, including corporate office and local office address, city, state, zip code, telephone number, facsimile number, web site address, and electronic mail address.
4. Company profile and experience, including completion of the forms identified in Exhibit C.
5. Descriptions of the proposed staffing plan and specific experience and capabilities of the operations, maintenance, and support staff related to the scope of services as identified on the forms in Exhibit C. Résumés for each key personnel shall be included and attached separately in an appendix to the proposal
6. All existing and past financial relationships including agreements between your company and proposed subconsultants, with current Members of the City Council and City staff, and entities for which said members are employed, or have an

- interest, both past and present. If there are none, the proposal shall clearly state this. The Members of the City Council can be viewed at <http://www.ci.santa-paula.ca.us/Council-Members.htm>.
7. A brief explanation of why the company is best-suited to provide these services, and why participation will make the Project successful. The company's related experience, qualifications, expertise, experience, areas of specialization, and government contracts shall be stated.
 8. A detailed scope of work addressing the company's approach to the Project. Address the scope of services as presented, but include other approaches, items, or considerations; or exceptions and additions. The approach should demonstrate a thorough understanding of the issues that may be anticipated in the operation and maintenance of the WRF. Recommend a strategy for coordinating with equipment vendors and other third parties for verification of timing and costs of proposed major repair and replacement projects. Address approach to ensure transparency to City staff and the public related to scope and costs of work.
 9. Total fee to complete the proposed scope of work, broken down by each major task. Fee shall include all compensation to adequately provide all operations and maintenance services meeting the needs described herein. Include the estimated hours per employee category for each major task including those of all subconsultants to complete the scope of services. Include a rate sheet for the firm. If tiered subconsultants are part of the project organization, they shall be listed under the task performed.

One (1) original and five (5) copies of the proposal shall be submitted at the address set forth below, no later than 3:00 P.M. Thursday, April 7, 2016:

City of Santa Paula
 City Clerk
 970 E. Ventura Street
 Santa Paula, CA 93060

The proposal shall be sealed in an envelope. The name and address of the firm shall appear in the upper left hand corner of the envelope. If more than one envelope is required, each envelope shall be legibly numbered below the name of the firm, e.g. Envelope 1 of 3, as required.

A proposal may be amended only if the City receives such amendment before the deadline stated herein for receiving proposals.

A proposal may be considered non-responsive if conditional, incomplete, or if it contains alterations of form, additions not called for, or other irregularities that may constitute a material change to the proposal.

The City will not be responsible for proposals that are delinquent, lost, incorrectly marked, or sent to an address other than that given herein, or sent by mail or courier service and not signed for by the City. LATE PROPOSALS WILL NOT BE ACCEPTED.

4. Mandatory Pre-Proposal Meeting

A mandatory Pre-proposal meeting for this RFP will be held on Wednesday March 8 2016, 10:00 a.m. at the following location. A site walk will also be held following the meeting.

City of Santa Paula
City Hall, Council Chambers
970 Ventura St.
Santa Paula, CA 93060

5. Site Inspection

Before submitting a proposal, each Operator shall make all investigations and examinations necessary to ascertain all conditions and requirements affecting the full performance of the contract and to verify any representations made by the City upon which the Proposal will rely. Coordinate all visits with Caesar Hernandez, City Regulatory Compliance Specialist at (805) 933-4212 x306 (chernandez@spcity.org). If the proposed Operator receives an award as a result of its submitted Proposal, failure to have made such investigations and examinations will in no way relieve the proposed operator from its obligation to comply in every detail with all provisions and requirements of the documents, nor will a plea of ignorance of such conditions and requirements be accepted as a basis for any claim whatsoever by the operator for additional compensation.

Insurance Requirements

Insurance shall be obtained and maintained at all times during the term of the Professional Services Agreement, and not less than the following coverage and limits of insurance under forms of policies satisfactory to the City:

1. Commercial General Liability, limit \$1,000,000 per occurrence to cover bodily injury and property damage.
2. Commercial Automobile Liability, limit \$1,000,000 per occurrence to cover bodily injury and property damage.
3. Workers' Compensation Insurance, Statutory Limits of State of California, including \$1,000,000 Employers' Liability.
4. Professional Liability (errors and omissions) in the amount of \$1,000,000 per occurrence/\$2,000,000 policy aggregate.

Proof of insurance shall be submitted before award of the Professional Services Agreement. An example of an acceptable form of proof of insurance is enclosed (Exhibit

A). The insurance company shall be an admitted carrier in the State of California with an A.M. Best rating of A-IV or better.

All insurance required pursuant to the Professional Services Agreement shall:

1. Name the City of Santa Paula, its employees, city council members, officers, and agents as additional insureds.

Specific provisions for insurance are set forth in the enclosed Professional Services Agreement template (Exhibit B).

Evaluation Criteria

From the proposals received, the City will select the most qualified firm. Selection will be based on the following:

Criteria	Assigned Value
Number of years providing relevant services	10
Client references	15
Experience with operations services at wastewater treatment or water recycling facility of similar capacity and process	10
Number of projects or resources in proximity capable of providing technical and staff support	10
Litigation, permit enforcement actions, and/or fines from similar projects	10
Detailed project plan	10
Detailed corporate safety program addressing operations	5
Identifies strategy for providing operations support: SOPs, operations and maintenance manuals, facility evaluation, maintenance management approach	10
Provides in-house specialized support: process control, instrumentation and control, SCADA, and power management	5
Corporate training programs	5
Financial resources and stability	5
Completeness of proposal	5
Total	100

Attachment: RFP Santa Paula WWTP Operation 012916 Clean (1060 : RFP for O&M)

The tentative schedule for consultant selection is as follows:

Approval of RFP	February 16, 2016
Release/advertisement	February 23 through April 7, 2016
Proposal due	April 7, 2016 at 3 PM
Proposal review	April 8 to April 22, 2016
Interview schedule	Week of April 25, 2016
Contract and scope negotiation	April to may 2016
Contract approval by City Council	May 2016

Services to be Provided by City

The services to be provided by the City will include the following:

1. General direction to the Operations Company.
2. Bid advertisement including responding to public inquiries other than bidder inquiries; and distributing bid documents, bidder clarifications, and addenda, if needed.

Other separate professional services to be administered by the City for the Project will include the following:

3. Stormwater monitoring reports
4. Pretreatment and source control
5. Collection system operation and maintenance

Right to Reject Any or All Proposals

The City reserves the right to reject any or all proposals or to select the proposal most advantageous to the City. The City reserves the right to verify all information submitted in the proposal. The City reserves the right to amend the RFP or issue a notice of amendment. The City reserves the right to reject any and all proposals and to waive any informality, irregularity, or technicality in any proposal. The posting of this RFP is not a guarantee that consulting services will be purchased by the City.

The City may reject a proposal from any firm/company who previously failed to perform properly, or complete on time, contracts of similar nature, or to reject a proposal from

the firm who is not in a position to perform such a contract satisfactory. The City may reject a proposal from any firm who is in default of payment of taxes, licenses, or other monies due to the City.

No compensation will be made for the cost of preparing any proposal. All submitted materials of a proposal will become the property of the City. The City will retain all proposals submitted and may use any idea in a proposal regardless of whether that proposal is selected.

Evaluations of the proposals will be available for public inspection at the conclusion of the selection process.

Submission of a proposal constitutes acceptance of the conditions contained in the RFP unless clearly and specifically noted in the proposal submitted and confirmed in the Professional Services Agreement.

Enclosures: Exhibit A – Certificate of Insurance
Exhibit B – Professional Services Agreement
Exhibit C – Proposal Forms
Exhibit D – WDR Order No. R4-2007-0028, No. R4-2007-0028-R02 and No. R4-2010-0074